



Speech by

**Hon. V. LESTER**

**MEMBER FOR KEPPEL**

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Hansard 17 May 2000

**COMPETITION POLICY REFORM [QUEENSLAND] BILL**

**Hon. V. P. LESTER** (Keppel—NPA) (10.33 p.m.): In 1992, the Council of Australian Governments—COAG—which comprises Federal, State and Territory Governments as well as the Australian Local Government Association agreed to set up an independent committee of inquiry into how a more competitive environment could be established throughout the Australian economy. The independent committee into National Competition Policy was chaired by Professor Fred Hilmer, and in August 1993 it presented its report to COAG. Having accepted the principle and recommendations of the Hilmer report in February 1995, in April of that year COAG endorsed the legislation and administrative arrangements that form the basis of the NCP. Those arrangements followed extensive consultation and negotiations with the various levels of Government and largely reflect Hilmer's recommendations.

I have to say that the reasoning for the establishment of a National Competition Policy was, and I repeat, the perception that the next century would bear witness to an increase in competitive pressure placed on Australian exports in what would be a more open, contestable world economy. The goal of competition policy was viewed by the committee of inquiry, chaired by Fred Hilmer, as being about creating incentives to invest and produce efficiently, and a realisation on the part of Governments—so they said—as to the costs and benefits of creating those incentives.

The report of the committee of inquiry stated that the aim of competition policy was not and should not be the pursuit of competition as an end in itself. In the view of the committee of inquiry, competition was simply an important aspect in the attainment of economic efficiency that would in turn be beneficial to both consumers and the economy at large. I am not too sure that very many dairy farmers would be impressed with that argument. When I really think about the introduction of the National Competition Policy and all of the reasons why we introduced it, I realise that we are knocking out the little and medium-sized businesses that employ lots and lots of people and in turn giving lots and lots of opportunities for the bigger establishments to take their trade.

I know that when I go into Target, Woolworths, Coles or somewhere else to buy a shirt, it is a bit of an exercise. For a start, I am not really sure about what size shirt I take. If I go to buy a pair of trousers, I am not sure what size to buy. How would I know? I do not even think about it. Yet I can go into Woods menswear in Rockhampton—one of the few places that is still operating where a man comes out with his pencil behind his ear and tape around his neck to measure you up. Everything seems to fit fairly well, until such time as one has eaten a bit much and has to go back and get a bigger size. That is the beauty of small business, and Woods is one of the very, very few that have remained.

I often think that about when I started out as a young lad. I did not quite know what I was going to do in life. I had no idea. However, I had opportunities, because there were plenty of apprenticeships available for young people who had left school and who were trying to make their way in the world. One could be an apprentice tailor, one could be an apprentice baker—as I turned out to be—one could be an apprentice butcher, one could be an apprentice mechanic, and so it went on and on and on. It was very good to think that I could go out into the world and ultimately get an apprenticeship in baking bread. The lead on from that was that if one worked hard during that apprenticeship and it could be seen that one had just a little bit of know-how, a little bit of intellect and a little bit of capacity for hard work—one did not have to have a lot—at the end of that apprenticeship the flour mill manager would come and say, "We have a bakery in such and such a place. It is not being run too well. We think that

we can get the fellow who owns it to sell out. We can help you into the bakery and if you work hard, well, you are away." That is exactly what happened to me. After finishing my apprenticeship, I did not serve one single day working for anyone else. I went to Duaringa and took over the little bakery there. From there, everything else is history. However, at least the opportunities were there.

It is much more difficult these days for someone finishing school if they are not an academic and they want to learn a trade and start their own business. What do they do? They could go to Coles, which has a bakery and a butcher, but it is not very interested in apprentices. People have to pass all sorts of tests there to have any chance of employment. It is a much more difficult environment.

There are fewer bakeries in the State of Queensland. Tip Top has only one or two big bakeries throughout Queensland. It puts the rest in a truck and transports it throughout the State. If they want to knock out a baker somewhere, it can be done very simply. The company puts the bread into a shop and cuts its price by half. The poor baker cannot compete with this. People go to the shop down the road which sells the bread at half price. The moment the baker is knocked out of business, out come stale buns and stale bread and customers are paying more than they used to pay beforehand.

When I did my apprenticeship in a country town, we had a draper shop, a couple of butcher shops and a fruit shop. As I interjected during the speech of the member for Southport, who knows a fair bit about this matter, if one drives along the Murray River there is not only a salt problem; there is not one fruit shop to be found. This is in a place that grows all the fruit! It is absurd.

People can now go to Woolworths and at the one store buy alcohol, meat and bread. They can even buy singlets at the same store, although there is no-one to fit them so they must know their size. Many stores have delicatessens. How many delicatessens do we have in small country towns?

Woolworths have opened petrol stations, and Coles have garages, which are in direct competition with local people. Woolworths offer cut-price fuel in a number of bigger regional cities until such time as they knock out two or three of the local servos. Unfortunately, people in these instances are a little like sheep, and they will immediately go to where they get cheap fuel. Once the local petrol stations are knocked out of business, the price of fuel becomes dearer than it was when the local servos were in the town looking after people.

I have to ask: what is the point of all this? What is the benefit to the local people?

