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Mr Joe Dimasi
Commissioner
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601
Via email: joe.dimasi@accc.gov.au

Dear Mr Dimasi

I am writing to you on behalf of the Australian Motor Industry Federation, a federation of the various state and territory motor trades associations and automobile chambers of commerce. The Federation represents the interests of some 100,000 retail motor trades businesses, employing in the region of 310,000 people. The sector represented by the Federation has an aggregated annual turnover of some \$160 billion, making it the largest small-business sector in the Australian economy.

An Industry Sector of particular prominence and interest in the Federation is fuel retailing. You will be well aware of the many representations that the Federation's predecessor, the Motor Trades Association of Australia, its member bodies and national sectors such as the Service Station Association, have made to the Australian Competition and Consumer Commission (ACCC) and others.

In recent weeks the Federation, and indeed I understand the ACCC, has witnessed a renewed spike in member body complaints and concerns regarding the operation of discounting schemes promoted and operated, in the main, by Westfarmers / Coles and Woolworths.

The Federation has been examining these complaints and concerns and re-appraising itself of previous investigations and correspondence by the ACCC in regard to the fuel discounting issue, before putting 'pen to paper'. The Federation understands the findings of these previous ACCC examinations and the difficulty the Commission faces in identifying immediate consumer detriment during the operation of such discounting schemes. The Federation is also cognisant of the limitations of ACCC powers, enabling legislation, accompanying regulations and its capacity to investigate such matters.

We particularly note, however, recent statements by the Commissioner in regard to the renewed vigour the ACCC intends to undertake in the investigative sphere of its activities.

To strengthen our intelligence on the impacts of this issue on the sector, the Federation, its State and Territory member bodies and the National Industry Sector Committee, the Service Station Association, are currently gathering further information including case studies. However the Federation believes there is already sufficient concern to suggest it is a matter requiring further investigation by the ACCC.

The Federation recognises the arrival of new players in the fuel wholesale and retail sectors, but believes this is more a shuffling of the deck chairs as a result of refiners leaving the retail market.

Of significance, however, is that these changes appear to have had little impact on the momentum of concentration in the downstream market by the two supermarket chains. When this continuing concentration is combined with demonstrated retail price cycle behaviours and marketing tools such as extended discounting periods associated with 'shopper docket', it is the Federation's contention we may well be down the road to an irrevocable outcome of diminution of consumer choice in the fuel retailing sector and even greater concentration. Consumers may benefit from short term price relief, but may ultimately pay an even greater price through lack of choice.

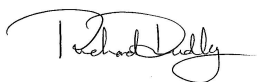
The Federation believes it is timely for the ACCC to not only examine the current specific discounting operations, but the broader impacts such market behaviour of this comfortable oligopoly are posing to the fuel retailing industry and ultimately consumers.

It has been brought to my attention that you have responded to some members concerns already with a suggestion of discussions. I also understand that you have sought a meeting with Mr Ron Bowden, General Manager of the Service Station Association, to discuss concerns.

The Federation would equally welcome an opportunity to participate in any future discussions given the Federation's abiding interests in the area of fuel retailing.

I look forward to an opportunity to meet you and discuss these matters further.

Yours sincerely



Richard Dudley
Chief Executive Officer
8 December 2011