



Senate Economics Legislation Committee Budget Estimates 2021-22 - Opening statement

Rod Sims, ACCC Chair

Budget Estimates provides a good opportunity to keep the Senate Economics Legislation Committee abreast of just some of what the ACCC is currently doing.

Activity spanning the entire economy

I'd like to start by pointing to two important recent developments in our consumer enforcement work: the \$125 million penalty the Federal Court ordered against Volkswagen, and the \$50 million penalty against Telstra for unconscionable conduct in relation to the selling of goods to Indigenous consumers. These outcomes follow an enormous effort over the last year in relation to COVID-19 linked refunds for travel, subscriptions and so many other things.

We have a large pipeline of matters in relation to competition enforcement. For example, we had success in the case of *ACCC v Tasmanian Ports Corporation Pty Ltd*, which demonstrated the benefit of the recent changes to section 46 while protecting an incoming competitor; and our recent civil cartel case involves alleged attempted bid-rigging for procurement from the National Gallery of Australia.

Last year, we granted about 30 exemptions from the *Competition and Consumer Act 2010* to enable companies in sectors ranging from medical equipment and hospitals to supermarkets and telecommunications to co-ordinate their activities to help Australia respond to the COVID-19 pandemic. Given Australia's success to date in controlling the virus we expect virtually all of these exemptions to be unwound by the end of this year. We are, of course, watching closely the current events in Victoria.

The ACCC receives around 300 merger assessment requests every year, 90% of which are pre-assessed in a matter of weeks. That leaves about 30 more complex mergers to be considered each year; those currently with us include Woolworths' proposed acquisition of distributor PFD, and the merger of BPAY, eftpos and the New Payments Platform Australia.

The ACCC spends a significant amount of its time on consumer product safety issues. It is important that consumers are confident they are buying products that are safe. We have recently completed the recall of over 99.9% of Takata airbags, and are now working on the implementation of safety and information standards in relation to button batteries, and the safety standard for quad bikes.

Raising awareness of scams remains a focus for us. In 2020 Scamwatch received over 216,000 reports, a 29% increase compared to 2019.

We will be spending considerable time during the next 12 months re-setting the regulatory arrangements in relation to the NBN. The way NBN pricing has developed means that the current regulatory arrangements have limited applicability.

We have considerable work underway in the energy sector. We are examining electricity retailer performance against the new Prohibiting Energy Market Misconduct legislation to ensure that consumers benefit fully from the recent significant wholesale price productions. We are also reviewing our LNG netback price series which continues to be so important in framing appropriate expectations for the price of gas to our manufacturing industries.

We have considerable work on in relation to digital platforms. We are looking at market power and self-preferencing issues in relation to the advertising technology and apps markets, among many other things, and we are continuing to follow the progress of negotiations under the news media bargaining code. It is also important to note our recent success in the Federal Court in *ACCC v Google & Anor* in relation to Google's collection of location data on Android devices. This work is part of our in-depth review of issues across digital platforms. We continue to have regular engagement with our international counterparts as well as the Treasury and our colleagues at the Department of Communications on our work in this important sector of the economy.

The ACCC and Treasury are working collaboratively on the roll out of the Consumer Data Right (CDR) in the banking sector. There are now twelve accredited data recipient businesses, with six active in the CDR ecosystem and the remainder scheduled to come online soon.

As the committee will be aware, last month we released our significant Murray Darling Basin water markets inquiry report. Water markets are fundamental to our agriculture sector and our report identifies a range of problems and recommendations for addressing these.

Finally, we are closely monitoring competition issues in the aviation sector. The entry of Rex Airlines into capital city markets has improved competition and therefore pricing. Our role is to identify barriers to continuing strong competition in this market that is so fundamental to Australia's economy.

The above is only a small snap shot of the exciting and important issues that the ACCC is dealing with.

Structure

In the 2020-21 budget process, the government provided the ACCC with additional base funding to enhance our capabilities and to allow us to keep pace and step up in core areas. This has provided a timely opportunity for the ACCC to implement a modest but important restructure. Under the new structure, operational divisions will be better aligned with our strategic objectives including for the first time, separate *competition* and *consumer and fair trading divisions* and a dedicated *product safety division*. We expect that the increased funding combined with these changes in structure will lead to even more outcomes and increased effectiveness.

Through both the targeted funding and aspects of the new structure, the ACCC will elevate its use of data to enhance our capacity to identify deep problems and deliver important outcomes.

We are now very pleased to answer any questions from the committee on these or any other issues.