



Service Station Association
Division of the Motor Traders' Assoc. NSW

Policy & Research Advisory Committee of CAANZ.
c/-The Manager
Consumer Policy Framework Unit
Competition & Consumer Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email to: australianconsumerlaw@treasury.gov.au

Subject: Submission on Fuel Price Boards

13th February, 2013.

Dear Madam/Sir,

Thank you for this opportunity to make a submission on the issue of Price Boards at service stations.

This is a draft submission. It may be amended following a consultation I will be engaging with Treasury in Canberra on February 22nd.

The comments below are in summary form, and are included to emphasize some of the key issues of concern to the Service Station Association (SSA) and its members.

Consumer Affairs Australia & New Zealand (CAANZ) has released a public consultation paper seeking feedback on options for a consistent national approach to the display of information on fuel price boards.

We understand the outcomes of the consultation will inform the final decision of Ministers of the Legislative & Governance Forum on Consumer Affairs (CAF).

From the outset, we believe that one of the main circumstances that have led to changes announced by the NSW Government relating to Price Boards is the misleading use of price boards by the supermarket & some other branded sites, displaying discounted prices on their price boards, or prices with conditions attached (often in smaller letters).

To address that issue, we believe that only full retail prices should be displayed (no discounted prices or shopper docket prices or any other promotional price).



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The current regulation in NSW requires only one product (Unleaded Petrol) to be shown on a price board. SSA proposes that two products be displayed, an increase of 100%.

Firstly, the SSA supports that price boards should display the full retail price (that is the price without discounts or special offers).

The emphasis here needs to be ONLY display the price without discounts or special offers.

It needs to be hard and fast that the only prices displayed are the full retail price, available to any consumer who drives into a service station. That way, the confusion in motorist's minds as they drive down the street, deciding which service station to enter, will be eliminated.

As it currently stands, particularly with the supermarket sites, the "discounted" or "shopper docket" price is more prominent and that causes confusion to the consumer in comparing prices with other service stations.

Secondly, we believe two product prices at their normal price should be displayed as a minimum requirement. i.e. the two most commonly used fuel types, as per the literage sold at a site. Eg: ULP/Diesel or ULP/Premium or other two product list.

Naturally, the oil company majors & supermarket sites may want to show more than the mandated 2 products, as they compete with each other. Yet, any prices displayed must be the normal price (that is the price without discounts or special offers).

To mandate that normal prices of **all** fuels sold to retail customers at a service station premise, will only add to the confusion. The information will become blurred as consumers drive past trying to assess the current price.

Price boards are not a cheap item, and involve a substantial capital investment. A list price sought from a LED electronic sign provider is \$12, 000.00 to \$16,000 per face (4x digits; 300 ml sized letters; 20 digit sign for 5 products).

Double that price for a two faced sign (normal). Quadruple that for a four faced corner site sign.

Local Council restrictions in many areas of the state may prevent the installation of such large signs. Councils have height restrictions and Work Cover has guidelines requiring clear vision at service stations unimpeded by large signage, to prevent any



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OH&S incidents on forecourts entering & departing & the risk to personnel in changing price boards at substantial height above ground.

Many service stations have recently undertaken major refurbishment of their sites, including signage, with such works based on a 7-10 year project life, to achieve an appropriate return on investment.

Such work has been undertaken to meet existing NSW standards.

To be mandating other than a suggested two products, would require substantial capital investment in new signs & could justify a need for some government financial assistance, together with a phasing in period of implementation (7 to 10 years) for existing sites. Of course any brand new service station built, would need to meet the regulation.

In the absence of financial assistance, raising the retail price of fuel would need to be considered by operators, not to mention the impact on the carbon footprint given these huge signs illuminated up to 24/7 day in operating hours.

Country & other sites with small volumes below 5.0 million litres p.a. would need to be exempt from the multiple product price board suggested, but would still need to comply with only displaying the normal fuel price (that is the price without discounts or special offers)

The retail marketing of fuel is conducted at very low margins.

Independent sites, a vital part of competition in the retail petrol market, are declining & suffering under increased business input costs (eg: carbon tax & electricity charges), environmental requirements and strong competition from supermarket sites & oil majors. Accordingly, any increase in their cost base must flow to pump price recovery.

In summary we see that any standard should be a basic standard. It should definitely require petrol station operators to display **ONLY** the normal price (that is the price without discounts or special offers) on the one sign. No other price signs to be allowed, to minimise consumer confusion. That should be the first step and the most important step.

A secondary step goes to the number of products displayed on a price board. We would support two product prices display (an increase of 100%) to avoid capital burdens on operators and all the financial, exemptions, carbon footprints, & price



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issues at the pump that any requirement for major new complicated & confusing price boards would create.

We remain available to further discuss these matters.

Colin Long

Senior Division Manager