

EXECUTIVE OFFICE



**Australian
Competition &
Consumer
Commission**

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13 October 2009

Senator Kate Lundy
Joint Standing Committee on the National Capital
and External Territories
PO Box 6021
Parliament House
Canberra ACT 2600

Sent electronically to: jscncet@aph.gov.au

Dear Senator

Inquiry into the changing economic environment in the Indian Ocean Territories

Thank you for your letter dated 29 October 2009 inviting the Australian Competition and Consumer Commission (ACCC) to clarify certain issues raised during the course of the inquiry.

You have asked a number of questions of the ACCC in the context of apparent price volatility of basic goods or services (especially food) on Christmas Island and the Cocos (Keeling) Islands. In particular, you enquire whether residents on these islands are able to complain to the ACCC or other agencies in relation to the price of goods or services and whether the ACCC receives such complaints.

As the Committee would be aware, in many instances both Commonwealth and State and Territory laws apply to the Indian Ocean territories. In consumer protection, for example, under a Service Delivery Arrangement with the Commonwealth, the Western Australian Department of Commerce has a specific role in relation to providing information to businesses and consumers and in relation to the development and enforcement of consumer protection legislation. Further information is available from the website of the Attorney-General's Department. In this context many consumer protection issues would be appropriately handled by the Western Australian Department of Commerce.

The ACCC is responsible for ensuring compliance with the competition and consumer protection provisions of the *Trade Practices Act 1974* (the Act). Issues of the territorial jurisdiction of the Act will often depend on the relevant provisions and the conduct, market and traders involved.

For the most part, however, section 6 of the Act extends application of the Act to trade or commerce within a territory which is defined in section 4 to include Christmas Island and the Cocos (Keeling) Islands. In this regard, island residents are able to lodge trade practices complaints with the ACCC and the ACCC is able to investigate matters of concern. This said, as noted above, in many cases the Western Australian Department of Commerce may more appropriately deal with many consumer protection issues arising.

Importantly, however, I note that the ACCC does not have a direct role in regulating or setting prices except in the case of products or services that are declared by the Minister under Part VIIA of the Act (the three services declared under Part VIIA being Australia Post's monopoly letter services and some aviation services provided by Airservices Australia and by Sydney Airport). Generally speaking, suppliers of goods and services are free to set their own prices provided that they do so independently of their competitors and in a manner that is not misleading.

The ACCC does, from time to time, receive complaints from residents of the Christmas Island and the Cocos (Keeling) Islands. Our database reveals that some of these touch on issues of pricing (for example, the application of GST or the costs of shipping) but searches have not identified approaches specifically in relation to the cost of basic goods and services. Responses to residents vary depending on the issue in question.

Noting the evidence given to the Committee, the ACCC has searched its databases for dealings with Mr Walker but has been unable to locate such. Should the Committee have further details the ACCC would be pleased to undertake further searches and provide information in relation to any approach made.

If you have any queries in relation to the information provided, or would like the ACCC to provide further information on any aspect, I can be contacted on (02) 6243 1124.

Yours sincerely



Brian Cassidy
Chief Executive Officer