

Wednesday, 7 February 2024

Professor Fels' report shines a light on price gouging and unfair pricing

Last August, the ACTU launched an inquiry into price gouging and unfair pricing practices, chaired by former ACCC Chair Professor Allan Fels AO. The inquiry has conducted public hearings in Melbourne, Sydney, Adelaide, Cairns, and Canberra, receiving over 750 public submissions and more than 20 detailed contributions from academics, experts, think tanks, unions, businesses, and their representatives.

Professor Fels' report examined a broad suite of industries, including banks, wholesale electricity and retail pricing, early childhood education and care, supermarkets, and electric vehicles.

His report found that:

- Corporate profits have added significantly to inflation and some businesses have too much power over their customers, their supply chain, and their workers.
- Many businesses are resorting to dodgy price practices, including loyalty taxes, drip pricing, excuse-flation, rockets and feathers strategies, and confusion pricing.
- A range of sectors are insufficiently competitive or insufficiently regulated, leading to poor consumer outcomes and higher prices.

The report makes 35 key recommendations: 6 relate to prices, 4 relate to mergers and divestiture, 5 relate to competition policy, and 20 relate to issues in specific industries examined in the report.

Professor Fels has handed his report to the ACTU and will also hand a copy of his report to the Government later today.

Quotes attributable to ACTU Secretary Sally McManus:

“We welcome Professor Fels' report and note that it has found what working people suspected. Some big businesses have added to inflation and have too much power over customers, workers, and supply chains. This needs to be reined in.

“The gaming of the system in the wholesale energy market is particularly concerning. Generation makes up 30% of our household bills and Fels asserts there is gouging in the system which is causing workers to pay too much. Action here could have an immediate effect on our cost of living.

“The Inquiry itself already had a significant impact by shining a light on pricing practices that rip off ordinary people, such as those used by supermarkets. We are glad the Inquiry's findings and process played a part in the Treasurer's recent referral of the supermarkets to the ACCC.

“We thank Professor Fels for his deep and considered look at pricing in our economy and we look forward to considering his findings in detail.”

ENDS

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