



Potential implementation of the German fuel price transparency arrangements in Australia

This paper considers issues relating to the potential implementation of arrangements similar to the German fuel price transparency arrangements in Australia. It has been prepared by staff in the Fuel, Transport and Prices Oversight Branch in conjunction with staff in Enforcement Branch and the Legal and Economic Division.

Summary of the German arrangements

The main elements of the arrangements in Germany, which commenced in December 2013 following a three month trial, are summarised below. They are described in further detail in Attachment A.

- Oil companies and petrol station operators are obliged by law to report changes in the prices on a site basis of “the most commonly used types of fuel” within five minutes to the Market Transparency Unit for fuel (MTU, a government agency).
- The prices received by the MTU are released to registered consumer information service providers (such as internet websites and app providers) “...within a few minutes.”
- Consumers enter their postcode or location on the website/apps and the latest prices of various nearby service stations are shown.

The aims of these arrangements were to enhance transparency and strengthen competition through: the provision of fuel prices to consumers; and a better data set for the Bundeskartellamt [Germany’s national competition regulator] to make it easier to identify and punish anti-competitive behaviour. The Bundeskartellamt has noted that the system has been designed and implemented in a way that seeks to prevent the full data set being made available to petrol retailers.

The German Government and the Bundeskartellamt did not expect an immediate effect on prices, but hoped for positive medium-term effects by raising the competitive pressure between suppliers. It was noted that these effects depend very much on the active use of the provided data and switching opportunities by consumers.

Staff in Enforcement Branch had discussions with MTU representatives in January 2014 to inform the ACCC’s Fuel Retailer Agreements investigation, and in February 2014 sent some follow-up questions regarding the German arrangements to them. However, the MTU has responded that it will only be in a position to answer these questions in a few weeks.

This page and the subsequent 3 pages have been redacted on the basis that they are exempt from release / irrelevant to this FOI request.

German fuel price transparency arrangements

In August 2013 the Bundeskartellamt in Germany established the Market Transparency Unit (MTU) for Fuel and by regulation required fuel retailers to report price changes to the MTU within five minutes of a price change taking place. These prices are transmitted to consumer information service providers (CISPs) who then provide price data to consumers. The system was first trialed for three months from August 2013, then fully implemented from December 2013.

The German system was set up after political discussions about petrol prices in 2012. The MTU was created to monitor prices and was a preferred option (to fuel retailers) to the proposed alternative (which was government regulation of fuel prices). The authority to establish the MTU was established via an amendment to the German Act against Restraints of Competition.

The objective of the MTU was twofold: motorists would be able to compare current fuel prices at petrol stations, and the Bundeskartellamt should find it easier to identify and punish anti-competitive behaviour.

Operation

There are approximately 14,000 fuel retailers in Germany that are required to inform the MTU of price changes of the three most popular fuels (Super E5, Super E10 and diesel) within five minutes of any price changes. There is a time extension available for smaller fuel retailers if the reporting would cause an undue burden. The MTU estimated that the extension applies to around 500 small petrol retailers.

There are two ways for fuel retailers to report prices to the MTU. Larger fuel retailers have their own IT infrastructure to communicate prices to the MTU. Smaller retailers use external service providers to communicate their prices. A market has emerged to provide this reporting service on behalf of smaller retailers to the MTU.

The MTU did not create a new IT system for fuel price monitoring but instead added the fuel price software to existing IT infrastructure, used by the Federal Highway Research Institute to monitor traffic congestion and parking patterns. The prices collected by the system are then passed along to CISPs who in turn provide them to consumers via websites or apps. There are currently thirteen CISPs registered with the Bundeskartellamt.

We have asked the MTU a number of questions about the operation of their scheme – particularly relating to the costs – but they are not in a position to answer these questions for a few weeks.

Other arrangements

To put the German arrangements in context, it may be useful to provide information about the fuel transparency arrangements in Austria and Western Australia.

Austria

Austria has a similar scheme to Germany in regard to provision of fuel prices to consumers. However, the Austrian regulator acts as the CISP, and fuel retailers can provide data electronically or by SMS.

In July 2011 a new law on transparency of prices was approved by the Austrian Parliament. This law stipulates that all fuel stations have to send any price change within 30 minutes to E-Control, the Austrian Energy Regulator, which makes the prices available to drivers via a free

internet tool. Consumers can enter a location and the system will provide the 10 nearest sites on a map. However, only the 5 cheapest stations will have their prices shown.

In addition, since January 2011 petrol retailers are allowed to increase prices just once per day at noon, although there is no limit on price decreases. However in the lead-up to certain public holidays, retailers are prevented from changing prices in either direction.

Western Australia

In 2001 the government of Western Australia introduced the FuelWatch arrangements, the key features of which are:

- A requirement that fuel prices can only be changed once in 24 hours. Prices change at 6.00am each day and must remain at that price for 24 hours.
- The establishment of a website – FuelWatch – which provides information on fuel prices to consumers. This is administered by the Department of Commerce (DOC).
- Fuel retailers are required to provide their retail prices for tomorrow to the DOC by 2.00pm today. From around 3.00pm each day, consumers can see both the prices for the current day and the prices for tomorrow.
- The DOC also provides a telephone and personalised e-mail subscription service, and often puts out a media release when price cycle increases are occurring.

A similar scheme on a national basis was proposed by the previous government in 2008, but the legislation establishing it was opposed in the Senate.

