



Speech by

Mr L. SPRINGBORG

MEMBER FOR WARWICK

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COMPETITION POLICY REFORM [QUEENSLAND] BILL

Mr SPRINGBORG (Warwick—NPA) (Deputy Leader of the Opposition) (9.05 p.m.): It is with a great deal of pleasure that I participate in debate on the Competition Policy Reform (Queensland) Repeal Bill. National Competition Policy, almost 10 years down the track in its implementation, is something which is causing concern for a lot of people. We have had an opportunity to see where National Competition Policy has gone wrong. It is fair to say that it has gone wrong in more areas than it has gone right, particularly if members represent a rural and regional area of this State. In its report into the impact of National Competition Policy on areas of the Australian economy, the Productivity Commission itself indicated that there were areas that were very much disempowered by the process. It is also fair to say that areas in the major cities have done reasonably well with National Competition Policy and that areas on the fringes of cities have done very badly out of it, as have regional centres and rural and remote areas.

People are saying, "Enough is enough." Quite frankly, they have had a gutful of economic experimentation. Quite frankly, National Competition Policy has become economic experimentation. We only have to cast our mind back a few years to when it came into being in this country. It came about as a consequence of an agreement between the then Keating Government and the then Goss Government. I think it is fair to say that most sides of politics thought that there may be some good in it. One thing we have not seen is a significant recognition to date from the political parties to underline the fact that there has been a lot of bad about it and that we need to do something significant and substantial to take back possession of the agenda.

Whilst this Parliament passed a resolution only a year or so ago indicating that the Governments of Australia should take back the agenda of National Competition Policy, we need to send an even stronger message than that. One thing we are finding is that once a Government has signed itself up to an agreement like this it becomes very difficult to get out of it. It becomes very difficult to seek the modifications needed to put the heart back into Government and the heart back into the implementation of the policy. There is time for a good, solid review of it and even consideration for throwing it out, because it is a failed economic experiment. "National Competition Policy", like competition per se, is a term which is used and abused. It is like "consultation", which is also a term which is abused.

Over the past 10 years or so, we as elected members of Parliament have walked away from the notion of our social obligation to the people we represent. In its raw form, National Competition Policy is totally inconsistent with the notion of social responsibility. A lot of members of Parliament on both sides of this House probably realise that, even though at the end of the day we may vote differently. A lot of members of Parliament feel that they are locked in; they feel that they would be the victims of the consequences of a Government not continuing to support National Competition Policy.

We talk about the tranche payments and competition payments which are allegedly made available to the State as a result of entering into National Competition Policy. As part of the agreement for those payments, Governments go down the track of implementing economic reform. I believe that, at the end of the day, we as a Government are no better off economically for entering into the agreement. I do not think that the Government of Queensland, whether it was the Goss Government, the Borbidge Government or the Beattie Government, has any more money in its coffers to be able to

deliver service to Queenslanders as a result of National Competition Policy than what it had prior to National Competition Policy. There is not one zack. There is no evidence to support that there is more money. It is an exercise in robbing Peter to pay Paul.

I mention rail freight agreements—third-party access to our railway lines and those sorts of things. Where is the evidence that we are any better off as a result of forgoing some of the traditional monopoly areas—some would argue for Government maintaining certain monopoly activities and therefore deriving revenue—for the sake of competition payments? We are not. We are socially disadvantaged. It is about time we started to sit up and take notice of those sorts of things.

This is a problem not just for Queensland. This is a problem that other jurisdictions around the world have been experiencing for a long time. A couple of years ago I had the opportunity to travel through Canada, the US and Europe. It was very evident at that stage that globalisation—some would argue that that is the ultimate in competition—was breeding insecurity, and insecurity breeds concern. Insecurity breeds political turmoil and then breeds insecurity in Government. There is no doubt about that.

I was in Canada when General Electric was laying off 12,000 workers. Somewhere else another firm was laying off another so many thousand workers. The executives never pay for that action. The executives are actually rewarded for sacking people. The executives are rewarded for going out there and basically putting people to the pike.

The actions of some of the major companies in Australia are an absolute disgrace. It is corporate rape. There are corporate raiders in this country who basically double and treble their exorbitant, extraordinary and immoral salaries, which might start at \$1m and then rise to \$3m the very next year. Then they line themselves with a share portfolio of 10 million bonus shares before they go. That is the sort of situation we are seeing. There is no social responsibility.

