



ACCC's role in promoting competition in the freight supply chain

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ACCC promotes competition in four key ways

- Advocating for pro-competitive policies
- Monitoring of industries that lack effective competition
- Price and access regulation
- Enforcement of anti-competitive behaviour provisions

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Advocating for pro-competitive policies

- Views informed by our administration of regulation, monitoring reports, market studies, knowledge of sound economic principles
- Govts often seek our views
- Examples
 - Our submission to the Harper Review identified a number of priority areas of reform
 - Appropriate privatisation of monopoly assets (with upfront regulation)

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Monitoring of services that lack competition

- Generally done under Government direction
- Monitoring is not price regulation
- Value lies in assessing state of competition and informing policy makers of need for reform
- Examples:
 - Container stevedoring, bulk wheat ports, airports

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Monitoring (cont'd): State of container stevedoring

- Generally positive messages in previous years following more competition, higher productivity, and falling unit revenue
- Growing concerns over infrastructure surcharges
 - Transport operators and shippers face the charges, but shipping lines choose the stevedore
 - Surcharges continue to grow, plus now VICT

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Price and access regulation

- Where there is limited or no prospect for competition
- Efficiencies of single supplier vs incentive and opportunity for monopoly pricing
- Objective – promoting market-like outcomes
- Encourage efficient use of, & investment in infrastructure;
- Price signals – for users and investors

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Price and access regulation

- Government typically decides which sectors are regulated & the form of regulation
- Range from “light handed” to full economic regulation – prices, terms, revenue
- Examples
 - Industry specific – Wheat code, telcos
 - Access undertakings – negotiate/arbitrate – NBN, gas, ARTC HV rail
 - Full economic regulation – electricity

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Challenges of economic regulation

- All bespoke – no one model fits all
- Possible models – Building block, benchmarking
- Challenges
 - Complexity
 - Data availability
 - Judgement – competing interests and policy considerations
 - Cost reflectivity, tariff structures & end user impact

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Land transport market reform

- Roads are vital asset, yet have not benefitted from micro reform like other sectors
- Opportunities for efficiency gains
 - Greater involvement of road users in investment decisions
 - Greater certainty of funding for road agencies
 - Closer links between what people pay and the costs they incur by using the road
- Cross govt working group making progress

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Conclusion

- There are clear economic benefits from competition
- There is a role for economic regulation
- It's not an easy journey especially during transition phases
- It requires commitment at all levels – governments, service providers, users, regulator

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