

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: ACCC

Question: SBT67-68

Topic: Carbon Tax Repeal Savings

Reference: written - 31 October 2014

Senator: Xenophon, Nick

Question

67. In late July, the ACCC announced it was investigating Virgin and Qantas for a potential failure to pass on savings to customers following the repeal of the carbon tax. At what stage is this investigation?
68. Is the ACCC investigating any power retailers for failing to pass on savings?
- a. If so, how many?
 - b. Have any been successful

Answer

67.

The ACCC is continuing its assessment of the representations made by the domestic airlines, including Virgin and Qantas, about the effects on airfares due to the carbon tax and its repeal, and whether any statements made by the airlines may be misleading.

Both Qantas and Virgin made public statements prior to the implementation of the carbon tax that costs related to the carbon tax would be passed onto consumers through surcharges on air fares.

Subsequently, airlines have said to the ACCC and in public statements that, notwithstanding their previous statements, due to strong competition in the domestic passenger air transport industry, they have had to absorb all costs related to the carbon tax. They continue to state that they were unable to increase air fares to recover carbon tax costs and that air fares will remain unchanged following the repeal of the carbon tax.

The ACCC will continue to evaluate the claims and information provided.

68.

The ACCC does not normally discuss any investigations until the investigation is at an appropriate stage.

The ACCC issued and received responses to 244 carbon tax removal substantiation notices, including those from power retailers. Information provided in relation to publicly available carbon tax removal statements indicates that power retailers have been passing through savings following repeal.

While the ACCC was pleased with the level of compliance the level of detail provided in responses varied significantly and in some instances, was disappointingly low.

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Staff are looking carefully at any anomalies that there may be in the data and have requested further information from a number of entities to enable the ACCC to test the claims made to assure itself that all carbon tax cost savings have been passed through.

Complaints and inquiries to the ACCC about the carbon tax repeal are also being monitored daily should any issue come to light that may need further investigation.

Results from investigations should they progress will be provided in future carbon monitoring reports to the minister. Recent and past monitoring reports can be found at <http://www.accc.gov.au/publications/monitoring-of-prices-costs-profits-to-assess-the-general-effect-of-the-carbon-tax-scheme-in-australia>.