

**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:** 98

**Topic:** Market Studies

**Reference:** Written

**Senator:** Ketter, Chris

**Question:**

- 1) In its submission to the Harper Review the ACCC argued that it should be given a market studies function. Can you outline the benefits that would flow from the ACCC having such a function?
- 2) What sort of areas would the ACCC look into through its market studies power? Petrol retailers? Supermarkets? Telecommunications?
- 3) You do not have completely independent market studies powers at the moment, correct?
- 4) So by refusing to give you these powers the Government is preventing you from delivering these benefits to Australian consumers, correct?

**Answer:**

- 1) The ACCC's 2014 submission to the Harper Review proposed that the formal price surveillance powers under Part VIIA of the *Competition and Consumer Act 2010* (CCA) be amended to allow the ACCC to self-initiate a formal market study. Currently, the ACCC requires a referral from the Minister to hold a price inquiry under Part VIIA (section 95H). However, without relying on the formal price surveillance powers of Part VIIA, the ACCC can (and does) self-initiate market studies.

On page 35 of the Australian Government's response to the Competition Policy Review (November 2015), it notes the ACCC's market studies function and supported the continuation of the ACCC's role in conducting market studies, including under Ministerial direction, "as it can better inform [the ACCC's] broader enforcement and regulatory work."

The ACCC considers that its use of market studies provides a number of benefits to governments, businesses and consumers. Market studies assist in the identification of market problems and possible solutions—or, alternatively, can confirm that a market is in fact working effectively and that no action is needed. The identification of important problems and the appropriate response is essential to maximising the benefits for Australians from the resources available to the ACCC.

- 2) Self-initiated market studies will be selected based on a range of factors having particular regard to the ACCC's strategic priorities and its Compliance and Enforcement Policy, which is available here: <https://www.accc.gov.au/about-us/australian-competition-consumer-commission/compliance-enforcement-policy>.

The ACCC is currently undertaking a number of market studies in a range of industries and sectors including:

- the cattle and beef industry
- the new car retailing industry
- regional petrol market studies in Armidale and Cairns
- the dairy industry
- the communications sector

Information on these studies is available on the ACCC's website:

<https://www.accc.gov.au/about-us/market-studies>.

- 3) Please see the ACCC's answer to question 1. The current market studies into the communications sector and new car retailing are examples of market studies initiated by the ACCC without a formal referral.
- 4) Please see answers to question 1 and 2 above.