

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2016 - 2017

Division/Agency: Australian Competition and Consumer Commission

Question No: 72

Topic: ACCC 2016-17 Portfolio Budget Statements

Reference: Written

Senator: Ketter, Chris

Question:

1) Could you please explain the Special appropriations (e) on page 73 of the ACCC Budget statement? This has decreased, why? What impact will this have on the ACCC's work?

2) Has the ACCC been considering any cost recovery mechanisms for any activities? If so, which activities? Has the Minister requested any cost recovery mechanisms being used? Would consumers be expected to pay for any of these activities which the ACCC has previously provided?

3) Has the Minister or anyone in the Government discussed with the ACCC selling off any aspect of the ACCC, or any particular assets associated with the ACCC?

4) There is additional funding in this Budget for the Australian Energy Regulator – for 2016-17, but not for any other out years. Why is this? What is this additional funding specifically for? Does it relate in any way to the energy price comparator website?

5) Please detail what the capital measure (page 74) for International Trade Agreements – govt. procurement reforms is for, for 2016-17? How does this fit within the ACCC's purview? Has this \$300,000 been tendered and/or allocated to a particular entity to undertake the capital measure?

Answer:

1) The special appropriation relates to Section 77 of the *Public Governance, Performance and Accountability Act 2013* (PGPA), which involves the repayment of receipts previously collected by the ACCC. Within the ACCC's resource statement, special appropriations administered is usually estimated at \$20 000 annually to cover the refund of authorisation and notification fees paid by applicants due to their submissions being revoked or classified as invalid.

The \$11m decrease in special appropriation from 2015-16 to 2016-17 reflects an exceptional event in August 2015 when penalties were refunded by the ACCC to Flight Centre Travel Group Ltd. The Full Federal Court allowed Flight Centre's appeal on a previous court judgement from 28 March 2014, in which Flight Centre was ordered to pay \$11m in penalties for breaches of the *Competition and Consumer Act 2010*.

The special appropriation is not used to fund ACCC work.

- 2) The ACCC recently reviewed its capacity for cost recovery opportunities as part of the Treasury Portfolio Charging Review. The ACCC confirmed the relevancy of its current charging model. The ACCC is required under the *Telecommunications (Carrier Licence Charges) Act 1997* to prepare annually a determination in order for the costs of the ACCC's communications-related regulation function to be recovered from the Industry via the Annual Carrier Licence Charge levied by the Australian Communications and Media Authority (ACMA). Consequently full cost recovery applies to these activities.
- 3) No.
- 4) The additional funding of \$7.95m in 2016-17 involves providing the AER with sufficient resources to undertake additional obligations and functions conferred through changes to national energy laws and rules introduced by the Australian Energy Market Commission (AEMC). The funding also accommodates the transfer of additional network regulation functions to the AER.

There was no out-year additional funding as Treasury is currently undertaking an independent review of the AER's resourcing allocation over 2016-17. The outcomes of the review will inform any subsequent submission on resourcing requirements for the AER beyond 2016-17.

The additional funding was not related to any further development of the energy price comparator website (Energy Made Easy).

- 5) The capital funding for 2016-17 allows the ACCC to upgrade information technology systems to support greater transparency in the reporting of procurements conducted by limited tendering. This budget measure affected approximately 40 agencies as part of the consideration of the Trans-Pacific Partnership Agreement.

The ACCC are currently in the early stages of planning for the system implementation and will seek quotes when the scope has been finalised.