We saw the precursor of this in the mid-1980s with bank deregulation. What has that delivered for people? It has delivered absolutely nothing for people in rural and regional areas or, I dare say, for a lot of people who have lost their suburban branches. It has delivered nothing for those people. We are trying to encourage people into Internet banking and phone banking. I admit that I use phone banking because I do not have the chance to go to a bank, but there are a lot of people, such as my mother and father, such as a lot of elderly and not so elderly people, who want to go out there and be able to talk to people and not deal just with a machine.

We should never forget that technology brings consequences. The corporate raiders, the executives who go out there and turn a big profit, are actually rewarded for the human misery they cause. We should never forget that. We saw that situation only recently with regard to Telstra. We saw it with the Commonwealth Bank. We are seeing that situation with the four pillars policy.

I have never been in favour of the privatisation of Telstra. I have never been in favour of the privatisation of essential Government services. I think that is something very few members on either side of this Parliament would disagree with. I think most of us have a social conscience and a heart. We have let ourselves be caught up and taken for a ride. We are on a treadmill and we have not been able to jump off it. That is basically the situation.

The other day Telstra announced a record half-yearly profit for any Australian company of \$2 billion or more, and in the same breath it announced that it will sack maybe 16,000 Australians. That was a disgraceful act. The issue there relates to a company being partially privatised and therefore accountable to shareholders while trying to meet a community service obligation. That creates a difficulty in itself. Let us not forget that it was the Labor Party that sold off Qantas. It was the Labor Party that sold off the Commonwealth Bank. So nobody is absolutely perfect in this. That is the real issue for us to consider here.

I think it is very difficult when companies are accountable to shareholders. There are two million shareholders sitting around watching the stock market, basically hoping that the price will go up. There are a lot of other Australians sitting around knowing that the executives who run those companies are accountable to the shareholders and that they have to maximise the profit. Of course, that means fewer people. What is the quickest way to cut down on recurrent expenditure? Sack people. That is the simple reality. That is the reality in Government and elsewhere.

We have seen a very deliberate action on the part of Government to suppress people's basic social conscience by making them part of the decisions. For example, I am sure that a lot of those shareholders who are opening their dividend certificates will be thinking, "Is this good? It is good for us financially, but is it good for us socially?" We have shifted the burden of responsibility for economic and social reform from Government to shareholders in those cases.

I think the privatisation of Telstra, at least in the interim, will be an absolute disaster. That has come about as a consequence of competition and deregulation. We are going out there and saying to those people, "It will be great. You will have an Internet connection to Mongolia." Those people are only interested in having their telephones fixed.

The other day a lady in my electorate told me that it had taken one month to have her telephone repaired after a lightning strike. Telephones are lifelines not only for people in the country but also for people in the city. If someone is half an hour out of town—the member for Mount Isa and the member for Gregory are a lot further away—and they need a phone for an emergency, as I did on my farm the other day, and that line is out, then the basic form of communications is gone. Until we go about delivering some decent customer service standards for the basic infrastructure instead of talking about fast Internet connections and those sorts of things in rural areas, then I think we have absolutely lost the plot.

People used to have their telephones fixed in two to three days, but now there are fewer linesmen, there are central communications and there are people who benchmark any and every job that is done. This all started in the late 1980s, with the opening up of telecommunications to competition. I am sure the member for Mount Isa understands this.

Someone rings in with a fault. It may be a fault with basic data connection or it may be a fault on the telephone line which keeps dropping in and out. A person receives the call in Brisbane. The responsible officer for that particular service division has no idea of the difficulty of servicing 10 kilometres of single line copper cable that was laid 10 years ago and is therefore benchmarking that that should be fixed in 12 hours at a cost of \$1,200 instead of \$12,000. We have difficulty because we have people benchmarking and not understanding these things. I say to the Federal Government that it is time it had a good, hard look at that sort of thing.

Basically, we have taken the heart and responsibility out of Government. If we do not start doing those sorts of things, then I think we will unwind a very good legacy which has been left in this nation over a long period of successive Governments that sought to develop and build basic essential infrastructure. I mention the telephone lines laid out there. That was done when we had less population and a smaller revenue base than we have today. Yet now we are having trouble maintaining the lines to the same standards. It is absolutely and completely wrong and it is about time we said that enough is enough.

If we need an example of another disaster, we only have to look at the deregulation of the fuel industry. We now have sweetheart deals between the bigger retailers in towns and their mates down here, the bulk suppliers. In some towns, some retailers are able to put petrol through the pump cheaper than the person across the road is able to buy it for. That is another consequence of deregulation. When we are whipping into our local Woolies or other big service station—the bigger ones are popping up along the road—we should just think of the little ones that are providing the competition. I think that is another disaster.

