

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 70

Topic: Section 53C of the Trade Practices Act

Hansard Page: Written

Senator EGGLESTON asked:

1. Can you explain the operation behind s53C of the Trade Practices Act?
2. Is the Minister aware that many products sold via the advertising media (press catalogues, TV, e-commerce) are of a freight sensitive nature? For example, bricks, mortar, plaster, fibro sheet, roofing materials, insulation, water heating systems, solar power generation, garden sheds, fertilizers, potting mixes, pool salt, hydrochloric acid, pool sand, chlorine, BBQs and outdoor furniture, for example
3. Is the Minister aware that most metropolitan businesses have their goods delivered into stores on a FIS (free into store) basis as against FOB (free on board) for country stores?
4. Is the Minister aware that country, rural and remote businesses pay freight at various rates to have stock/products and promotional items delivered to their location, many of which are freight sensitive?
5. Is the Minister aware of these differentials in freight to places like Kalgoorlie, Esperance, Alice Springs, Burke Atherton, Townsville, Karratha, Broome, Tom Price, Kununurra and Christmas Island?
6. Is the Minister aware of a transport Company that could transport the freight sensitive items at no charge to all remote, country and regional sites?
7. Is the Minister aware of how many promotional groups are affected by s53c? (Home Hardware, Thrifty-Link, Plants Plus, Makit, Mitre10, Farm Service groups, fertilizer sellers, Better Pets and Gardens, chemist chains are examples)
8. Did you consult with any promotional groups?
9. Can you name the companies you consulted with?
10. Is the Minister aware of how many Australian jobs s53c could impinge upon in the transport, supply and sales industries let alone the importation and shipping industries? (Estimates are in excess of 500,000 Australian jobs)
11. Will the Minister table the consultation documentation?
12. Does the Minister believe that s53c discriminates against rural, regional and remote locations in Australia?
13. Does the Minister believe that s53c, in its present form, protects all consumers from profiteering by unscrupulous retailers who may be in the market place, as

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against the true retailers who need to look after their limited market to survive in a somewhat depressed market place?

14. Does the Minister agree that competition in the market place is the best regulator of price and services to all consumers?

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Answer:

The Government considers that consumers should be able to easily identify the price they will pay for a product or service. This enables consumers to easily compare prices between like products or services and make informed purchasing decisions.

Section 53C of the *Trade Practices Act 1974* (TPA) was amended by the *Trade Practices Amendment (Clarity in pricing) Act 2008*, to prohibit corporations from using a component price when making a representation as to the price of a good or service without also prominently specifying the single figure price a consumer must pay to obtain the product or service, to the extent that a single figure price is quantifiable at the time of making a representation.

The effect of section 53C is to require more accurate price disclosure. I note that the requirements of section 53C do not apply to price representations that are made exclusively between businesses.

The previous government consulted publicly on amendments to section 53C during 2006. During April 2008, this Government consulted publicly on exposure draft legislation for section 53C. All businesses, consumers and promotional groups were welcome to contribute their views. The Treasury received 18 written submissions and also met with a number of additional stakeholders at their request.

I would be happy to table the non-confidential written submissions that were received by the Treasury in the 2008 consultation. I will ask the Treasury to contact the authors of the submissions to ensure that they are comfortable with me doing so.

In relation to freight delivery charges, the intent of the legislation is that where a national advertisement is used, a recommended national price which clearly disclosed that certain specific surcharges apply in some areas or stores may be sufficient. The total price inclusive of freight costs may be considered to not be quantifiable in a national context. Therefore, a single total price would not be required if freight costs caused prices to vary from store to store.

The amendments to section 53C ensure that consumers are presented with accurate, meaningful prices that reflect the amount they will actually have to pay in order to purchase goods and services.