



Australian
Competition &
Consumer
Commission



AUSTRALIAN
ENERGY
REGULATOR

ACCC & AER CORPORATE PLAN

2012–13

ABOUT THE ACCC & AER

The Australian Competition and Consumer Commission is an independent Commonwealth statutory authority whose role is to enforce the Competition and Consumer Act 2010 and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.

The AER is also an independent Commonwealth statutory authority and Australia's national energy market regulator. The AER has an independent Board, with its staff, resources and facilities being provided by the ACCC.

While specific functions vary according to the legislated responsibilities that underpin the ACCC and AER, the two bodies share many common objectives, both working to protect, strengthen and supplement competitive market processes.

The ACCC makes decisions through formal meetings of its commissioners and the AER through its board. ACCC commissioners and AER board members are statutory officers. The staff of the ACCC form part of the wider Australian Public Service.

OUR VALUES

We appreciate and uphold the APS Values of Impartial, Committed to Service, Accountable, Respectful and Ethical (ICARE), and hold these additional complementary values as unique and meaningful to our work.

Independent: We pursue the interests of the Australian community, objectively and transparently.

Expert: We make timely decisions based on evidence and rigorous analysis.

Strategic: We make best use of our resources by taking considered and targeted action.

Trustworthy: We communicate honestly and directly and act respectfully.

OUR PLAN STRUCTURE



OUR PURPOSE

Our purpose statement reflects the continuing aspirations of the organisation and our statutory roles and obligations.

OUR GOALS

Our goals are what we intend to do to deliver real benefits for Australian consumers from the expert use of our legislative powers and influence.

OUR STRATEGIES

Our strategies are how we will go about achieving our goals.

OUR ACTIONS

We will take a number of specific actions in 2012-13 under our strategies. In addition to these actions, we carry out a wide range of work to meet our legislative responsibilities.

How we work is underpinned by our values.

FROM THE ACCC CHAIR

Healthy competition between businesses in Australian and global markets delivers innovation, lower prices, greater efficiencies and more choice for customers as businesses try to win market share and make profits. For competition to remain healthy, businesses need to operate within boundaries of acceptable and fair behaviour towards their customers, competitors and suppliers. Those boundaries are set out in the Competition and Consumer Act and the other acts the ACCC enforces. Our role is critical in making markets work for consumers now and in the future, not by overriding markets but by:

- Maintaining and promoting competition and remedying market failure – by preventing anticompetitive mergers, stopping cartels and intervening when we identify misuse of market power
- Protecting the interests and safety of consumers and supporting a fair marketplace – addressing misleading behaviour, removing unsafe goods, and tackling unconscionable dealings
- Driving efficient infrastructure – through industry specific regulation and access regimes.

In 2012–13 we will deliver outcomes in each of these areas, as well as keeping a focus on improving our performance and more widely and effectively communicating our role and our achievements to the Australian community. We also plan to increase our engagement with a broad range of partners and stakeholders, working collaboratively to improve outcomes, particularly with our fellow Australian Consumer Law regulators.

Our work in regulation is key to the long term success of markets and infrastructure, such as in the energy sector (through supporting the work of the AER) and in the areas of water, transport and telecommunications including the NBN. These markets and industries are complex, often highly concentrated or monopolistic. The focus of our regulatory activity is on making markets work, even where competition is limited.

The strength of the ACCC lies with our expert, dedicated and professional people, coupled with our positive working environment, climate of rigorous debate, and the way we continually strive to improve. Our mandate is very broad, scrutiny intense and community demands and expectations high. Consequently we will deliver results by developing our people and processes to remain an effective organisation working tirelessly on behalf of the Australian community.

FROM THE AER CHAIR

The AER roles encompass the wholesale electricity and gas markets and energy network infrastructure. From July 2012 the AER will start to take on additional responsibilities with the new National Energy Retail Law coming into effect in a number of jurisdictions. These responsibilities include monitoring and enforcing compliance with the retail law, authorising retailers to sell energy, approving retailers' customer hardship policies, reporting on retailer performance and administering the retailer of last resort scheme.

The objectives of the national energy legislation guide the AER's priorities and work program. The common objective through the legislation is to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of end users of energy.

The AER Board shares the values of the ACCC and its work is supported by the professionalism of ACCC staff. The AER's broad functions and committed projects are of critical importance to consumers and account for the most significant portion of our work program. The AER's strategic priorities are reviewed and published annually and provide focus for those core and additional issues which will deliver greatest returns in the long term interests of consumers.

