

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 25-26 February 2009

Question: aet 23

Topic: Choice and the GroceryChoice Website

Hansard Page: Written

Senator FIERRAVANTI-WELLS asked:

1. Given that responsibility for Grocery Choice has been formally handed over to the consumer advocacy group Choice. When originally flagging the possibility of Choice taking on the responsibility for Grocery Choice, the Assistant Treasurer said that the ACCC:

"as regulator had been hampered by constraints on how much information it could provide consumers on their website"

- (a) What advice had the ACCC provided in relation to the Assistant Treasurers Comments?
 - (b) Why is the ACCC is no longer responsible for Grocery Choice?
 - (c) did the ACCC advise the government that it was not equipped to operate and manage the Grocery Choice website project when the concept was originally raised with the ACCC?
 - (d) What discussions did the ACCC have with the Minister or officers from his Department as to the inability of the ACCC to perform the Grocery Choice role and when did these occur?
2. I note that the former CEO of Choice, Mr Peter Kell was appointed as a Deputy Commissioner of the ACCC in July 2008. Given the appointment of Choice to the Grocery Watch role:
 - (a) Did Mr Kell have any involvement in the decision of the ACCC to cease its involvement in operating Grocery Choice and to engage Choice for this role?
 - (b) What role did Mr Samuels play in the appointment of Mr Kell to the role of Deputy Commissioner?
3. What discussion did Mr Samuels or any other ACCC officer have with Mr Kell, the Minister or officers from his Department in respect to the appointment of Choice to oversee Grocery Choice?

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Answer:

1.
 - (a) The ACCC advised that as the regulator it was limited in the amount of additional information that it could present on the GroceryChoice website. In particular, the ACCC advised that the addition of new features, such as the inclusion of advertised specials, would create conflicts of interest for the ACCC whose responsibility it is to respond to complaints about false or misleading representations in advertising.
 - (b) Following the launch of the GroceryChoice website on 6 August 2008, the Government decided that it wanted to give consumers more information through the website. The ACCC advised that as the regulator it was limited in the amount of additional information that it could present on the site. In particular, the ACCC advised that the addition of new features, such as the inclusion of 'specials', would create conflicts of interest for the ACCC whose responsibility it is to respond to complaints about false or misleading representations in advertising.
 - (c) No. Potential for conflicts of interest for the ACCC did not arise until after the launch of the website when the Government decided that it wanted to give additional information to consumers through the website, such as the inclusion of 'specials'.
 - (d) At a meeting at the Minister's office on 20 August 2008 the ACCC advised the Minister that as the regulator it was limited in the amount of information that it could present on the GroceryChoice website. In particular, the ACCC advised that the addition of new features, such as the inclusion of advertised specials, would create conflicts of interest for the ACCC whose responsibility it is to respond to complaints about false or misleading representations in advertising.
2.
 - (a) The decision to transfer the administration of the GroceryChoice program from the ACCC to the Treasury was made by the Government with advice from Treasury. The decision to engage Choice to manage the GroceryChoice website with additional information was negotiated and made by Treasury. The ACCC's involvement was limited to providing factual information about the current operation of the website to assist with due diligence and negotiations between Treasury and Choice.
 - (b) Commission members are appointed by the Governor-General for terms of up to five years. An appointment is made after the majority of state and territory jurisdictions support the selection.
3. The decision to engage Choice to manage the GroceryChoice website with additional information was negotiated and made by the Government. The ACCC's involvement was limited to providing factual information about the current operation of the website to assist with due diligence and negotiations between Treasury and Choice. ACCC staff therefore had discussions with

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Treasury staff about this factual information.

Treasury staff also kept ACCC staff apprised of the Government's decision to engage Choice to manage the GroceryChoice website, as it was relevant to the ACCC ensuring smooth transitional arrangement at an operational level.

ACCC staff kept ACCC Commissioners and the Chairman, including both Mr Kell and Mr Samuel, advised of the assistance that it was providing in terms of factual information about the current operation of the GroceryChoice website to assist with due diligence and negotiations between Treasury and Choice; and of the information provided by Treasury concerning the Government's decision to engage Choice.