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Fair Trading Regulation 2019
Better Regulation Division, Regulatory Policy
McKell Building
Level 5, 2-24 Rawson Place
Sydney, NSW, 2000

Emailed via: fttr@finance.nsw.gov.au

To whom it may concern,

RE: Caltex Australia Limited comments on the Regulatory Impact Statement for the Proposed Fair Trading Regulation 2019

Caltex Australia Limited ('Caltex') welcomes the opportunity to provide comments on the Regulatory Impact Statement ('RIS') for the Proposed Fair Trading Regulation 2019 ('the proposed regulation').

Caltex commends the NSW Government on the current work that has been undertaken to prepare the proposed regulations and the RIS. We support Option 3 within the RIS to remake the regulation, with amendments made, to replace the current *Fair Trading Regulation 2012*.

Caltex is supportive of the proposed amendments to Part 2, Division 1, to remove the specific requirement to display the prices of Diesel, LPG and E10 and allow the fuel retailer to display their choice of fuel prices in line with other requirements of the regulation.

We support the comments within the RIS that these changes will provide greater flexibility and discretion to fuel retailers to display fuel prices for products of their choice, while still providing price transparency to consumers.

These changes would move NSW closer to aligning with other state and territory jurisdictions when providing transparency to consumers on prices. The changes would also serve to alleviate confusion regarding fuel discounts without imposing undue regulatory costs and compliance burdens on fuel retailers that would lead to increased costs to consumers.

Caltex is of the view that consideration should also be given to removing the requirement to display octane rating information as contained within Part 2, Division 1, Clause 6 of the current *Fair Trading Regulations 2012* and the proposed regulations.

While assessing the RIS provided by the NSW Government, Caltex gathered customer perceptions of octane labelling in NSW, on which we have communicated concerns to Fair Trading NSW in the past.

Caltex is concerned that Octane Labelling, as required under the current *Fair Trading Regulations 2012* and included under the proposed regulations, has the potential to unintentionally mislead consumers on the quality and performance standards of fuels which are blended with octane enhancers, such as ethanol.

Primarily, these concerns relate to the mandatory labelling of E10 blended fuels as a 94 RON product.

Caltex has conducted a consumer survey to understand preliminary views from customers as they relate to octane labelling and, while only based on a small sample size, our insights are that there is a link

between the octane number, and consumers perception around fuel economy, which can be misleading when taking into account the lower energy density of ethanol blended fuels.

This insight is reinforced through our consumer research which suggests there is a segment of the consumer market that believes E10 blended fuels are suitable for their vehicles, despite their knowledge that their vehicle requires a premium grade of fuel. This proportion of consumers increases when faced with octane labelling of E10 as a 94 RON fuel.

Caltex believes that more work should be done to accurately assess these implications at a larger scale. Caltex would be happy to work with Fair Trading to further explore the impact of labelling. In the meantime, we remain concerned that the regulations as they are currently proposed could have the continuing effect of unintentionally misleading consumers by regulations.

Caltex believes that no compelling evidence has been provided to support claims that octane information improves consumer transparency with regards to demonstrating expected fuel performance, and we would contend octane labelling regulations are unnecessary regulatory intervention.

Consumers are provided suitable advice from OEMs, mechanics and vehicle manuals as to the suitability of fuel types for their vehicle operations.

It is Caltex's view that the removal of the requirement to display octane rating information would support the criteria identified in the RIS to assess regulatory options, namely to reduce regulatory red tape while also removing costs imposed by business in complying with the regulations, eliminating the potential for confusion, and would not pose any detriment to consumer awareness regarding product selection.

Kind Regards

Todd Loydell
Head of Government Affairs