



TRANSCRIPT

ABC Radio 774 – Melbourne
with Jon Faine

Graeme Samuel,
President, National Competition Council
Monday 19 February 2001

Subject: National Competition Policy, political climate, dairy deregulation

JOHN FAINE:

Graeme Samuel is on the line, the President of the National Competition Council. Graeme Samuel, good morning to you.

GRAEME SAMUEL:

Good morning Jon.

JOHN FAINE:

Fair bit of flack coming your way from conservative political quarters in particular, this morning. Competition policy and the pace of it is being blamed for the backlash in particular in the bush against the National Party and the Liberal Party.

Do you accept that criticism?

GRAEME SAMUEL:

Oh of course not, Jon.

It is a bit hard in this area to comment without appearing to be political but let me just observe that right through the Queensland campaign there was one individual who did not raise competition policy, I think, once, and that was Peter Beattie.

Those that raised competition policy were Rob Borbidge, Pauline Hanson and I'll let the results of the election speak for itself in terms of competition policy.

We must understand what this is about.

This is an agreement that was reached by all Australian governments back in 1995 to start removing some of the privileges that have been associated with government monopolies, associated with certain vested groups in the community who are protected from competition the way that the rest of us have been subject to competition since, back in the early 1970's, when the Trade Practices Act was brought in.

The competition policy, because of the last electoral cycle if you like, two or three years ago went through three significant reviews, through the Australian Senate, through the Productivity Commission and then through all nine Australian governments.

As a consequence of all that on November 3 last year, at the Council of Australian Governments meeting, they resolved that they should continue with competition policy – they affirmed it in a very, very short space of time I might say.

The Competition Council, or some members of it, those who stood for reappointment, were re-appointed through November and December last year. And the governments have said 'continue with this reform because it is good for the community at large'.

JOHN FAINE:

It's not good for backbenchers on margins of 1 or 2 or even 3 percent, in fact you could go up to 5 percent in the current climate.

Are you expecting a backlash against competition policy as the effects of dairy deregulation, attacks on the pharmacists monopoly and so on start to hit? Particularly in rural and regional communities?

GRAEME SAMUEL:

No, I'd hope that what happens is that our political leaders and politicians start to inform the community what it is all about.

Again, without wanting to be too political about it let me just point out that ironically on Saturday night after the election, and after the election loss, and I think indeed after he had announced his retirement from politics, Rob Borbidge said, "of course dairy deregulation had nothing to do with the Federal Coalition", which it didn't.

It was entirely the result of a very, very substantial number of Victorian farmers saying they wanted deregulation because they thought that they, and the Australian community would be better off with deregulation.

The Dairy Industry Council was headed up by Pat Rowley, still is, and Pat Rowley is a Queensland dairy farmer. And he promoted dairy deregulation for the same reasons - that the dairy industry and the Australian community, would be better off if deregulation occurred.

JOHN FAINE:

But the Premier, even in Victoria, Steve Bracks, this morning on this program, said the pace of competition policy and the size of the compensation packages are what need to be addressed.

Have you gone too far, too fast, even if you still believe in the principle?

GRAEME SAMUEL:

It is not for us... I should point out the National Competition Council has no power to do anything at all.

The Competition Council is appointed by CoAG. It adopts the pace that CoAG sets for it and it has no mandate to vary that pace in any manner whatsoever. In fact, ...

JOHN FAINE:

But you recommend the timetables and then people, governments...

GRAEME SAMUEL:

No, no we don't.

JOHN FAINE:

Governments are penalised if they don't stick to them.

GRAEME SAMUEL:

No we don't recommend the timetables at all. The timetables, in fact, are set by the nine Australian governments and they were set on November 3 last year. Indeed, back on November 3 they agreed to delay the timetable, to slow it down by about eighteen months. And the recent document that we have published actually accommodates that slowdown.

But, see we don't have a mandate, Jon, to do anything else other than what the governments instruct us to do. We are set up as an independent agency to act for the governments, to advise the governments in accordance with their instructions and that is what we do.

JOHN FAINE:

The risk of the backlash, Graeme Samuel, is the impression generally felt that competition policy is coming down tough on the little fellas in favour of the big fellas and that if you got as tough on the banks, or the telecommunications companies, or the petrol providers as you have been on small farmers and chemists and so on, then things wouldn't be quite as tough as they are in the bush.

GRAEME SAMUEL:

Well, let me just point out how tough its been, this competition policy. You talked about dairy deregulation.

There are about 11,000 dairy farmers in Australia. Over 7,500 of those are based in Victoria. In a recent poll conducted last year at the incidence of Keith Hamilton, the Agricultural Minister, 95% of those farmers voted for deregulation. Now that's 7,500 dairy farmers in Victoria as against 11,000 throughout the whole country.

Those dairy farmers in a recent analysis that has been undertaken by the federal government have done very well out of deregulation. Their export markets have grown and this is the primary reason, because those dairy farmers, small and big, went through a major restructure of their industry back in the 1970's.

NSW and QLD farmers didn't do it and they are going through that reconstruction at the moement. But lets understand that the vast bulk of dairy farmers have benefited significantly from deregulation and indeed voted almost unanimously to have deregulation take place and that was the basis on which the Victorian government, under Premier Bracks proceeded with it.

Now, I do find it somewhat ironic that the two states that have led the competition policy reforms, which have been Victoria and NSW, NSW under Premier Carr and Victoria originally under Premier Kennett and now under Premier Bracks have been the leaders in this area and yet you don't see any significant waning of popularity of Premier Bracks in Victoria or of Premier Carr in NSW.

JOHN FAINE:

And do you expect Kim Beazley to continue to be supportive of National Competition Policy?

GRAEME SAMUEL:

Kim Beazley has adopted a very proper stance over the past two weeks when he has been out there in the bush, he has heard the concerns, he hasn't said that competition policy should be turned back or should be turned off in any way at all.

What he has said is that there have been some excesses at local government level where competition policy has been misapplied, and it has been misapplied and we have been saying this for some two years now. It has been misapplied in the competitive tendering stakes.

And there have been some silly things done Jon, I gave evidence before a Senate committee where a local road building gang was put out of work because the local council went to competitive tender, a big city firm actually got the tender because he had loss leaded, he cut the price substantially. They put their local road gang out of work, didn't even give them the chance to tender on a fair basis, by retraining or reskilling them, and then a year or two later when it came to do the next stretch of road, they had no competitor in terms of the local gang...

JOHN FAINE:

They could quote what they liked.

GRAEME SAMUEL:

The Sydney company then doubled his price.

JOHN FAINE:

Of course.

GRAEME SAMUEL:

So, I mean, if I might say so, that is not competition policy because in fact competition policy doesn't require contracting out. That is just stupid mismanagement of local government business affairs. And Kim Beazley has focussed on that in the past week.

JOHN FAINE:

Thank you for your time this morning, it is going to be an interesting climate to work in.

GRAEME SAMUEL:

Thanks Jon.

[ends]