

Lisa Gandolfo  
Deputy Secretary, Consumer Affairs and Local Government  
Department of Government Services  
1 Spring Street  
MELBOURNE VIC 3000

21 May 2025

Dear Ms Gandolfo,

**REGULATORY IMPACT STATEMENT FOR THE AUSTRALIAN CONSUMER LAW AND FAIR TRADING (CODE OF PRACTICE FOR FUEL PRICE REPORTING) REGULATIONS 2025**

I would like to thank your staff at the Department of Government Services (the Department) for working with the team at Better Regulation Victoria on the preparation of the Regulatory Impact Statement (RIS) for the Australian Consumer Law and Fair Trading (Code of Practice for Fuel Price Reporting) Regulations 2025 (the proposed Regulations).

The Commissioner for Better Regulation is required to provide independent advice on the adequacy of RISs in accordance with the Subordinate Legislation Act 1994 Guidelines (the Guidelines). However, as the office of the Commissioner for Better Regulation is currently vacant, the Secretary to the Department of Treasury and Finance (or their delegate) is responsible for providing independent advice on the adequacy of RISs, in accordance with the Guidelines. The Secretary has delegated this responsibility to me in my capacity as Deputy Secretary, Economic.

A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about any assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be clearly written so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received on 21 May 2025 meets the adequacy requirements set out in the *Subordinate Legislation Act 1994*.

## **Background and problems**

In Victoria, fuel retailers must adhere to the Australian Consumer Law and Fair Trading (Code of Practice for Fuel Price Boards) Regulations 2016 (the current Regulations), which regulates the display of fuel prices at petrol stations. The current Regulations prohibit retailers from displaying discounted fuel prices on price boards and require prices displayed on a price board to match those displayed on the fuel pump.

In the RIS, the Department explains that Victorians spend a significant amount of their income on transport costs, particularly fuel costs. It cites data indicating that fuel costs represented up to 7 per cent of Victorian household expenditure in December 2024, and that this percentage has increased over time, contributing to increased cost-of-living pressures on Victorians.

The Department also explains that fuel prices vary significantly, both across geographic areas and petrol pricing cycles. According to a 2023 report by the Australian Competition and Consumer Commission (ACCC), motorists in Melbourne could save up to \$333 by “shopping around” for fuel at cheaper petrol stations and buying at the lowest point of the petrol cycle. However, the Department notes that consumers’ ability to find lower priced fuel and achieve these savings depends on the information that they have available to them to compare fuel prices.

The Department explains that free commercial fuel price websites and apps can help Victorians find cheaper fuel prices near them. Approximately one-third of Victorian consumers use fuel price apps, such as PetrolSpy, RACV arevo and My 7-Eleven, to shop for cheaper fuel prices. In Victoria, the prices published on these apps are obtained through fuel retailers voluntarily reporting data or public crowdsourcing.

Despite the uptake of commercial fuel price apps, The Department explains that there are gaps in the coverage, accuracy and timeliness of pricing information available to Victorian consumers. Existing apps are estimated to cover around 60 to 70 per cent of Victorian petrol stations, with coverage levels varying significantly across geographic areas. The Department explains that low coverage and infrequent updates can make it difficult for consumers to identify and purchase lower priced fuel and save money.

In the RIS, the Department notes that there are currently no fuel price reporting requirements for retailers in Victoria. All other states and territories, except for the Australian Capital Territory (ACT), have established mandatory fuel price transparency schemes where retailers are required to report their fuel prices to the government.

In January 2025, the Government announced the *Fair Fuel Plan* with the aim of easing cost-of-living pressures for Victorian households. The Government identified two distinct phases for this plan:

1. Phase 1: mandatory fuel price reporting with prices published on a new fuel finder feature on the Service Victoria app
2. Phase 2: requiring retailers to set prices the day before and lock in prices for 24 hours.

This RIS only considers the implementation of Phase 1 of the plan, with policy work and stakeholder consultation for Phase 2 currently ongoing.

### Options and impact analysis

In the RIS, the Department analyses two options to introduce a fuel price reporting scheme in Victoria. Under both options, fuel price information reported by retailers would be published through a new fuel finder feature on the Service Victoria app:

1. **Option 1:** mandatory reporting of fuel prices to Service Victoria,<sup>1</sup> requiring that:
  - a. all Victorian fuel retailers register their business with Service Victoria
  - b. retailers report prices within 30 minutes of any price change
  - c. retailers report if a fuel offered for sale is temporarily unavailable within 30 minutes of the fuel becoming unavailable.
2. **Option 2:** voluntary reporting of fuel prices to Service Victoria.

These options are assessed relative to the base case, in which there continues to be no government fuel price transparency scheme, although some fuel retailers would continue to voluntarily report their prices to commercial apps. To assess options, the Department uses a multi-criteria analysis (MCA) with the following criteria and weightings:

- benefits to consumers – 50 per cent
- cost to industry – 25 per cent
- cost to government – 25 per cent.