**Mr Veivers** interjected.

**Mr LESTER:** The honourable member was telling me that he cannot run Fairfax and that he was going to sell his shares. Luckily, I do not have any shares in that company.

Because the political scene got a bit hot, the Government decided that chemists and newsagents would be exempted.

**Mr Cooper:** And taxis.

**Mr LESTER:** And taxis, I am led to believe. How long do members think that is going to last? Imagine the pressure that will be applied by the big companies as far as chemists, newsagents and taxis are concerned. Because there is legislation which deals with the Hilmer report, no doubt there will come a time when these big, greedy companies will be able to mount a court case. Some judge down the line will rule that they have every right to dispense chemist items in supermarkets. That is exactly what they do in the United States. There will be a ruling, I am sure, about newsagents and perhaps about taxi drivers.

These days, when crime is a bit of a problem, I would hate to see a deregulated cab industry because we would not know who would be driving us. At least the present drivers have to have a licence, they have to pass tests and we generally receive reasonably good service in a reasonable vehicle. I have seen deregulated taxi industries in various countries throughout the world. One such deregulated taxi industry is in train, of all places, in Cairo. If members ever get into a Cairo cab, they will find that they are airconditioned. The reason they are airconditioned is that most of their windows are smashed. So there is natural airconditioning in broken-down jalopies. Anybody can have a go at driving. Even people who visit Cairo have to tell the driver how to get where they are going and then they are charged double. I do not see a lot of point in all that. That is exactly what will happen here if taxis are deregulated.

In my bakery in Duaringa I can remember that I did not sell lollies because there was a mixed business down the road that did that. It, in turn, did not sell bread from Rockhampton or anywhere else.

**Mr Pearce:** They wouldn't buy your bread, Vince. They voted you in so they could close down your bakery shop.

**Mr LESTER:** I am still here. So I think that is all right. I put that on my campaign poster, and it worked very well.

That was the way we operated in those early days. We did not cross one another with competition and it meant everybody had a job. These days the bread that goes to Duaringa is baked in

Brisbane. I am not too sure how many people are employed there. My bakery in Duaringa was only a small bakery. I employed somebody to help me with the bread. We had a carrier who would bring in by rail the flour and the odds and sods that I used to bake the bread. The mail truck would go out to the Woorabinda Aboriginal settlement. People on properties would get their bread from the mail truck two or three times a week. All these people were employed as a result of just one business. If we combined the effects of all those businesses in the small town of Duaringa, we would have a substantial employment rate.

In Clermont, I started off with six people working for me and ended up with 10. Similarly, that town supported itself and had very few problems with unemployment. I am not sure what we are gaining when in Clermont bread is now coming from Rockhampton and from Brisbane. The local baker who is left there knocks out only a few buns, a few cakes and some unsliced bread. The rest comes in from elsewhere and is machine made. It is called economies of scale, and that means the least people employed for the maximum amount of bread that is baked. Again, that does not help.

In relation to trading hours, we are told that for the time being chemists, newsagents and taxis will not be deregulated or subjected to the horrendous Hilmer competition policy. But unfortunately that will come; the precedent is there. Governments of both political persuasions in this place decided that there should not be Sunday trading for the large hardware stores. However, Bunnings, a big Western Australian company, has a bit of muscle and can go to the Industrial Commission and hire all of the best public relations people in the world. That hardware chain now trades on Sundays. The smaller hardware stores that have offered good service and competitive prices are getting knocked out of the ring. I know the consumer might think that is okay, but will there be a net benefit in the long term when jobs are lost? There has to be a bit of give and take. If we were to pay a bit more in order to have more jobs, that would be great.

However, that has not applied in the dairy industry—the greatest doozey of them all. We have dropped the price for the poor old farmer from 58.9c per litre to 35c per litre, and the retailer has had to pay over time since all of this has happened an additional 28c. I have a daughter with five children. She cannot work it out. She says, "Dad, that does not make a lot of sense to me. This is costing me a lot more money."

**Mr Veivers:** And the whole idea was for cheaper milk.

**Mr LESTER:** The whole idea was cheaper milk. But in addition, the taxpayers are subsidising all of this baloney in the dairy industry to the tune of about \$1.8 billion. These poor fellows are having to pay tax on that subsidy. Where is all of this going? How stupid are we? We have the farmer getting less, the consumer paying more and the taxpayer having to foot a lot of the bill. Some 1,600 dairy farmers will be put out of a job. These dairy farmers employed people.

**Mr Veivers:** Hundreds of thousands.

**Mr LESTER:** They did. We have to ask: where is the sense in all of this? I might be a simple person, but to me if at the end of the day there is not a net gain there is something wrong. We have seen momentous losses in all of these areas.

**Mr Veivers:** Thanks to Mr Hilmer and his crazy system.

**Mr LESTER:** That is right. I suppose in a way we all have to take the blame, because somehow this thing has evolved. I do not know how it has been suggested that it will help to us to compete better on the world market. If we have only one or two combines operating and fewer people employed, that means the Government will be paying out a lot more by way of unemployment benefits. What do honourable members think that does? That will create enormous levels of crime. Some unemployed people have no alternative—and I am not supporting that. That is why crime levels rise. It starts with somebody knocking off a purse to get a few extra dollars. They think that is all right. The next time they hit somebody over the head and then they end up in jail.

Time expired.

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