In 2012-13 the focus of the AER board will be on: Promoting competitive arrangements in wholesale energy markets; fostering customer confidence and engagement through the new retail energy functions; and promoting energy network regulation that meets the long term interests of energy consumers.

The AER will be assisted in achieving its strategic priorities by the ACCC's strategies to improve regulatory practices, improve processes, develop our people and improve communication.

MAKING
MARKETS
WORK
FOR
CONSUMERS,
NOW
AND
IN
THE
FUTURE.

GOAL 1: MAINTAIN AND PROMOTE
COMPETITION AND REMEDY MARKET
FAILURE

STRATEGIES & ACTIONS

- 1.1 Deliver outcomes to address harm to consumer welfare through anti-competitive conduct and improve competition under the priority areas identified in the ACCC's Compliance and Enforcement Policy**
1. Deliver outcomes under a project dealing with threats to competition in the online environment
 2. Deliver outcomes under a project to improve our ability to address the threats to competition which arise from the misuse of market power particularly in concentrated sectors
 3. Pursue cartel conduct through enforcement and compliance action under our cartel initiatives
 4. Take enforcement and compliance action under existing projects relating to concentrated markets in the fuel and supermarket sectors
- 1.2 Direct our staffing and streamline our supporting work practices to enable us to deliver results under our 2012 Compliance and Enforcement policy**
1. Review and refine our processes for ensuring our enforcement and compliance staffing is allocated to priority areas
 2. Improve the effectiveness of our complaint and issue escalation system aligned with our priorities
- 1.3 Assess and review mergers with a particular focus on concentrated markets such as supermarkets, liquor, financial markets and energy to prevent structural changes that substantially lessen competition**
1. Negotiate and implement new processes for dealing with proposed acquisitions by the major supermarket chains
 2. Work with the AER on the strategic overview of consolidation in the energy sector
- 1.4 Update our merger review and authorisation processes to improve efficiency and give clear guidance to merger parties, authorisation applicants and market participants**
1. Review and republish our merger review process guidelines
 2. Improve our application of a consistent analytical framework to authorisation and notification decisions to remedy market failures
 3. Streamline our authorisation and notification decision documents for less complex applications
- 1.5 Support the AER to promote competitive arrangements in wholesale energy markets**
1. Work with the other energy market institutions to develop a framework for transmission investment that will promote competition in the National Electricity Market (NEM)
 2. Enhance our scrutiny of network business compliance with the regulatory investment test to ensure businesses develop the most efficient and appropriate solution to market development needs

GOAL 2: PROTECT THE INTERESTS AND
SAFETY OF CONSUMERS AND SUPPORT FAIR
TRADING IN MARKETS

STRATEGIES & ACTIONS

- 2.1 Deliver outcomes under the priority areas identified in the ACCC's Compliance and Enforcement Policy to improve compliance with the Australian Consumer Law**
1. Deliver outcomes through projects addressing consumer detriment arising from
 - door to door sales
 - poor marketing and consumer service in the consumer telecommunications sector
 - poor marketing and consumer service in the energy sectors
 - unconscionable or unfair trading practices impacting on Indigenous consumers
 2. Undertake one new project addressing a specific consumer area of scam activity causing widespread harm
 3. Progress existing projects relating to consumer guarantees and unfair contract terms
- 2.2 Multiply the effectiveness of our compliance and enforcement initiatives through an active program of stronger and managed partnerships with ACL regulators and law enforcement agencies**
1. Improve the uptake and utility of communications platforms supporting information sharing
 2. Actively participate in and support each of the Compliance and Dispute Resolution Advisory Committee (CDRAC) national projects to deliver national outcomes through Consumer Affairs Australia and New Zealand (CAANZ) agencies
 3. Prevent consumer harm through active leadership of the Australasian Consumer Fraud Taskforce
- 2.3 Identify and implement nationally integrated approaches to minimise the risk of injury and death from safety hazards in consumer products**
1. Implement an intelligence driven, project based approach to addressing significant hazards
 2. Further develop an integrated and national approach to compliance with standards and bans
 3. Consolidate international opportunities to collaborate on initiatives, harmonise approaches to hazards and participate in co-ordinated engagement with stakeholders to improve outcomes
- 2.4 To support a vibrant small business sector, deter anti-competitive and unconscionable conduct targeted at small business and facilitate collective conduct by small business operators where that conduct is assessed to provide a net public benefit**
1. Undertake targeted projects to inform small business operators about their rights and responsibilities under the CCA
 2. Increase the effectiveness of the ACCC's engagement with the small business sector
 3. Actively work with Small Business Commissioners to improve capacity to identify and respond to emerging competition and fair trading matters
- 2.5 Support the AER to foster customer confidence and engagement through the new retail energy functions**
1. Launch a new price comparator website and raise consumer awareness on how to use this tool to choose a retailer and contract that best suits their needs
 2. Enhance our communication with consumers to strengthen their understanding of the new protection framework
 3. Develop and publish business performance reports that provide accountability, transparency and comparability of compliance with the new retail framework

