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

Dear Mr Dimasi,

Further to my correspondence of 8 December 2011, I wish to draw your attention to another example of questionable retail marketing practice by one of the major fuel retailers.

Australian Motor Industry Federation member, MTA Queensland, has provided the Federation copies of state newspaper advertisements where a liquor chain associated with Westfarmers / Coles group are offering substantial fuel discounts with the purchase of selected alcohol products.

It is believed this marketing campaign is not confined to Queensland and the Federation is now gathering information on how widespread it is. It is certainly clear that the Queensland advertisements are designed to also cover the north coast and northern tablelands areas of NSW. Copies of these advertisements are attached.

We formally express our concerns and seek specific ACCC response / action on the following issues:

- The fuel price saving offer on selected alcohol products appears to represent significant price discounting for a sustained period which might have a deeper impact on competition in the longer term.
- The combined offer does not appear to represent good value when a competitor in the same newspaper is offering the same alcohol products for \$18 less without the discount fuel offer.
- Cross market subsidisation of alcohol products with fuel during a traditionally testing period for road transport safety is in the opinion of the Federation, inherently flawed and illogical, irrespective of the impact on competition.

Federation members and the Federation's predecessor organisation the Motor Trades Association of Australia (MTAA) have previously raised such examples of cross-subsidisation of fuel and food products. You will recall the ACCC acted decisively against Coles in 2009 resulting in Coles immediately withdrawing the offer.


In addition it has been brought to the Federation's attention by the Motor Trades Association of Western Australia that a fuel supplier / wholesaler in that jurisdiction has written to selected WA based transport companies encouraging those companies to purchase fuel at specific outlets to attract a discount. According to Western Australian independent service station members it is alleged that this written correspondence specifically implies if this company direct their business to specific outlets they will attract a discount to the disadvantage of other independent retailers. The Federation and its Western Australian Member are currently investigating this matter further and attempting to secure a copy of the correspondence. The Federation will provide further material on this matter as these investigations continue. If shown to be correct the Federation believes this is a very serious and potentially illegal situation.

While it is understood that fuel discounting has long been a feature of the Christmas - New Year holiday season, the Federation remains increasingly alarmed at the breadth and nature of these discounting activities and 'marketing initiatives'.

As stated in our 8 December correspondence, while we are concerned with these current initiatives and the impact of them, it is the cumulative impact over time and the potential for long term consumer detriment which is deserving of further investigation.

The Federation remains at your disposal should you require any clarity or assistance and looks forward to an opportunity to discuss these matters further.

Yours sincerely



Richard Dudley
Chief Executive Officer
15 December 2011