The milk industry is the classic example of why deregulation is a complete and unmitigated disaster. We need to look at the impact of competition policy reforms on rural and regional Australia. The Productivity Commission report refers to dairy deregulation. The report states—

"Many submissions from dairy farmers claimed that fixed farm gate prices for milk were required to prevent 'middlemen' from capturing the benefits of deregulation."

There is no doubt about that. It may surprise people to learn that I am one who believes in a regulated labour market because I believe that people deserve a fair go. But I also believe in a regulated market in other areas because it provides stability and certainty as well.

The report states that in Victoria in 1992 deregulation of the milk market beyond the farm gate was accompanied by an increase in consumer milk prices. The report concludes that retail price deregulation appears to have led to an increase in the price of milk to consumers. The report further concludes that of itself this is not evidence of abuse of market power; it simply indicates that processing and retailing margins have risen to more normal competitive market levels. That is code for allowing those people in the middle, who do nothing, to fleece the system. It also allows those people who sell the product to fleece the system.

It is a credit to all members of this Parliament that last year we voted to maintain supply management for milk and farm gate prices in this State. Look at what has happened in this case. The price of milk to consumers in this State has increased by up to 23c per litre. How much of that increase has been of benefit to consumers? Not one single cent! We have been told from day one since retail price deregulation was debated that it would be good for consumers. We were told that we would have cheaper and more competitive milk prices. That is completely wrong.

Has the farmer received one more cent? The farmer is the person who goes out and produces the milk. He is the person who cuts the silage. He is the person who rises at 5 o'clock in the morning to milk his cows. In times of drought the farmer runs at a dead loss because he cannot afford to feed his stock at a price which gives him a margin above the price he receives for his product.

From 1 July this year we will see the price the farmer receives for fresh milk decrease from 58c per litre to 41c per litre. The result is that the consumer will pay an extra 23c per litre and the farmer will receive a decreased price upon the abolition of the supply management farm gate price at the end of

this financial year. How much has gone to the consumer and the farmer? Absolutely nothing! However, 40c per litre is going to go to the processors and the retailers who are fleecing the system.

The processors and the retailers were not going broke. However, it is well known that the big three—Woolworths, Coles and Franklins— have said for years that, until they can make the same margin on milk that they make on Coke, they are not interested in milk. That is a disgrace. Milk is a basic commodity that goes on the table.

My family uses a 3-litre bottle of milk a day, but we can afford it, whereas a lot of other families cannot. My three kids really hook into it—

Mr Sullivan: Only three? You wait till they are teenagers.

Mr SPRINGBORG: It is fast going to four; it is going up exponentially. A family using a 3-litre bottle of milk will need to find an extra 60c per day. That is the issue.

I encourage the dairy farmers of this State to form themselves into local cooperatives because I believe that is the only way in which they can attack the market share of the major processors and the major retailers. The processors and the retailers are doing their very best to screw the farmers in order to make larger profits. I advise our dairy farmers to form themselves into smaller, or even larger, cooperatives and niche-market themselves to the small supermarket chains.

If the farmers themselves are involved in the growing of the product, as well as the processing and supplying of the product, they will be able to account for that middle margin. They will be able to undercut the extortion which is currently occurring with regard to the existing processors and retailers. In this way, the farmers will be able to control their own destiny. They will have local consumer loyalty because the local consumers will understand that it is a local product.

The Minister for Primary Industries has made much of the \$98m which the Commonwealth is going to return to the States as a consequence of dairy deregulation. The Minister also called upon the Commonwealth to come up with a package. The Commonwealth has come up with another \$40m. That is merely a bandaid. I would say that the best thing this Government could do is to allocate that \$98m, which is coming into this State in compensation payments, into a pool of low interest money which can be made available to groups of dairy farmers who wish to form themselves into small cooperatives. This will allow us to have some decent competition in this State.

The former Borbidge Government in this State established a system whereby local government contributions to National Competition Policy which were returned to the State were in turn returned to local government. It is only fair that that \$98m should be returned to the dairy farmers under some sort of proactive positive scheme. I believe that a scheme which encourages the development of cooperatives, which equals competition, which equals local control over farmers' destiny, would result in turning a downright negative into a positive coming into the dairy industry.

Time expired.
