

What the ACCC is doing

Price checking

The ACCC is checking prices to assess how the Government's tax changes will affect prices, and to help identify possible cases of price exploitation by businesses.

Over the next two years, the ACCC will check prices to identify unjustifiable rises. This checking may lead to prosecution if the business can neither adjust nor explain the price hikes.

The ACCC ran an Australia-wide survey of certain goods subject to the drop in Wholesale Sales Tax in July last year. The survey showed around 90 per cent of prices checked were reduced appropriately, with an average drop of 7.3 per cent. Cigarette prices were monitored last November when excise changes were introduced and again, most businesses complied.

Price checking will assess various retail and wholesale products and services. To make sure tax savings are passed on to consumers, the ACCC will draw on many sources of information about price changes and pricing behaviour including:

- ACCC-commissioned retail price surveys undertaken nationally by experienced price collection firms covering a wide range of household goods and services;
- established, ongoing private databases on prices in specific industries;
- Public compliance commitments offered by large corporations and registered with the ACCC;
- price index statistical series compiled by the Australian Bureau of Statistics (ABS) for the Consumer Price Index and price indexes relating to the manufacturing

and building, construction and services industries;

- State regulatory authorities and State/local government business enterprises (for certain industries such as electricity, gas, public transport etc.); and
- industry and professional associations.

Many of these sources will provide specific prices charged by specific businesses.

The ACCC's price checking will compare prices before and after 1 July 2000. Price checking will continue until July 2002.

Specialist price checking companies will undertake most of the commissioned price surveys. The surveys of retail prices for products commonly bought by households will include:

- supermarket and pharmacy products;
- alcohol and tobacco products;
- household appliances; and
- household services and supplies.

Together these surveys will check over **3 million** prices from around 9000 outlets. Price collectors will visit stores in capital cities, regional centres and medium and small country towns across all States and Territories.

The ACCC has also commissioned monthly price surveys of household items commonly bought from supermarkets. Prices of 100 items are being collected each month from about 300 supermarkets across all States and Territories and in capital cities, regional centres and small country towns. The surveys, which began in January 2000, look for

trends in prices anticipating the introduction of the New Tax System before 1 July 2000.

The ACCC is also using private price databases to monitor categories of products, such as motor vehicles, TVs, stereos, electrical appliances and financial services to households and businesses (including bank fees and charges).

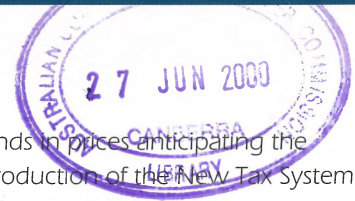
Through established databases the ACCC can track a supplier's price movements back to when the New Tax System legislation was passed in mid-1999. Information on prices in these databases is usually available monthly, and often daily.

The ACCC already monitors the price of petrol, diesel and LPG in capital cities. This will be expanded to cover nearly one-third of all retail petrol outlets in major cities and regional and rural Australia. Prices of automotive lubricants and greases will also be checked.

The ACCC is also surveying price changes on household services, such as house cleaning, clothes dry cleaning, shoe repairs, legal services, motor vehicle tune-ups, hairdressing, child care, sports lessons, GP medical services, dental services, building design services and architectural services.

Price changes revealed during these commissioned surveys and from established databases are assessed against the ACCC's expectations of price changes resulting from the New Tax System.

While some prices may go up as a result of the New Tax System, some will fall and many will stay the same.



ACCC GST Price Line

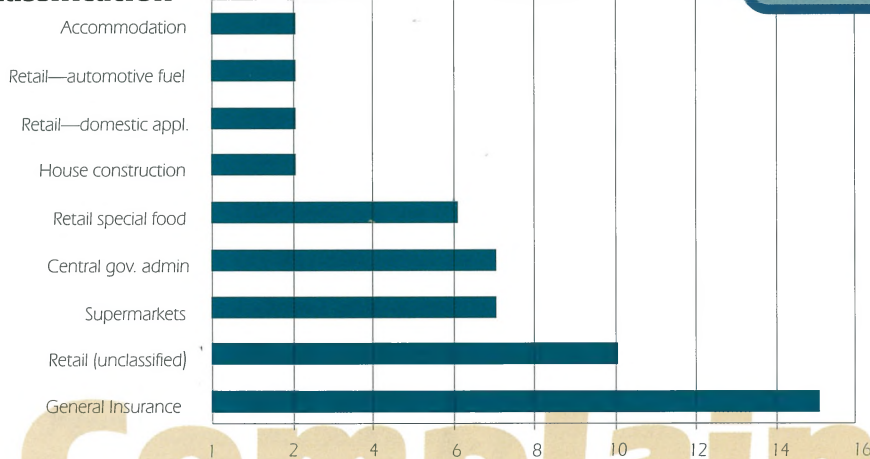
Consumers and businesses can report complaints about GST-related pricing to the ACCC GST Price Line [1300 302 502]. Businesses can also get information on their obligations under the Trade Practices Act and the price exploitation guidelines.

Calls to the Price Line range from complaints about the increased cost of shampoo in a particular supermarket, through to evidence of substantial breaches of the Trade Practices Act.

Complaints are analysed daily and investigated if price exploitation looks likely.

From July 1999 to May 2000 there were 35 823 complaints and inquiries. Of these, 56 per cent (20 137) were GST matters, including 12 248 inquiries and 7889 complaints. The most popular industries were:

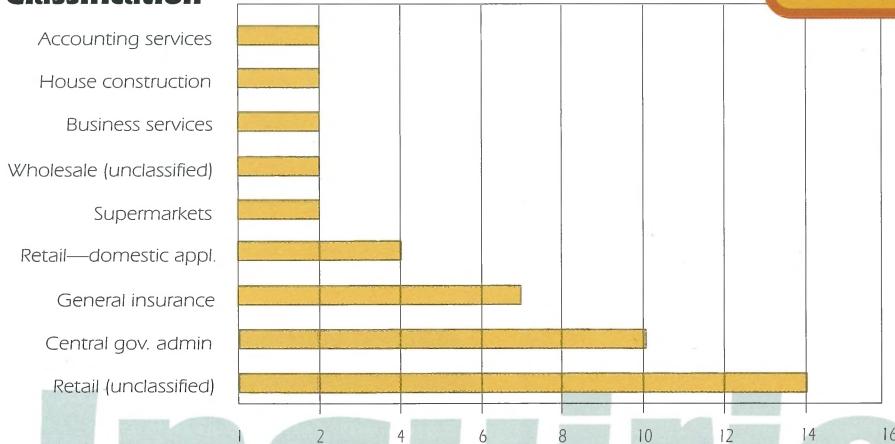
Industry Classification



Complaints

146 (2%) accommodation
 162 (2%) automotive fuel retailing
 182 (2.5%) domestic appliance retailing
 193 (2.5%) house construction
 464 (6%) specialised food retailing (not elsewhere classified)
 545 (7%) central government administration
 537 (7%) supermarket and grocery stores
 819 (10%) retailing (not elsewhere classified)
 1228 (15%) general insurance

Industry Classification



Inquiries

186 (1.5%) accounting services
 203 (1.5%) house construction
 239 (2%) business services (not elsewhere classified)
 288 (2.5%) wholesaling (not elsewhere classified)
 288 (2.5%) supermarket and grocery stores
 437 (4%) domestic appliance retailing
 806 (7%) general insurance
 1230 (10%) central government administration
 1741 (14%) retailing (not elsewhere classified)