



**Australian  
Competition &  
Consumer  
Commission**

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

Dear Minister, *Bruce*

**Report on the ACCC's operations under Part V – The Carbon Tax Price Reduction Obligation in the March 2015 quarter**

Pursuant to section 60J of the *Competition and Consumer Act 2010 (CCA)*, the Australian Competition and Consumer Commission (ACCC) is required to report to you about the ACCC's operations under Part V of the CCA during the March 2015 quarter. Accordingly, please find enclosed a copy of the ACCC's April 2015 Carbon Monitoring Report.

For information about the ACCC's operations during the December 2014 quarter, please see the [January 2015 carbon monitoring report](#).

**Electricity and natural gas**

The ACCC considers that the obligations imposed by Part V of the CCA, including carbon tax repeal substantiation notices, statements to customers and price exploitation provisions combined with high penalties for non-compliance, placed on electricity and natural gas retailers assisted in promoting a high level of compliance with the obligation for these entities to pass through their carbon tax repeal cost savings. The ACCC is satisfied that all carbon tax cost savings have been returned in these sectors, with one exception. The ACCC is continuing to engage with this entity.

Since the ACCC commenced monitoring in March-April 2014, residential electricity prices have decreased overall in most states and territories. Overall, natural gas prices have mostly increased in the past year due to various factors, however, these increases are less than they otherwise would have been absent the carbon tax.

The percentage price change for residential electricity and natural gas prices due to the removal of the carbon tax varies between states. The ACCC is satisfied that the calculations used by retailers in these sectors to calculate the amount of carbon costs to be removed from prices after repeal corresponds to the carbon component that was included in prices prior to the repeal.

## **Synthetic Greenhouse Gases**

The ACCC's operations in relation to synthetic greenhouse gases has focused on seeking information from downstream synthetic greenhouse gas wholesaling customers of bulk importers and from synthetic greenhouse gas equipment wholesalers to confirm the effect of the carbon tax repeal on the price of synthetic greenhouse gases.

The ACCC's analysis of information received indicates that prices for most synthetic greenhouse gases have reduced to approximately the same levels as prior to the carbon tax. The ACCC will continue to seek information from SGG entities, and has issued section 60H notices to entities who did not respond to the ACCC's requests for information. Section 60H is a specific provision to facilitate the investigations of compliance with the carbon tax price reduction obligation.

## **Landfill**

Landfill operators that were liable entities and had carbon tax components in their gate fees have removed these components. This resulted in either gate fee decreases, or increases that were not as high as they otherwise would have been. Most landfill operators have refunded or are in the process of refunding carbon tax components collected during the period between 1 July 2014 and the date they removed carbon tax components from their prices, while others will put these funds towards abatement measures.

Most landfill operators who were liable entities collected funds during the carbon tax period for anticipated future carbon tax liabilities, which will not eventuate now that the carbon tax has been repealed. The Department of the Environment is currently considering submissions on a draft framework, suggesting methods for the use of these funds. The Department of the Environment is aiming to announce a response to the submissions in early May 2015.

The ACCC considers that the approach to the issue of future carbon tax liabilities, as set out in the Department of the Environment's draft framework, is appropriate. The ACCC will seek information from landfill operators that are liable entities regarding confirming their decisions regarding the use of these excess funds.

## **Other industries**

Brick and related product manufacturers that are liable entities have now provided the ACCC with sufficient information to conclude the ACCC's enquiries. The January 2015 report noted that the ACCC was continuing to work with entities in this sector to determine whether post carbon tax repeal prices adequately reflected the pass through of any cost savings from the carbon tax repeal. The ACCC is satisfied that, where carbon tax related price increases were made, there is no information available to indicate that any liable entities in this sector are continuing to charge prices that include any carbon tax components. The ACCC also does not consider that any of these entities' representations or conduct could be held to be misleading.

In previous reports the ACCC indicated it was assessing the representations made by the domestic airlines regarding the effect of the carbon tax repeal on air fares. The ACCC has now completed this assessment, and it considers that any fare increases following the introduction of the carbon tax were transitory and not a factor at the time the carbon tax was repealed. The ACCC will be taking no further action regarding these representations.

### **The ACCC's future activities**

The ACCC will continue to seek information from synthetic greenhouse gas and landfill entities to ensure that carbon tax cost savings are being passed through to consumers. The ACCC will also continue to monitor complaints in relation to the repeal of the carbon tax.

In accordance with section 60J of the CCA, the ACCC must report to you on its operations under Part V of the CCA in the June 2015 quarter within 28 days after the end of the June 2015 quarter. That will be the final report provided to you pursuant to section 60J of the CCA.

I can be contacted on (02) 6243 1131 should you wish to discuss.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rod Sims', is written above the printed name.

Rod Sims  
Chairman