
Pricing

ACCC's role in prices surveillance

Since the merging of the TPC and the PSA, the ACCC administers the *Prices Surveillance Act 1983*. Its task is to promote price restraint and public accountability for the prices charged for goods and services supplied in Australia. It tries to foster effective communication where feasible and oversees prices in those markets where competition is too weak to act as a general constraint on price rises.

The ACCC's three main goals in pricing are:

- to identify excessive prices or pricing increases;
- to deter businesses from charging excessive prices; and
- to operate as an expert pricing body that is accountable to the Australian public.

The Act provides the ACCC with the statutory power to pursue these objectives through three avenues.

- It conducts public inquiries into areas of the economy where pricing problems are perceived to exist and reports its findings to the Assistant Treasurer.
- It monitors the prices, costs and profits of industries or markets where competition may be less than effective and reports any relevant developments to the Assistant Treasurer.
- It evaluates proposed price rises of the business organisations that hold substantial market power and are declared under the Act.

The Assistant Treasurer determines what organisations, goods or services are declared for prices surveillance; what matters are investigated through an inquiry; and what business or industry is designated for statutory monitoring.

The Act requires the ACCC, in most instances, to make its pricing decisions and findings available to the public. The publication of its reports to Government helps promote consumer understanding of pricing practices and fosters the ACCC's accountability to the public.

The ACCC also monitors general price trends and areas of the economy undergoing reform. This form of monitoring is informal: it does not rely on the information powers underpinning statutory monitoring. It relies instead on publicly available sources of information and the cooperation of the monitored organisations. The Commission also responds to complaints about prices.

Public inquiries

On 6 November 1995 the Assistant Treasurer removed Tubemakers of Australia Ltd from prices surveillance. The decision to revoke the company's declaration reflected the recommendation of a public inquiry conducted by the Prices Surveillance Authority before its responsibilities were assumed by the ACCC.

The PSA report found there was strong competition between suppliers of welded steel pipes and thus Tubemakers did not possess substantial market power in the supply of those products. It also found Tubemakers had exercised price restraint since being declared for prices surveillance in 1986.

The decision to remove Tubemakers reduces the number of companies subject to prices

surveillance from 51 in June 1994 to 27 in November 1995. The removal of 24 companies so far is the result of the current systematic review of all companies declared under the Act. The decline reflects the increased competition in sectors of the economy and the Government's desire to adopt a more light-handed regulatory approach wherever it is likely to be effective. Twenty of the companies removed from prices surveillance have been shifted to the monitoring program.

The ACCC will complete the review process begun by the PSA. Two inquiries, the review of the harbour towage declaration and the review of the steel mill products declaration, are under way. The final inquiry in the review process, the declaration of the oil companies, is expected to start in the first half of 1996.

Prices surveillance

There have been seven routine price notifications for petrol and distillate products since the ACCC assumed pricing responsibilities. The price notifications of the oil companies are automatically endorsed if the proposed wholesale prices are at or below the daily intervention price set by the Commission.

The ACCC has not dealt with any price notifications from other declared companies.

Monitoring

The markets and companies designated for statutory monitoring are:

- Biscuits — Arnotts' Biscuits Ltd
- Instant coffee — Nestle Australia Ltd
- LPG — Wesfarmers Kleenheat Gas Pty Ltd (WA only)
- Sound recordings — WEA Records, CBS Records, Polygram, EMI Records, BMG Arista-Ariola, Festival Records
- Retail banking fees — not yet specified

- Tampons — Johnson & Johnson Pacific Pty Ltd, Sancell Pty Ltd
- Moomba-Sydney gas pipeline — East Australian Pipelines Ltd

Markets subject to informal monitoring are: credit cards, interstate air fares, legal fees, Pay TV, non-reserved postal services, breakfast cereals, tea, toothpaste, coastal shipping, stevedoring, harbour towage and LPG.