

NCP Inquiry
Productivity Commission
P O Box 80
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17th May 2004

SUBMISSION TO THE INQUIRY INTO NATIONAL COMPETITION POLICY ARRANGEMENTS.

The National Competition Policy was introduced by the Australian Federal Government to comply with pressures from the World Trade Organisation and in particular USA trading interests to do so.

This raises the following questions:

- (a) What is their interest in pushing for an NCP worldwide?
- (b) What is in it for them?
- (c) What does Australia stand to gain or lose?
- (d) What is the experience in the USA and other countries that have introduced the NCP?
- (e) How can it be demonstrated that it is beneficial for every country that complies with the "one size fits all" NCP?
- (f) How can foreign interests be trusted not to dominate or over-ride another country's economy, democratic government and laws, culture, environment, services, intellectual property, human rights and markets?
- (g) Does the WTO National Competition Policy over-ride the Constitutions and Laws of sovereign countries?
- (h) Why did the Federal Government impose financial penalties on all States that do not comply with the NCP. Isn't this more redolent of underworld tactics rather than a democratic process?
- (i) What could be the unintended consequences of application of the NCP in each economic sector.

There is worldwide alarmed questioning by ordinary people of the World Trade Organisation and USA's domination and methods of introducing world trading policies.

This is borne out by the increasing number of people attending rallies held across the world to protest WTO's policies outside WTO meetings.

Did the September 11th 2001 attack on the World Trade Centre buildings and USA government buildings ever inspire those two bodies to self-examine their own responsibility for the attack and question the reason why those particular buildings were chosen as targets?

The unprovoked invasion of Iraq by the USA, and its following conduct as an occupational force, should see the USA forfeit its right to remain the world's model and leader.

The NCP was not introduced as an original and intelligently Australian thought-out plan for the needs of Australian business and industry and Australian conditions.

The National Competition Policy should be analysed against the terms and conditions of the Australian Constitution which requires that "for the peace, order and good government of the Commonwealth" the Federal Government provide an extensive list of public services for the people of Australia. These are paid for by the taxes raised from the people of Australia. (The full list of services can be found in Chapter 1 Part V of the Australian Constitution - copy enclosed). These **services** were intended to be **owned** by the Australian people and should never be part of any NCP, Free Trade or privatisation arrangements.

In the introduction to this inquiry, the Treasurer, Peter Costello claims that the National Competition Policy has "delivered significant benefits to Australia." However he is yet to substantiate this claim by specifying what these benefits are.

The scope of this inquiry includes the impact of the NCP on the Australian social structure, communities, distributional impacts such as in rural and regional Australia and effects on the environment.

Financial gains for Big Business- lost opportunities for small business & employment

During the term of the NCP operation, there has been a steady movement of financial gains towards larger businesses, institutions and industries away from their smaller counterparts,

particularly in regional areas. Many of the latter have been either absorbed into larger concerns or else becoming unviable and going out of business altogether. Some have taken their business off-shore to remain competitive. This has seen the loss of jobs and skills within the Australian workforce.

Government's competition policy to "Get big or get out" has not been good for rural communities. E.g. The Dairy Industry, which for hundreds of years has operated as family-owned businesses providing employment, a reasonable living and lifestyle and a stable rural community population. Economies of scale have not been in the best interests of rural communities. Milk production has seen increased costs, over-work and long hours for farmers, lower financial returns to the producers barely covering the cost of production, and domination of prices by supermarkets. Supermarkets are now beginning to buy out dairy farms and this will eventually give them complete control of the milk supply chain, of dairy markets and prices.

Similarly, Supermarkets dictate the returns to producers of all fresh fruit and vegetables.

The Supermarkets' push to include pharmacies in their retail outlets would eventually see the loss of local pharmacies because of unfair competition. There would be the loss of pharmacy services as presently delivered in local pharmacies, and a danger that the Pharmaceutical Benefits Scheme will be undermined as they gain control of the pricing structure. The Prime Minister has seen the wisdom to reverse the government's decision on this issue. But what will the next target be?

