

SENATE STANDING COMMITTEE ON ECONOMICS QUESTION
(Supplementary Budget Estimates 20 October – 21 October)

Question: SBT 184

Topic: Details of investigation (Stores Online)

Senator Ryan asked:

Senator RYAN—So Stores Online are still trading in Australia?

Mr Gregson—I am not aware. The nature of the trading of Stores Online has been one of entry and then departure from the country depending on the phase of its marketing operations around the world. We are not aware of current meetings that are going on, at least I am not. I am not sure if my investigation team are aware.

Senator RYAN—There is a Stores Online refund scheme in operation at the moment, isn't there?

Mr Gregson—Ancillary to the resolution of the court proceedings in December 2009 was an arrangement whereby there would be an amount of money provided to the ACCC to contribute to refunds to the claimants.

Senator RYAN—That is currently in operation, isn't it?

Mr Gregson—That scheme is currently being administered, yes.

Senator RYAN—I understand that is being administered by Stantons International, which was charged by the ACCC with administering the scheme.

Mr Gregson—That is correct; we engaged Stantons.

Senator RYAN—Is it usual for the ACCC to engage an external consultant or provider to undertake these tasks?

Mr Gregson—Certainly it is not uncommon for us to use external providers for a number of reasons.

Senator RYAN—Is it on a case-by-case basis? When you said that it is not unusual that does not surprise me but do you have a set of criteria as to who you chose and whether you do it in house or choose an external provider?

Mr Gregson—It very much is on a case-by-case basis as to exactly how we may administer form of refunds, compensation or otherwise. Invariably there will be involvement by our lawyers where it has resulted from a cessation of a court matter or a formal resolution through undertakings. I note that we are required to comply with the FMA Act in terms of the processes we go through for engagement. In this case we certainly sought tenders from another party.

Senator RYAN—So you sought tenders for the operation of this one?

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Mr Gregson—Correct.

Senator RYAN—I have been informed of a particular person who approached Stanton for a refund under the Stores Online refund scheme. This person was notified by airmail on 23 September this year that the process will be completed by the end of September 2010. I understand Stanton has provided its final list of claims to the ACCC. I was just wondering when can claimants expect to be notified of the status and then paid?

Mr Cassidy—You have not named the particular party so neither will I but I would have to say to you that some of what that party is saying is factually wrong in terms of timing and what she has been told. You are correct that Stanton have provided us with the list of 'refundees', if I can call them that. Subject to us checking a few issues about that list, which Stanton have raised, we will provide the list to our lawyers in this case Corrs Chambers Westgarth, who are actually holding the funds. Corrs will be making the payments. I expect that will happen in the next few weeks.

Senator RYAN—I will just read the two sentences from the email that this person received from Stanton on 23 September:

Stanton International is currently processing all applications and supporting documentation and conducting follow-up queries. We anticipate that this process will be completed by the end of September 2010.

That is accurate.

Mr Cassidy—Yes, but that is the processing. That particular person, we are aware, is making claims that she was told payments would be made within a certain timeframe. Her initial claim was that she was told that they would be made within two weeks of mid-August. She has simply not been told that. There may be some misunderstanding but she has not been told a time for payments. There may be some misunderstanding of that email but Stanton are only doing the processing. They will not be doing the payments. The payments will be

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made by Corrs, our solicitors.

Senator RYAN—They will be done over the next few weeks, you said.

Mr Cassidy—Yes.

Senator RYAN—Are they being made on a pro rata basis? I am not as familiar with this case?

Mr Cassidy—Yes, they probably will be pro rata. We have a certain amount of money and we have a certain value of claims and, as I said, we are still assessing what we have got from Stanton. Then, of course, the money needs to match up with the value of the claims that are paid out.

Senator RYAN—Could ask you to take on notice how many claims were submitted?

Mr Cassidy—Yes. Let us take that on notice. You realise that it is a bit difficult, now, to provide the details—

Senator RYAN—I appreciate it.

Mr Cassidy—but certainly once we have it all resolved, which I suspect will be within the timeframe of responding to questions on notice, we will happily provide you with the details.

Answer:

The ACCC received just over 1,700 refund claims from consumers for compensation under the Stores Online Refund Scheme. A large proportion of the applicants have been able to substantiate their claim for a refund.

As foreshadowed by Mr Cassidy, due to the overwhelming number of claims received, the total amount of eligible claims received significantly exceeds the amount of money available and refunds will be issued to successful applicants on a pro-rata basis.

Recent changes to how refunds will be paid means that electronic fund transfers will now be directly from an ACCC account to successful applicants rather than from Corrs Chambers Westgarth as previously advised.