

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 202

Topic: Auditing

Hansard Page: 92

Senator Ryan asked:

Senator RYAN: Thank you. That is very helpful. In outlining your audit program, how far in advance have you done it? You talked about June. Have you planned it out for the next quarter, the first half of the next financial year?

Mr Ridgway: We are forecasting through the first tranche for June. Then we have got a number of targets identified for the rest of the balance of the calendar year at this stage.

Senator RYAN: So is it possible for you to provide on notice how many franchisors you plan to audit over the course of the remainder of this financial year, given that none have commenced, as I understand it?

Mr Cassidy: Let us take that on notice.

Senator RYAN: Your second criteria was sectors with a long history of concern. I do not mean to misquote you, but it was something along those lines. Is it possible to provide which specific industry sectors have met this criteria? I would also be interested in, if possible, the geographic nature of that.

Mr Cassidy: I think on notice we can happily elaborate more on the criteria we use. You will perhaps understand if we do not particularly want to start identifying sectors that we are going to be auditing.

Senator RYAN: In advance.

Mr Cassidy: The way the audit power works, it all rests on documents that they are supposed to keep. If we send that sort of signal—

Senator RYAN: That is a fair answer, Mr Cassidy. I will come back in October and November and ask for it retrospectively, in that case.

Mr Cassidy: Yes. That might be a better way of doing it.

Answer:

1. Number of franchisors the ACCC is planning to audit?

The ACCC's initial tranche of audits, which includes audits of six franchisors, will now take place in July 2011.

The total number of franchisors to be audited over the course of the remainder of the financial year will be influenced by a number of factors including the ACCC's experience with the initial tranche of audits and the volume and nature of franchisor-related complaints received by the ACCC. It is expected that, at least initially, the majority of traders audited will either be franchisors or traders of horticulture produce.

The ACCC will be able to provide further information on its industry code audit program when it reports both the quarterly ACCCount publication and in its Annual Report.

2. The criteria used to select traders for audit

The ACCC proposes to audit traders who fit one of the following profiles:

- traders with a significant number of code-related complaints made against them
- traders with a history of non-compliance (including prior dealings with the ACCC)
- traders (randomly selected) from industry sectors that appear to generate a disproportionate volume of complaints
- traders identified as potentially not complying with a prescribed code or the CCA through intelligence received from industry associations, other Government agencies or members of one of the ACCC's consultative committees.