

## **EXPLANATORY STATEMENT**

### **Issued by authority of the Treasurer**

#### *Competition and Consumer Act 2010*

#### *Competition and Consumer (Price Monitoring—Domestic Air Passenger Transport) Direction 2020*

Subsection 95ZE(1) of the *Competition and Consumer Act 2010* (the Act) provides that the Minister may give the Australian Competition and Consumer Commission (ACCC) a written direction to monitor prices, costs and profits relating to the supply of goods or services by persons in an industry, and to give the Minister reports on the monitoring. Subsection 95ZH(1) of the Act provides that the Minister may also give the ACCC a written direction to give special consideration to matters in exercising the ACCC's powers and performing the ACCC's functions under Part VIIA of the Act.

The purpose of the *Competition and Consumer (Price Monitoring—Domestic Air Passenger Transport) Direction 2020* (the Direction) is to require the ACCC to monitor prices, costs and profits relating to the supply of goods or services by persons in the air passenger transport services industry. The Direction requires the ACCC to give special consideration to monitoring the supply of domestic air passenger transport services, and related goods and services.

The Direction gives effect to the Government's policy that Australia's national interest is best served through having a sustainable, competitive aviation sector. Price monitoring by the ACCC will assist in protecting competition in the domestic air passenger market, for the benefit of all Australian airline travellers.

The Direction requires the ACCC to monitor prices, costs and profits for a period of three years, and to report to the Treasurer at least once every quarter on the monitoring during that period.

The Direction has been developed in consultation with the Australian Competition and Consumer Commission.

Details of the Direction are set out in Attachment A.

The Direction is a legislative instrument for the purposes of the *Legislation Act 2003*. However, the Direction is not subject to disallowance or sunseting.

The Direction commenced on the day after it was registered on the Federal Register of Legislation.

**Details of the *Competition and Consumer (Price Monitoring—Domestic Air Passenger Transport) Direction 2020***

**Section 1—Name of the Direction**

Section 1 provides that the name of the Direction is the *Competition and Consumer (Price Monitoring—Domestic Air Passenger Transport) Direction 2020* (the Direction).

**Section 2—Commencement**

Section 2 provides that the Direction commenced on the day after it was registered on the Federal Register of Legislation.

**Section 3—Authority**

Section 3 provides that the Direction was made under the *Competition and Consumer Act 2010* (the Act).

**Section 4—Definitions**

Section 4 provides definitions of expressions used in the Direction.

The industry referred to in section 6 is defined by reference to the *Australian and New Zealand Standard Industrial Classification 2006* (ANZSIC) published by the Australian Bureau of Statistics (1292.0). ANZSIC is used as a standard means of classifying business units into industry sectors.

The references to ANZSIC in this instrument are to that document as it was revised and in force at the time the Direction commenced. At the time the Direction was registered, this document was freely available on the Australian Bureau of Statistics' website (<http://www.abs.gov.au>).

**Section 5—Object**

Section 5 states the object of the Direction, which is to monitor prices, costs and profits relating to the supply of domestic air passenger transport services, and of related goods and services.

**Section 6—Commission to monitor prices**

Section 6 directs the ACCC to monitor prices, costs and profits relating to the supply of goods or services by persons in the air passenger transport service industry.

The ACCC is required to monitor prices, costs and profits for a period of three years, and to report to the Treasurer on the monitoring at least once every quarter that starts during that period.

This direction is given under subsection 95ZE(1) of the Act.

### Section 7—Direction to give special consideration to specified matters

Section 7 directs the ACCC to give special consideration to monitoring the prices, costs and profits relating to the supply of domestic air passenger transport services, and of related goods and services, when exercising its powers and performing its functions under the Act as required by the direction in section 6. Section 7 also directs the ACCC to give special consideration to the object of the Direction.

The direction in section 7 is given because it is intended that the ACCC monitors domestic air passenger transport services, rather than both domestic and international services. If a service includes both a domestic flight and an international flight, that service will be treated as a domestic service for the purposes of the Direction, but only to the extent the service relates to the domestic flight.

This direction is given under subsection 95ZH(1) of the Act.