The ACCC action against Informed Sources is unjustified

... and risks destroying motorist pricing service MotorMouth

Wednesday 20th August 2014

The legal action against Informed Sources announced today by the ACCC is unjustified and is also an attack on the MotorMouth service which is used by hundreds of thousands of motorists to stay aware of the movements in petrol prices.

The ACCC investigation into Informed Sources OPW (Oil Price Watch) service has taken 2 years and 3 months – an extraordinarily long time for any company to wait not knowing its fate. During this time Informed Sources has been the subject of an ACCC press release, commentary from Senate Estimates and under continuous inquiry from journalists and commentators – all of which damages brand reputation.

For all this time Informed Sources has been keen to understand exactly what concerns the ACCC has had and, right now today, Informed Sources still have no firm understanding of the claims filed against us in the federal court. At this stage, Informed Sources haven’t even been given a complete copy of the key court document setting out the ACCC’s claims.

Throughout this period and until recently the ACCC has remained a client of Informed Sources and renewed its contractual arrangements twice during the investigation. During this time, the ACCC has received - twice a day, every day - the kind of pricing data that it is now seeking to stop. Further, it has accessed our data for use in its analysis of mergers in the industry. “Informed Sources is a small business and I think it is wrong for Informed Sources to be caught up in what appears to be a test case about the ACCC’s theories on price board information” said Alan Cadd, Managing Director of Informed Sources and MotorMouth.

Informed Sources also continues to provide the myriad of petrol pricing services that an advanced country such as Australia requires from feeds to radio and TV stations, print media, academics for research, the Treasury and even to the Australian Tax Office for court hearings. For a more comprehensive list please see attachment below.

The OPW electronic service supports all manner of companies in the oil industry. Our customers range from the largest retail operators down to a company with only 2 sites. All clients receive data that has already been published by retailers on their pumps/price boards and we have strict rules of service that prohibit anyone putting future prices into the system.
Informed Sources has been a leader in the provision of corporate data and information services since its inception in 1987. We are constantly innovating and improving our services and we have regularly consulted the ACCC’s petrol team on enhancements to what we do and how our service works - the ACCC has always known about what our system does and who has been using it. However, it has become clear to us during this investigation that, for reasons we still don’t understand, the ACCC now just wants to shut the entire system down.

Without a clear understanding of what issues the ACCC has concerns with, this final step of legal action amounts to bullying.

Apart from any effect on employees (both here and overseas) or any of our other unrelated services, this step would mean shutting down the community petrol pricing service – MotorMouth.

The MotorMouth service via web page, smart phone app or data feed for publication by the motoring organisations (NRMA, RACQ etc.) that is used by hundreds of thousands of motorists would cease with no viable alternative available.

Informed Sources and our subsidiary MotorMouth are keen to continue delivering the pro-competitive benefits of our data to the Australian petrol market, so that the motoring consumer can continue to benefit from the excellent data available from MotorMouth and all its services.

Facts you should know: (Please see attachments later for details):

1) Informed Sources only uses historical and publically available price board/pump data
2) The OPW electronic service is used by the largest down to the smallest retailers
3) The ACCC has known about the service from the beginning
4) Previous ACCC administrations found our service ‘not illegal’
5) The ACCC has been a client of the Informed Sources’ service from the early 90’s to 30th June 2014
6) Information from Informed Sources flows to all aspects of daily life across Australia

We maintain our belief that every aspect of our service is pro-competitive and lawful and we are confident that the Australian legal system will uphold our position so we can continue to serve the industry and the motoring public and help consumers save money.

For further comment please contact:

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1) Informed Sources only uses historical and publically available price board/pump data

The Informed Sources service takes data AFTER it has been posted on the pumps and/or price boards at petrol stations. Then, because of processing time, the earliest that the data can reach subscribing clients is approximately 30 minutes after the price change.

To be clear, any subscriber to our OPW electronic service is only seeing data that the passing motorist has been able to see for 30 minutes or more. Future pricing is not possible under the data base construction in our service.

2) The OPW electronic service is used by the largest down to the smallest retailers

Informed Sources prides itself in being a service provider to all sizes of companies. Our largest clients are the biggest petrol retailers in Australia. Our smallest is a client with only 2 sites. Every client is able to access data for sites nearby to their operating site to enable an accurate and timely update on prices in the market place.

This service is always considerably slower than the visual observation of price board changes that occurs in ‘line of sight’ of competitors.