The Department explains that a mandatory reporting scheme (Option 1) will benefit consumers through improving the coverage and accuracy of fuel price information available to them. It highlights that Option 1 will lower search costs for consumers to find lower priced fuel, and notes that many consumers, particularly those who are financially constrained, highly value being able to find and pay a 'fair' price for fuel. The Department explains that these benefits are less likely to arise under Option 2, as retailers' participation in a voluntary scheme could be lower than under a mandatory scheme.

The Department also considers the potential market impacts of a fuel price transparency scheme. It explains that greater fuel price transparency may lead to either:

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<sup>1</sup> Service Victoria is an administrative office within the Department responsible for improving and modernising the way government transactions are delivered online.

- higher fuel prices due to increased (or more effective) tacit collusion or strategic pricing by fuel retailers<sup>2</sup>
- lower fuel prices due to improved consumer information that drives greater price competition among retailers.

The Department explains that it is uncertain as to which of these impacts will be larger in the Victorian context. Studies of similar reforms in other jurisdictions have produced mixed findings, with evidence for both price-increasing and price-reducing effects.

The Department explains that Option 1 would impose costs on fuel retailers to comply with the mandatory reporting requirements. System development costs and ongoing reporting costs are likely to depend on the systems a retailer currently has in place to report prices voluntarily or in other jurisdictions, as well as the size and characteristics of the retailer. The Department estimates that costs are likely to be higher for small to medium-size retailers, who may need to develop new systems to upload information or report prices via manual entry. In contrast, larger retailers would likely already have systems in place to report prices, although system updates may be required. Accordingly, the Department estimates the annual compliance costs per petrol station to be \$1,000 for small to medium-size retailers and \$500 for larger retailers. Retailers would also incur costs in registering for the scheme and in managing compliance incidents, where there are reports of mismatches between the price displayed in the app and at the pump.

Cumulatively, the Department estimates that the costs to industry of Option 1 would be \$1.15 million annually in net present value (NPV) or \$11.5 million over 10 years in NPV. The Department notes that Option 1 may also reduce retailers' costs to monitor the prices of competitors, assuming the pricing information is made publicly accessible through reciprocal data arrangements (see below). As Option 2 would be a voluntary scheme, the Department considers that no compliance costs would be incurred by industry.

The Department outlines that Option 1 may also impact existing providers of fuel price information, although whether this will be a positive or negative impact depends on the scheme's reciprocal data arrangements. If existing fuel price providers can access the pricing data collected by Service Victoria, they would likely benefit by being able to provide more accurate and extensive pricing information on their apps. Conversely, if this data is not immediately made available to existing providers, their apps may be seen as inferior to the Service Victoria fuel finder, and they may lose customers. The Department notes that data arrangements will be determined prior to the launch of the scheme, and that the regulations are not required to implement these arrangements.

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<sup>2</sup> Tacit collusion is where retailers informally coordinate amongst themselves to raise prices.

The Department notes that both options would impose costs on government for the development and implementation of digital systems, ongoing system operation, and compliance and enforcement activities. Government costs would be slightly higher under Option 1 due to greater compliance and enforcement. These costs are estimated to be \$13 million and \$11.2 million over ten years in NPV for Options 1 and 2 respectively.

The Department identifies Option 1 (mandatory reporting) as its preferred option. It explains that the potential for low retailer participation in a voluntary scheme may result in Option 2 having limited benefits relative to the base case, where many retailers already voluntarily report pricing data. Government costs are expected to be similar under both options, however costs to industry will be significantly higher under Option 2.

### **Implementation and evaluation**

The Department expects to make the proposed Regulations in July 2025, with the launch of the fuel finder feature on the Service Victoria app scheduled for August 2025. Key elements of the Department's implementation plan prior to this launch include:

- completion of solution design and testing of the Service Victoria app
- early access retailer onboarding
- development of a compliance monitoring and enforcement approach (including determining the transition period for compliance)
- development of a communication and promotion strategy to inform retailers of the new requirements and promote awareness of the app among consumers.

The Department explains that Consumer Affairs Victoria will have responsibility for monitoring compliance and enforcement with the proposed Regulations. Service Victoria will oversee the ongoing operation and maintenance of the app and associated systems.

The Department outlines that it will actively monitor and evaluate the effectiveness of the proposed Regulations throughout their lifespan. It commits to conducting a short-term review of the scheme, 18 to 24 months following implementation, to ascertain whether additional education and awareness activities are needed. The Department also commits to formally evaluating the proposed Regulations before they sunset in 2035.

Should your team wish to discuss any issues raised in this letter, please do not hesitate to contact Better Regulation Victoria on (03) 7005 9772.

Yours sincerely,



**Paul Donegan**

Deputy Secretary, Economic  
Department of Treasury and Finance