The lack of services has already been demonstrated when the "service" was taken out of "Service Stations" as supermarkets entered the petrol sales market. Price is not everything. How many vehicles are driving around with under-inflated tyres, incorrect water & oil levels and small mechanical problems which could previously have been fixed at "service" stations?

National Competition should only occur when it is on equal terms - within a level playing field, e.g. where businesses are of a similar size and the same services are provided as well as the trade.

Gradually larger businesses are amalgamating or controlling the supply and retail chain and so **are in danger of becoming monopolies in themselves**, in direct contrast to the intention of the NCP to provide greater and fairer competition.

In the process, **jobs have been shed and "casualised", apprenticeships have virtually disappeared**, and those left working are working longer hours and overtime often under poor conditions and rates of remuneration. This is family unfriendly and can lead to family breakdown. It discourages couples from having children. Furthermore, poor remuneration means less spending power with consequent effects on both local and total economies.

Small Businesses

It has always been acknowledged that small businesses are the greatest employers of workers. They should be encouraged rather than discouraged, Government providing support and assistance with incentives, both regulatory and financial, and with a simpler taxation system. Inefficient Government Red Tape, complex tax laws which are expensive and time-consuming, onerous insurance costs and regulations are a great hindrance for small businesses to compete and succeed.

Small business has always provided the basic Australian right in what we have always been proud to call "this land of opportunity." An individual has been able to have a "fair go" - the chance to be innovative and inventive, trying new ideas and able to start up from a small beginning. This is how so many migrants to our shores have been able to make a new start in life and contribute to the prosperity of Australia.

If all advantages go to Big Businesses to compete, there will never be these wonderful opportunities for individuals to succeed and continue to make Australia the envy of other countries as a country of opportunity.

Infrastructure such as IT and telecommunication services are backward and deficient in country areas, putting rural and regional small business at a distinct disadvantage. Small business must be retained and defended at all costs against the power of Big

Business whose aim is generally to extinguish competition.

Social costs of the National Competition Policy.

The process of achieving greater economies and profitability by being lean and mean to achieve a strong "bottom line" has seen a corresponding and steadily increasing debit on the social impact side of the ledger.

As large businesses have restructured, rationalised and down-sized, and small businesses have closed down, jobs have been shed mercilessly, especially in rural and regional areas. There is no longer the security of a job and an occupation or profession for life. Often this training has been very expensive to achieve. This prevents a worker's ability to take out a mortgage loan to buy a home and has undermined the living standards and dignity of that formerly proud and reasonably comfortable section of society, as workers are left out from enjoying the benefits that Big Business is reaping.

This affects income and spending ability with negative results for local economies.

There is an ever widening gap between the rich and the poor - a very dangerous situation for any government to find itself in. History has shown that there is nothing like the anger of a community that is undervalued and starved of a decent living. Every person needs to have worthwhile employment, to feel valued and cared for. A country is judged by how it treats those members of its society who are sick, mentally or physically disabled or financially less fortunate. Social Security needs to be structured to provide a compassionate safety net of finance and / or training, with dignity for those who for various reasons are unable to work. Application for this assistance should not be so complicated and tortuous as presently applies e.g. mothers returning to the workforce having to estimate their earnings 12 months in advance and then being penalised if they get it wrong. Many start off in casual work, or in self-employment which is impossible to estimate.

This country has seen such a level of hopelessness, lawlessness and substance abuse - the sign of a corrupt or badly managed society. The majority of people feel helpless in making their feelings known to those in power and despair at the increasing loss of their democratic rights and the erosion of democracy in this country from both internal and foreign sources.

Government NCP deregulation of liquor outlets is an extremely dangerous move which flies in the face of all it has been trying to achieve by its "Drink Driving" programmes. The opportunity to buy intoxicating liquor at random can only see more drink drivers on the roads, with escalating government costs for road trauma resulting in higher hospital and health costs, social security payments - which it can't even afford now.

