



AUSTRALIAN HOTELS ASSOCIATION

27 Murray Crescent, Griffith ACT 2603
PO Box 4286, Manuka ACT 2603

T 02 6273 4007
E aha@aha.org.au
W aha.org.au

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Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600
economics.sen@aph.gov.au

Dear Sir/Madam,

Submission re: Misuse of Market Power

The Australian Hotels Association (AHA) is an organisation of employers in the hotel and hospitality industry registered under the *Fair Work (Registered Organisations) Act 2009*. Its diverse membership of more than 5,000 licensed hotel businesses includes pub-style hotels plus three, four and five-star international accommodation hotels located in each state and territory. The size and scope of the Australian hotel industry includes:

- Over 5,000 businesses
- Generating over \$12,000,000,000 economic benefit
- Providing over 270,000 jobs
- Supporting over 50,000 community groups

Australian hotels are often confronted with markets where some participants are capable of exercising a substantial degree of market power that can have the effect of lessening competition. The result is often high prices and poor service outcomes for the business, with consequent disadvantages for consumers.

AHA notes that the Harper Panel Review into Competition Policy recommended changes to Section 46 of the Competition and Consumer Act 2010, including the introduction of an “effects test”. The AHA supports the recommendations of that review and the provisions of the *Competition and Consumer Amendment (Misuse of Market Power) Bill 2016*.

There are few proved contraventions under the current construct of Section 46, which on balance leads to the conclusion that the current “purpose test” provision is too onerous to prove. The AHA believes the proposed “effects test” amendment will mean a fairer competitive environment leading to better outcomes for business and consumers.

Yours faithfully

STEPHEN FERGUSON
AHA NATIONAL CEO