

Our Ref: C2000/1521  
Your Ref:  
Contact Officer: Gail Neumann  
Contact Phone: 02 6243 1016

8 June 2001

Mr Paul Belin  
A/g Assistant Commissioner  
Cost Recovery Inquiry  
Productivity Commission  
Level 28, 35 Collins Street  
MELBOURNE VIC 3000

Dear Mr Belin

I refer to your letter of 1 June 2001 regarding the questionnaire, and I also refer to the draft Cost Recovery Report, in particular chapter 7, and an invitation to attend a hearing during the 13-15 June 2001.

In relation to Table B.74 "Accountability and transparency", costs recovered for contract work, room hire, etc are in accordance with section 31 of the FMA. Table B.72 "Revenue 1999-2000" and also page 153 of the Draft Report, the telecommunications levy is stated at approximately \$4 million. While this is not incorrect as such, the amount received by the ACCC is around \$2.8 million in accordance with budget appropriations, the remaining portion of the levy, \$1.2 million, is directed to consolidation revenue.

Referring again to p 153 of the Draft Report, you state that the 2000-01 Budget has also introduced a levy on Australia Post to recover the ACCC's costs of regulating competition for postal services. Legislation is still before Parliament on this issue and therefore a levy on Australia Post has not yet been implemented.

There is a minor drafting error on the first line of page 147 where Part VI is referred to. The correct Part is Part IV.

I understand a focus for your Commission is section 7.8 "Alternatives to current fees and charges". The ACCC agrees with the Commission that overall, fees charged under the Trade Practices Act appear to be broadly appropriate. We do note however, that fees have not increased since their introduction and would suggest that a mechanism for review may be appropriate.

Remove all fees: We restate our position that fees play a role in demand management.

Impose fees on functions not currently subject to fees: We agree with your assertion that imposing fees for compliance and protection functions performed under the Trade Practices Act would not be appropriate. With regard to Part XIC public inquiries and assessment of undertakings under Parts IIIA and XIC, in addition to the concerns we express at the inquiry, there may be policy reasons for not imposing fees in these areas and Treasury may be best placed to comment on this.

Linking fees more closely to the cost of the function: The draft report correctly expresses our concerns with this alternative especially the administrative difficulties.

The ACCC has contributed significantly to this inquiry already and feels that the Productivity Commission has given it plenty of opportunities to put forward views and make comment. Having regard to the draft as it relates to cost recovery under the Trade Practices Act, the ACCC agrees with the general direction of the draft report, and therefore, it has no further contribution to make. However, if there are further issues you need to clarify when coming to conclusions for the final report, please do not hesitate to contact me.

Yours sincerely

Gail Neumann  
Director  
Corporate Projects and HRM