A dangerous practice has crept into the Australian way of life, at work and in politics, of not being able to speak out against what is seen to be wrong, in practice and morally.

Productivity growth has been at the expense of social cohesion and a strong sense of community. There is a lack of security or comfort because of the perception that the government is no longer looking after Australia's best interests, but rather the interests of multinational and World Trade Organisation interests.

These differences are more transparent in rural and regional areas that have borne the brunt of deregulation, restructuring and national competition. Most country businesses operate on a small scale and cannot compete on an equal footing with large city-based operators who are able to scoop the cream off the best jobs. However these small businesses are still required in rural and regional areas to service the population in that area, so they need to be supported at all levels and kept solvent.

The results of competition, deregulation and rationalisation has seen the movement of most young people from rural and regional areas to the large cities seeking work, training and occupations. This has caused an imbalance of the demographics in rural and regional areas, putting greater strain on infrastructure to service an older population.

Although jobs are available in capital cities such as Sydney, the cost of living and accommodation there turns the younger generation into a class of working poor, finding it difficult to survive and unable to save for the future or to buy a home of their own. Unless changes are made, this generation will never be able to provide adequately for a home and family nor for their old age. Competition in the Real Estate Industry can be partly blamed for the escalating home and land prices in the city, as well as the fact that government does not have specific policies to limit overseas purchasers from buying into the market, priming inflation in the housing market.

Government Services

By including those public services in the NCP which are owned and paid for by the people of Australia and required to be administered by the Federal Government as its Constitutional duty and social obligation, the Federal Government is abrogating its primary function in representing the Australian people.

Privatisation of health, education, national broadcasting, postal services and public transport services must never be allowed.

The Health System

A public health system should not be part of a competition programme. Rather it should be a co-operative system of sharing and caring. A so-called "private" health care facility should not have access to government funding. If as a business it can't be self sufficient and operate as a profitable business it should not qualify for government subsidies.

The previous restructuring of the hospital system has not delivered the efficiencies sought, with governments leaving themselves open to accusations of negligence and mismanagement in the care of patients, with consequent political implications.

Health administration has grown into a self-serving empire of its own, costing the taxpayer almost as much to maintain as the actual delivery of health care services. It is incapable by its size and lack of skills of making relevant and responsive decisions.

In-hospital staff committees, those with the real knowledge, should be in charge of the day-to-day decision-making on the conduct of operating hospital procedures, together with community representatives and a small Area Health Service representation.

University nurse training programmes are good as far as they go, but should be alternated 6 monthly between university learning and remunerated on-the-job practical nursing. The payments would assist more nurses to be able to afford the course and their presence in the wards would help alleviate staff shortages in the short term. An extra year's training should be added to the course to allow for this.

Funding for hospital capital works and maintenance should be maintained as an ongoing and constant requirement to keep pace with modernisation.

Each hospital should be self-reliant providing for a basic list of "critical mass" core health services. Other specialist services can be provided on a regional shared basis, but with designated connecting transport services or area rotating specialists.

Since the likelihood of terrorist attacks, it is essential that these health centres are strategically available around the country and that supporting services such as pharmaceuticals, sterile and general stores, food preparation, laundry, cleaning and maintenance crews are available on each site with adequate trained personnel to service these positions. This would return some of the skilled jobs to the country regional areas.

Education

Education is another service which the government is required to provide and should not enter into any national or foreign privatisation negotiation. A child or family allowance should be provided by government to mothers from birth to leaving school.

Perhaps a voucher system issued to all children to take to the school they attend for reimbursement by government to that school would be a fairer method of allocating government funding to schools.

TAFE education must be maintained and improved to train those with leanings towards practical and industrial skills and similarly not enter into national or foreign privatisation bids.

University fees should not be so high that those with the ability to study are discouraged.

It is unacceptable that young adults commence their working life in debt.