3) The ACCC has known about the service from the beginning

The ACCC has known from the absolute beginning the exact nature of our service and indeed has been a customer of the very data collected by that service that is now under investigation. Knowing that we advised and/or consulted with the ACCC with every change to our service, the following brief timeline will show the extent of their understanding:

1987 – Informed Sources commences petrol price monitoring by car based collections.

1993 – Informed Sources recognises the efficiency and accuracy to be gained by implementing an electronic service and approaches the Trade Practices Commission (the forerunner of the ACCC) to ask for (and is granted) permission to undertake exploratory discussions with major oil companies on the concept.

1996 – After full briefing of the TPC the Oil Price Watch ‘OPW’ electronic service commences operation receiving and providing data hourly.

2000 – Informed Sources expands the motoring public’s pricing web site ‘FuelWatch’ nationally. This service was fed by data collected from our OPW manual service and later renamed MotorMouth.
2004/5 - RACV and NRMA commence display of MotorMouth services on their web sites. This has been extended over subsequent years to all motoring clubs across Australia.

2008 - Informed Sources partners with Google to launch Petrol Gadget ultimately downloaded to more than a million PCs.

2010 - Informed Sources negotiates with Petrol majors to release site pricing to public via MotorMouth web site twice per day. Increasing geographic coverage and extending availability to all prices on the site.

2011 - Informed Sources puts proposal to ACCC to extend twice daily site pricing on MotorMouth web site to multiple times daily. ACCC objects and proposal is withdrawn.

2013 - Launch of MotorMouth smart phone app with updated pricing information every 15 minutes.

2014 - Addition of available site specific data twice per day to MotorMouth app. Informed Sources commences publishing city price cycle graphs previously published by the ACCC.

4) **Previous ACCC administrations found our service 'not illegal'**

Informed Sources OPW electronic service was rigorously investigated by the ACCC during the 2007 Petrol inquiry. The inquiry did not raise any issue of illegality, rather its concern was about information asymmetry – namely that we should expand our consumer service. This we have taken to heart and this has driven our development of the MotorMouth web site and smart phone app.

5) **The ACCC has been a client of the Informed Sources service from the early 90’s to 30th June 2014**

Informed Sources first started providing services to the ACCC in the early 1990’s. Over the years the Informed Sources data and services have been used regularly by the ACCC for examination of concerns within the petrol industry and as recent as this year when investigating merger and acquisition of companies within the petrol industry.

Often these data provisions have been made available with only minimal compensation for work extended by Informed Sources and certainly not at true market value.
6) Information flows to all aspects of life across Australia

Client List Sample (MotorMouth/Informed Sources) by Category/Group

This list includes a sample cross section of our ongoing subscriptions and historical ad-hoc data sales.

Motoring Clubs
- NRMA, RAASA, RACWA, AANT, RACQ, RACT, RACV

Special Interest Groups
- CARSguide, C&I (Convenience & Impulse Retailing Magazine), Compare the Market, drive.com.au, HEH (inc Australian Petroleum Marketer News), SSA (Service Station Australia)

Industry Associations
- AAA (Australian Automobile Association), ACAPMA (Australasian Convenience and Petroleum Marketers Association), AIP (Australian Institute of Petroleum), Motor Trades Association of Qld, VACC (Victorian Automobile Chamber of Commerce)

Banking, Finance and Legal
- CitiGroup, Esanda, McCarthy Durie Lawyers, AGIS (A& G Insurance Services)

Government & Regulatory Bodies
- ACCC
- State and Federal Government Departments – For example: the Australian Tax Office, Department of Economics, Department of Justice, The Treasury, Department of Transport/ Transport & Energy/ Public Transport Fuel Subsidy Commission (Qld), Office of Fair Trading, Office of Public Affairs
- DOCEP (Department of Consumer and Employment Protection)

Media Outlets

Data Aggregators
- Garmin, Navteq, Google, Telstra Next G- My Fuel, Sensis/Whereis, Intelematics, Sentinel Content, Navman, Yahoo
Academics & Economists
The Australia Institute, Monash University, QUT, University of Sydney, University of Wollongong, University of New England, University of Melbourne, La Trobe University
Alistair Davey, Dr Zhongmin Wang, Professor Abbas Valadkhani, Dr David P. Byrne, Professor Don Harding

Other
IGA Supermarkets, Costco, Ford, Holden, Mitsubishi

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