GOAL 3: PROMOTE THE ECONOMICALLY
EFFICIENT OPERATION OF, USE OF AND
INVESTMENT IN MONOPOLY
INFRASTRUCTURE

STRATEGIES & ACTIONS

- 3.1 Refresh the rationale for why we regulate in particular markets to inform the policy debate**
1. Establish a working group to develop an ACCC/AER position on why we regulate
- 3.2 Improve our regulatory practices and processes by further developing our thinking on how we regulate**
1. Develop a program to capture the latest thinking on the practice of regulation and assess its potential application to the practice of regulation
- 3.3 Build relationships with international regulatory agencies to leverage their experience in the regulation of infrastructure industries**
1. Use project 'Better Economic Regulation of Infrastructure: International Insights' to build links with International bodies and to keep abreast of overseas developments
- 3.4 Deliver network regulation to promote competition and meet the long-term interests of end-users**
1. Work towards delivering decision documents that are more succinct and that use more accessible language
 2. Develop improved process for the early identification of critical issues to bring to the Commission's attention in an access undertaking assessment process
 3. Review, assess and assimilate latest thinking in finance theory on the Weighted Average Cost of Capital (WACC)
- 3.5 Support the AER in promoting energy network regulation that meets the long term interests of energy consumers**
1. Participate in network rule change and other policy processes to improve consumer and market outcomes
 2. Further develop key benchmarking indicators in consultation with stakeholders with a view to applying the enhanced metrics in regulatory processes in 2012-13
 3. Enhance the information requirements on network businesses to improve the quality and consistency of data for regulatory reviews and performance reporting
 4. Enhance our internal technical expertise to engage more directly with stakeholders
- 3.6 Improve the workability of emerging markets by enforcing market rules and monitoring market outcomes**
1. Use recently acquired data from Water monitoring reports to test the objectives of the 2007 Water reform process
- 3.7 Respond to government requests to provide monitoring reports on industries in highly concentrated and newly de-regulated markets**
1. Focus monitoring reports on those aspects of a market where a lack of competition is more likely to have a larger potentially damaging effect on consumers

GOAL 4: INCREASE OUR ENGAGEMENT
WITH THE BROAD RANGE OF GROUPS
AFFECTED BY WHAT WE DO

STRATEGIES & ACTIONS

- 4.1 Implement a comprehensive strategy to ensure effective communication with our diverse audiences that supports our goals**
1. Develop and implement an organisation wide communications strategy incorporating the outcomes of the corporate identity and market research projects to reach out more effectively to consumers, business and others who have an interest in or are affected by our work
- 4.2 Undertake an active program of stronger and managed partnerships with a broad range of organisations that can assist us deliver outcomes that impact favourably on consumer welfare**
1. Develop our engagement with key consumer and industry groups and public and private sector organisations to increase our ability to target action that improves consumer and small business welfare and effectively functioning markets and industries
 2. Increase our engagement and partnership with competition authority colleagues in the Asia-Pacific region

GOAL 5: INCREASE OUR EFFECTIVENESS
AS AN ORGANISATION THROUGH A
COMMITMENT TO OUR PEOPLE, PLANNING
AND SYSTEMS

STRATEGIES & ACTIONS

- 5.1 Build organisational capability and knowledge sharing through well trained and supported people**
- 5.2 Promote a safe, healthy and respectful work environment for our people**
- 5.3 Streamline our management of projects to maximise the use of people, skills and experience**
- 5.4 Transform our specialist legal and economic services to increase the effectiveness of our operations**
- 5.5 Transform our corporate support services and systems to increase the effectiveness of our operations**
- 5.6 Review, update and document the ACCC's corporate governance**
- The ACCC and AER have many actions supporting the strategies that will improve our effectiveness as an organisation.