Public Transport

Public Transport is a service best to be run by government.

Passenger services, it is well known, do not make a profit, but freight services if properly run do. It is therefore a failure of good government policy to divide the two.

The Federal Government's NCP ARTC 60 year lease take-over of only the NSW

Government's freight and main lines, taking the profitability balance out of rail services, leaving NSW with the debt, which will have negative impacts on future freight and passenger services on remaining lines.

How can private operators be expected to carry the responsibility of such debts unless they rely on government subsidies?

The people of Australia expect better public transport services, especially those who are aged or

have disabilities. Furthermore, the time has arrived for governments to plan seriously for depleted oil supplies expected in the foreseeable future

A National Broadcasting System - the ABC

It is vital that Australia retains an independent broadcasting system adequately funded by a Federal Government.

As the provision of reporting and news media has been aggregated into the hands of a very few and very wealthy owners, news reporting is fast becoming a monopoly, especially in the light of expected further media deregulation.

Is this the result of National Competition Policy? Where are all the small operators? How possible is it to start up, for example, a newspaper from a small beginning?

It is dangerous in the extreme for a population to be fed from only one source of information. This already occurs in Australia. The same news, the same photo shots, even the same wording can be seen and heard on all commercial channels.

Where is the National Competition there?

It is also vital that there is a greater proportion of Australian content in TV programmes and that Australian film and acting is supported and with increased funding where possible.

The Corporatisation of public utilities may have seen some short term benefits for ordinary household users, but costs quickly increased and the structure changes are now of no benefit - except for the jaundiced view that it will be easier for the government to sell them off to private or foreign operators (e.g. to the Singapore Government). Gas, electricity, water and telephone charges have risen, while there has been a decline in services and apprenticeship training for a future skilled workforce.

We have seen the results of this in overseas countries that have followed the National Competition Policy. We have seen examples of fraud, corruption, bankruptcies, and systems failures. Maintenance of what should be responsible government-run public services as its community service obligation has been neglected. It is the purpose of government to raise and use taxes for these services.

Private companies such as Enron, Worldcom, have been spectacular failures. Public services are for the good of the people, run by good government, as stated in the Australian Constitution, and not necessarily for making profits and being competitive.

Postal Services have served the nation well without recourse to competition.

The Australian Constitution charges the Australian Federal Government with the responsibility to provide these services for the Australian people. (Chapter 1 Part V, also Chapter 1V -p100 re provision of water)

Water

The waterways in Australia have never ever been in a worse state. The rivers have been plundered to the stage where they have almost dried up and drinking water is unavailable in some areas.

Crop plantings have not been supervised, such as inappropriate plantings (e.g. of cotton and rice) which are dependent on large amounts of water.

Government Policy on Immigration

It has always been maintained by some that Australia needs a larger population to improve the Australian economy. This has proved to be of benefit in the eyes of economists, however there must be a balance against the fragile and barren nature of this country. There must be a cut-off point established as to when we have reached this balance.

The constant increase in population as at present is unsustainable in such a dry country. Some outlying suburbs such as in Sydney are rapidly developing as the slums of the future unless steps are taken to improve public transport as distinct from motorways, and to provide employment in sub-regions.

There are already water rations across the country, with water storage dams rapidly being depleted and little prospect of them being filled in the near future, if global warming projections prove to be correct.

There is strong competition from industrial and commercial users of water to maintain or increase

their supplies, however the government's first priority is to supply the population with potable, quality drinking water. At this present time this is in very short supply.

Without massive amounts of funding for infrastructure such as dual carriage highways, public transport, employment opportunities, larger and improved hospitals, water, gas, electricity, telecommunications, sewerage etc spent in regional and rural areas, sending immigrants to rural areas is not an option. The jobs and accommodation for them in rural and regional areas are just not available.

The Federal National Competition Policy and subsequent State Laws are not in Australia's best interest and should be revoked. They do not comply with the terms of intent of the Australian Constitution.

Yours sincerely

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