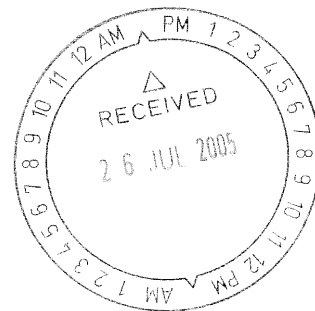


**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 31 May to 2 June 2005



**Question: Bud 7**

**Topic: ASIC, MCCA, SCOCA & the Consumer Affairs Council**

**Hansard Page: Written**

Senator Lundy asked:

Could you please answer the following questions in relation to ASIC, MCCA, SCOCA, the Consumer Affairs Council, and the state and territory government agencies:

1. What is your general day to day working relationship with the agency/committee?
2. What formal communicative measures do you have in place with the agency/committee?
3. Do you direct or advise the agency/committee of Government policy?
4. What type of information do you receive from the agency/committee?
5. What competition policy measures does the Government have in place to ensure rural and regional citizens have access to fairly and competitively priced petrol and diesel?

Answer:

ASIC

1. Treasury has an excellent working relationship with ASIC.

Typically, there are at least daily communications between the two agencies on a variety of issues including consultation on draft publications and proposed legislation or regulations.

The Review of the Governance Arrangements of Statutory Authorities and Office Holders made a number of recommendations which address the relationships between Ministers, portfolio bodies, portfolio secretaries, the Parliament and the public. The relationship between ASIC and Treasury is currently being assessed as part of the implementation of the Review and any recommendations will be announced shortly.

2. Treasury and ASIC have regular formal liaison meetings on a quarterly basis between ASIC Commissioners and senior Treasury staff.

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In addition, various units within Treasury hold frequent liaison meetings at officer level with the relevant areas in ASIC.

3. Treasury advises ASIC about Government policy.

ASIC from time to time seeks clarification from the Treasury of the Government's policy or intentions in a particular area. This may occur when ASIC is uncertain about how to approach recently introduced legislation or regulations.

Under the *Commonwealth Authorities and Companies Act 1999* (CAC Act), the Minister may notify ASIC of general Commonwealth Government policies that are to apply to ASIC.

Under the *Australian Securities and Investments Commission Act 2001*, it is possible for the Minister to give written direction about the policies ASIC should pursue or the priorities it should follow in performing or exercising any of its functions or powers. However, the Minister is specifically precluded from giving ASIC a direction about its policies or priorities in relation to a particular case.

4. Treasury receives a broad range of information from ASIC. Examples include:

- general agency information (for example financial statements, annual report etc);
- reports and data (such as on legislative compliance in a given sector, consumer testing feedback, results from surveillance campaigns);

publications (including consumer/employer/adviser guides, policy proposals papers, FAQs, media releases).

MCCA/ SCOCA

1. MCCA and SCOCA are related committees. The day to day working relationship is one of engagement and liaison on nationally significant consumer issues.

2. The Commonwealth is represented on both committees. MCCA generally meets once per year to discuss issues of national consumer interest. All jurisdictions can put issues on the MCCA agenda at their discretion. SCOCA generally meets twice per year, once independently and once in advance of the MCCA meeting. All jurisdictions can put issues on the SCOCA agenda. A MCCA extranet site is also maintained to facilitate communication between officials.

3. The objective of MCCA and SCOCA is to develop a harmonised national approach to consumer affairs. Part of this role is to advise the committees of the Government's policy position on issues on the agenda.

4. Information is not really 'received' from either committee. Both are forums to discuss consumer policy issues of national significance with a view to delivering

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nationally consistent outcomes for consumers. Working Parties can be formed to further investigate specific issues and provide information to the two committees.

#### CCAAC

1. CCAAC is a Ministerial advisory council with a Secretariat located within Treasury. The day to day working relationship consists predominately of preparing for meetings and completing work arising from meetings.
2. CCAAC generally meets formally twice per year. There can be organised teleconferences at the Chair's discretion. Issues are communicated to Council members through the Chair.
3. The council is not generally advised of Government policy.
4. CCAAC is responsible for providing the Government with 'grass roots' information on the likely impact of specific issues on consumers. CCAAC also informs the Government of new and emerging consumer issues.

#### Question 5

Petrol prices in Australia are closely linked to international prices as domestic petrol producers have the option of exporting their product at world prices or selling it locally.

The possibility of introducing regulations to limit price cycles was explored in the ACCC report "Reducing Fuel Price Variability". It was found that such regulation would impose significant costs on consumers and increase the average price of petrol.

To ensure that fuel is competitively priced and that prices reflect actual market conditions the ACCC is required to monitor the prices of petrol, diesel and LPG. The ACCC collects and analyses the retail prices of unleaded petrol, diesel and LPG in the capital cities and around 110 country towns. The ACCC also monitors international crude oil and refined product prices, published terminal gate prices of the oil majors and the city-country price differential.

The ACCC is equipped to take action under the *Trade Practices Act 1974* if there is evidence of anti-competitive behaviour.

Examples of where this has occurred are the action taken by the ACCC against eight companies and eight individuals in respect of price fixing in the Ballarat region in Victoria, in which the Federal Court recently ordered \$23.3 million in penalties for petrol price fixing. The ACCC has also instituted proceedings in respect of alleged petrol price fixing in the Geelong region of Victoria and in Queensland.