

Introduction

Background

- 1.1 The House of Representatives Standing Committee on Economics (the committee) is empowered to inquire into, and report on, the annual reports of government departments and authorities tabled in the House that stand referred to the committee in accordance with the Speaker's schedule.
- 1.2 The Australian Competition and Consumer Commission (ACCC) Annual Report 2018 (annual report) stands referred to the committee in accordance with this schedule. On 24 July 2019 the committee resolved to conduct an inquiry into the annual report.
- 1.3 The ACCC is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* (previously the *Trade Practices Act 1994*) and a range of additional legislation.¹ The ACCC has a Chair, two Deputy Chairs, and three Commissioners. Appointments to the ACCC involve participation by the Commonwealth, and state and territory governments.
- 1.4 The ACCC's stated aims include promoting competition and fair trade in markets to benefit consumers, businesses, and the community. It also regulates national infrastructure services. The ACCC's key goals include:
 - maintaining and promoting competition and remedying market failure;

1 Part II—The Australian Competition and Consumer Commission (ACCC) of the *Competition and Consumer Act 2010* covers the establishment and functions of the ACCC.

- protecting the interests and safety of consumers and supporting fair trading in markets;
 - promoting the economically efficient operation of, use of and investment in monopoly infrastructure; and
 - increasing its engagement with the broad range of groups affected by the ACCC's operations.²
- 1.5 The ACCC's role complements that of state and territory consumer affairs agencies who administer consumer protection legislation in their jurisdictions, and the consumer and competition policy work of the Treasury.
- 1.6 The ACCC's net cost of services for 2017-18 was \$203.3 million, with Government revenue of \$197.9 million. The ACCC noted that additional revenue was appropriated to fund a number of new measures. It attributed the \$23.1 million increase in expenditure to employee and supplier expenses (\$16 million and \$15 million, respectively). These expenses were offset to some extent by an \$8.2 million reduction in legal settlements. A financial overview is provided in Table 1.1.
- 1.7 The ACCC's report is a joint annual report with the Australian Energy Regulator (AER). The AER is Australia's national energy market regulator and has its functions set out in national energy market legislation and rules.
- 1.8 The ACCC and AER's combined average staffing level grew from 772 in 2016-17 to 874 in 2017-18.

Table 1.1 ACCC comparative financial results, 2015-16, 2016-17 and 2017-18

	2017-18	2016-17	2015-16
	\$'000	\$'000	\$'000
Expenses			
Employee benefits	119 105	102 979	103 731
Legal fees	26 593	20 782	26 769
Other expenses	62 296	61 044	51 448
Total expenses	207 994	184 805	181 948
Own-source revenue			
Other revenue	4 621	4 178	5 544
Total own-source revenue	4 621	4 178	5 544
Net cost of services	203 373	180 627	176 404
Revenue from government	197 951	173 359	165 346

2 ACCC, *About the ACCC*, <<https://www.accc.gov.au/about-us/australian-competition-consumer-commission/about-the-accc>>, viewed 7 August 2019.

	2017-18	2016-17	2015-16
	\$'000	\$'000	\$'000
Net operating surplus/(deficit)	(5 422)	(7 268)	(11 058)
Changes in asset revaluation reserve	112	167	(48)
Total comprehensive income	(5 310)	(7 101)	(11 106)
Operating cash balance	1 692	1 616	1 289
Receivables	34 715	30 929	33 781
Total assets	64 312	50 927	54 503
Total liabilities	65 044	59 417	59 234
Total equity	(732)	(8 490)	(4 731)
Administered fees and fines revenue	131 164	42 279	83 861

Source ACCC and AER, Annual Report 2017-18, p. 11.

Scope and conduct of the review

- 1.9 The ACCC and AER appeared before the committee at a public hearing in Canberra on 18 September 2019. The witness list is provided in Appendix A.
- 1.10 The proceedings were webcast through the Parliament's website, allowing interested parties to view or listen to the proceedings as they occurred. The transcript of the hearing is available on the committee's webpage.
- 1.11 The ACCC's responses to the committee's questions on notice are available on the committee's webpage.³
- 1.12 This report focuses on issues raised at the public hearing, including the ACCC's regulation of monopolies, the ACCC's enforcement activities, competition issues in the banking, energy and digital platforms, and the impact of these issues on consumers.

3 House of Representatives Standing Committee on Economics,
<https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics>.