



Australian
Competition &
Consumer
Commission



AUSTRALIAN
ENERGY
REGULATOR



ANNUAL REPORT 2012–13

Australian Competition and Consumer Commission and
the Australian Energy Regulator

Consumers at the heart of the
competitive process

What we do to help Australians



1. Consumer focused energy

The AER regulates monopoly electricity and gas transmission and distribution businesses by determining the revenue they receive. Changes initiated by the AER have significantly increased consumer involvement in the process, and the AER has introduced consumer energy information tools including energymadeeasy.gov.au (page 128).

2. Competition in the skies

In 2012-13 the ACCC authorised alliances between Qantas and Emirates, Qantas and Jetstar and approved Virgin's purchase of 60 per cent of Tiger, all of which provided consumer benefit (page 47).

Airport monitoring showed in 2011-12 growth in passenger numbers continued to drive airport profits, while overall quality of service was lower at all monitored airports (page 156).

3. Who's on the phone?

The ACCC served 106 681 phone inquiries and responded to 26 396 emails and letters in 2012-13 (page 178). The ACCC received more than 83 000 contacts about scams with losses reported of over \$93 million in 2012. The SCAMwatch website received almost one million unique visitors and more than 125 000 copies of The little black book of scams were distributed.

4. Helping Australians online

The ACCC is continuing to develop access arrangements for the NBN designed to maximise opportunities for effective retail competition (see page 118). The ACCC also took action against internet service companies for their advertising practices (page 65).

5. Punishing cartels

Air cargo cartel action has resulted in \$98.5 million in penalties awarded against 12 airlines, with three cases still before the courts. The ACCC instituted court proceedings against two gas cylinder supply companies and a motor parts supplier and its subsidiary for alleged cartel conduct (page 34).

6. Ensuring your refund rights

Consumer guarantees are one of the ACCC's most complained about topics—17 950 complaints in 2012-13. The ACCC ran the Repair, Replace, Refund national campaign to educate consumers and small businesses, and initiated court action against Hewlett-Packard and 10 Harvey Norman franchisees for allegedly misleading consumers on their warranty and guarantee rights (page 75).

7. Tracking petrol costs

The ACCC analysed the prices, costs and profits of the petrol industry in Australia. In 2011-12 Australian retail petrol prices closely tracked international benchmark prices. Net profit across all sectors of the industry for all products in 2011-12 was around 0.5 cents per litre, with petrol refining losing around \$600 million (page 150).

8. Keeping product claims real

ACCC is acting to ensure that premium claims made about products and services can be substantiated, so consumers can have confidence buying products. In 2012-13 the ACCC took action against three companies and gained penalties against two others for false credence claims (page 71). The ACCC and other ACL regulators conducted a national operation to test claims made on olive oil packaging, buying over 350 olive oil products nationwide.

9. Helping small business

In 2012-13 the ACCC took four cases to court relating to alleged misconduct harming small businesses and finalised a further two cases with over \$500 000 in penalties awarded. ACCC audits found the vast majority of traders comply with industry codes, and the ACCC also delivered a new small business self-education website, more than 200 speeches and presentations to small businesses and handled nearly 5600 enquiries from small businesses (page 100).

10. Safe products

A \$1 million penalty was awarded in a product safety matter against Cotton On Kids (page 90). 450 recalls were managed removing more than two million hazardous products from the market. 2518 mandatory product safety reports were received, and a new ban on certain small high powered magnets came into effect. More than 94 000 product lines were surveyed as part of national surveillance programs, resulting in the seizure or removal from sale of over 29 000 products.

11. Door to door sales

The ACCC educated consumers and businesses on their rights and obligations concerning door to door sales. In 2012-13 ACCC action saw \$2.5 million in penalties imposed relating to door to door sales activities, 95 000 'Do Not Knock' stickers distributed and Australia's three largest energy retailers cease door-to-door marketing (page 68).

Contact us

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EXECUTIVE OFFICE



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28 August 2013

The Honourable David Bradbury MP
Assistant Treasurer and Minister Assisting for Deregulation
Parliament House
CANBERRA ACT 2600

Dear Assistant Treasurer

We are pleased to present to you the Annual Report of the Australian Competition and Consumer Commission (ACCC) and the Australian Energy Regulator (AER) in accordance with section 63 of the *Public Service Act 1999*.

This report, covering operations for the year ended 30 June 2013, is in accordance with sections 44AAJ(1) and 171 of the *Competition and Consumer Act 2010*.

We certify that the ACCC and AER have prepared fraud risk assessments and fraud control plans. We have in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the agency and comply with the Commonwealth Fraud Control Guidelines.

Rod Sims
Chairman, ACCC

Andrew Reeves
Chairman, AER

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2 October 2013

The Honourable Bruce Billson MP
Minister for Small Business
Parliament House
CANBERRA ACT 2600

Dear  Minister

We are pleased to present to you the Annual Report of the Australian Competition and Consumer Commission (ACCC) and the Australian Energy Regulator (AER).

The report, covering operations for the year ended 30 June 2013, was provided to the then Assistant Treasurer on 28 August 2013 in accordance with sections 44AAJ(1) and 171 of the *Competition and Consumer Act 2010*. The report was provided to the former Assistant Treasurer at this time to ensure it complied with the statutory deadline requiring the ACCC and AER to provide the report to the Minister within 60 days of the conclusion of the financial year. A copy of the letter to the former Assistant Treasurer is attached.

We are now pleased to provide this report to you and to enable you to present this report to Parliament.



Rod Sims
Chairman, ACCC

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