

**SUBMISSION**  
**to the**  
**Review**  
**of**  
**NATIONAL COMPETITION POLICY**

**by**

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THE FOLLOWING SUBMISSION IS A COMPILATION OF POINTS OF VIEW EXPRESSED BY CONSTITUENTS WHO HAVE BEEN IMPACTED UPON BY THE NATIONAL COMPETITION POLICY.

The common theme throughout all opinion expressed was that the National Competition Policy was supporting competition for its own sake, and doing considerable social and economic damage instead of providing social and economic benefit.

It is evident that at the core of the issue is the public interest test. It is clearly wrong, as appears to have been the case, to presume that competition is always for the greater good and produces no social or economic disadvantage. Equally other presumptions that small groups and individuals can successfully participate against large enterprises, that government intervention in markets is excessive and undesirable, and that review outcomes are correct because the public are able to sufficiently contribute are also incorrect. However, such presumptions have prevailed.

The public interest components of the system have to be simplified and made more accessible. If this feature of the policy is to be correctly served, there has to be an intrinsic measuring mechanism which demonstrates that reviews have been appropriately encompassing and that the value of the input is correctly weighted. This may involve all or part of impacted communities or industries having a more influential role. There is little doubt that given the litany of damage and inequity which has flowed through to primary industries from the blind application of this policy, the changes to the public interest components will have to be significant. There has to be a genuine shift away from competition for the sake of competition, to competition for the sake of all the community. There must be no casualties, because at the present time rural Australia is suffering badly at the hands of **national** competition policy.

In the Kennedy Electorate the deregulation brought about by this policy has caused fewer farmers and lower prices at the farm gate. This is particularly evident in the dairy industry where the hard work and long hours has returned less to the farmer while the multinationals are receiving the benefit. Farm gate prices have reduced while the major players increase their profit margins and the consumers are forced into not buying a local product because of a cost saving in purchasing a cheaper product that has been imported. Victorian farmers set the agenda for de-regulation of the dairy industry in other states. Owing to the devastating effect this has had on the dairy industry in the Kennedy Electorate in Queensland, it is obvious that the application of a *community benefit test* was not done appropriately. The Queensland Government's decision to sign off on deregulation simply because they felt they had no choice because of Victoria's decision was catastrophic for dairy farmers in Queensland and one which should not be repeated in the future.

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The de-regulation of the egg industry has effectively caused a breakdown of orderly marketing. It has allowed the large supermarkets to have control over prices and they have a huge marketing advantage because they play one producer against another. Eggs on the supermarket shelves in Queensland are very likely from interstate, which doesn't do Queensland producers any good at all. There is difficulty in finding the source of these eggs on the packaging, and this raises concerns about quality.

Prior to deregulation there were mechanisms to control quality and maintain supply to consumers. Egg producers in the Kennedy Electorate have advised that surveys have indicated a decline in egg quality since deregulation.

The sugar industry is fighting for survival because it is forced to compete in a corrupt market, but compounding this is the Ministerial Directive relating to the domestic sugar market, and this directive is in place because of the national competition policy. Sugar farmers are being denied a better price because the Queensland Government will be penalised under national competition policy if the Minister revokes the directive. The public interest test which allowed this situation to occur is seriously flawed when an entire industry employing 36 000 people is financially disadvantaged.

Fruit and vegetable growers have been placed in a position whereby the giant retailers can choose between them and the imports allowed into the country under the risk of disease and conditions under which our growers have strict guidelines. The prawn industry is under the same threat. Subsidised imports from countries paying far less wages than Australia have been allowed to erode our domestic food markets. The manufacturing industry has recently contacted our office regarding the need for country of origin labelling for furniture coming from overseas and competing against Australian companies, because the inferiority of the imported products is damaging the reputation of the Australian industry.

So that farmers receive a fair price for their product, it is imperative that a revision of national competition policy takes place to protect them from processors and retailers abusing their market power. At present it can be argued that current policy application is facilitating a shift of power from smaller to larger groups.

National competition policy allows all types of businesses to sell items not necessarily related to their type of business. Examples are as follows:-

- Bakery businesses sell milk and other drinks (juices, soft drink)
- Post Offices sell stationery items and toys
- Large supermarkets sell stationery items, magazines
- Discount variety stores sell grocery items including bread
- Small businesses sell cups of coffee and pies
- Woolworths/Coles have petrol stations

The items that are not in line with the type of business are provided for convenience but in competition to the business that normally provides the item. Prices may vary and the customer is likely to pay more for one item or the other so the question is, *is this an intended outcome of a national competition policy?* 3...

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A business trying to capture a customer in this competitive world by efficiency, cheaper prices, innovation etc., has the added “on cost” of providing some incentive to the customer to buy that product. Often more advertising is involved which is an added cost also.

Small businesses in rural and remote areas that are locally owned and rely on a low population base are struggling to survive under the umbrella of “fair competition” from the massive retail outlets that have a wider scope to choose where they obtain their produce, including imports, thus undercutting the smaller corner stores and in some cases removing them altogether. The profits of the larger retail chains do not stay in the local areas and very little is injected back into the communities. Now that these larger retail chains are including petrol stations into their businesses, they are taking business away from suppliers of confectionary to service stations, thus being able to supply this product themselves.

The ability of the larger retail outlets to swallow up the competition and be the major players will eventually eliminate all competition.

Water is an important issue and the best use of water and infrastructure needs to be achieved. Farmer’s water rights need to be protected as they are becoming increasingly under threat. We believe that national competition policy drives water reform and if this is so then it is imperative that the *public benefits test* is implemented not just in one state, as happened in Victoria with the deregulation of the dairy industry, but in all other States because a fair allocation of water for all Australians has to be put in place with a guaranteed allocation for agriculture.

We are now experiencing social implications in rural and remote areas as national competition policy has failed many rural industries. The public benefit test is at the very centre of this policy application, and it must therefore be at the very centre of the overdue reform of this policy.