



Speech by

**Mr N. ROBERTS**

**MEMBER FOR NUDGE**

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Hansard 5 August 1998

### **NATIONAL COMPETITION POLICY**

**Mr ROBERTS** (Nudgee—ALP) (10.23 a.m.): I wish to raise an issue concerning the competitive neutrality principles under the National Competition Policy, which generally define that Government businesses should not enjoy any net competitive advantage by virtue of their ownership when competing with other businesses.

The Hilmer report stated that in order to foster competition all participants in a market should operate under the same rules. However, with respect to Government entities that means that they face the same commercial risks, the same rules of engagement and in fact receive no advantage at all in the marketplace.

The competitive neutrality principles have their place, but with a significant qualification. I would like to illustrate it in this way. If a Government enters or remains in a market, for example, electricity, purely for commercial gain, in my view it is fair to argue that competitive neutrality principles should apply. However, if a public interest decision is taken or is the basis for a decision to remain in or to enter a market, such as the electricity industry, the people's assets and investments in that industry need to be protected. The reason is that such a decision may be based on issues relating to employment levels, the quality of services provided or some greater desire to directly influence the economic development for the public good. In such cases there is a case to argue that special measures should be able to be taken to preserve the integrity of that decision. Currently, National Competition Policy principles severely restrict the ability of Governments to act in that way.

I am not arguing for an inefficient public sector. To the contrary, I support the application of appropriate standards that maintain and improve the services provided. However, our experience with National Competition Policy is a significant issue which requires considered debate. The National Competition Policy competitive neutrality principles render the legitimate activities of Government to the same status as the commercial activities of the private sector. In some cases, that is clearly inappropriate. The National Competition Policy agreements are due for review in the year 2000. These issues require our critical examination.

Time expired.

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