
The Parliament of the Commonwealth of Australia

Review of the Australian Competition and Consumer Commission Annual Report 2018

House of Representatives
Standing Committee on Economics

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Chair's foreword

On 18 September 2019 the committee examined and scrutinised the Australian Competition and Consumer Commission (ACCC) and the Australian Energy Regulator (AER) on their performance and regulatory responsibilities.

This was the committee's first hearing with the ACCC since the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission) released its final report. The Royal Commission underlined the need for the financial regulators to work together to deter misconduct, protect consumers and ensure financial markets are operating effectively.

In the 2017-18 Budget, the then Treasurer, Prime Minister Scott Morrison, announced that the ACCC would have a permanent role as the competition champion in the financial services sector. To support this role, the Government provided \$13.2 million in dedicated funding for the ACCC to undertake regular inquiries into specific competition issues within the financial system. In the past year, the ACCC has undertaken its first two financial services inquiries through its new Financial Services Unit (FSU), examining foreign currency conversion services and residential mortgage prices.

On 14 October 2019 the Government directed the ACCC to undertake an inquiry into the pricing of residential mortgage products following successive interest rate cuts by the Reserve Bank of Australia. This inquiry will look at how prices are set by major banks, smaller banks and non-bank lenders, and investigate barriers that prevent consumers from switching lenders. The committee looks forward to seeing the outcomes of this inquiry.

The committee notes the ACCC's steps to deter misconduct, and its pursuit of higher penalties for cartel and collusive behaviour. The committee recognises the

deterrence effect of high penalties, and notes the Federal Court's recent \$34.5 million penalty against K-Line for cartel conduct. The committee will continue to scrutinise the enforcement work of the ACCC, and examine whether the new 'effects test' is enabling prosecution of anticompetitive behaviour.

The ACCC and the AER have continued their work regulating Australia's energy markets, including through regulating monopolies in the energy distribution market and monitoring electricity prices. While there have been improvements in electricity affordability, it is important that the ACCC continue to investigate competition in the energy sector, to promote affordable prices and reliable supply.

The ACCC has an important role informing and empowering consumers to compare prices across various sectors, including travel, fuel and mortgages. The committee will examine the ACCC's ongoing regulation of price comparison websites and apps, to encourage take-up while ensuring they do not limit competition. In addition to providing consumers with data to make informed choices, regulatory vigilance and enforcement action will help safeguard the efficiency and fairness of Australia's markets.

On behalf of the committee, I thank the Chairman of the ACCC, Mr Rod Sims, and other ACCC and AER representatives for appearing at the hearing.

Tim Wilson MP
Chair



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Membership of the Committee

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| Chair | Mr Tim Wilson MP |
| Deputy Chair | Hon Dr Andrew Leigh MP |
| Members | Dr Anne Aly MP Mrs Bridget Archer MP Mr Adam Bandt MP Mr Jason Falinski MP Mr Craig Kelly MP Mr Andrew Laming MP Dr Daniel Mulino MP Mr Ted O'Brien MP |

Committee Secretariat

| | |
|-------------------|----------------------|
| Secretary | Mr Stephen Boyd |
| Inquiry Secretary | Ms Samantha Mannette |
| Research Officer | Ms Clare Parker |
| Office Manager | Ms Jazmine Rakic |



Terms of reference

The House of Representatives Standing Committee on Economics 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 for any inquiry the committee may wish to make. The reports stand referred in accordance with the schedule tabled by the Speaker to record the areas of responsibility of the committee.



List of abbreviations

| | |
|------|--|
| ACCC | Australian Competition and Consumer Commission |
| AER | Australian Energy Regulator |
| APRA | Australian Prudential Regulation Authority |
| ASIC | Australian Securities and Investments Commission |
| COBA | Customer Owned Banking Association |
| NEG | National Energy Guarantee |

