

CHAPTER ONE

INTRODUCTION

Establishment of the Committee

1.1 On 1 July 1998, the Senate established the Select Committee on the Socio-Economic Consequences of the National Competition Policy. However, the Committee's inquiry was cut short when the 1998 federal election was called and the Committee lapsed at the end of the 38th Parliament.

1.2 On 9 March 1999, the Senate agreed to re-establish the Committee, with similar Terms of Reference.

Committee's Objectives

1.3 The Committee was aware when the inquiry began, that not only had the Productivity Commission been directed to commence an inquiry into the impacts of National Competition Policy but that a number of Committees had already undertaken studies about the policy and its effects on different aspects of industry and the community.

1.4 The Committee saw its primary role as listening through oral evidence and submissions to the many concerns expressed about National Competition Policy. The inquiry therefore seeks to draw together the plethora of information on NCP and the many inquiry reports and contribute to the ongoing review of NCP.

Submissions

1.5 The Committee advertised for submissions based on its original terms of reference in July 1998 and re-advertised in March 1999 following its re-establishment. The Committee wrote to a wide range of interested organisations advising them of the Committee's inquiry and invited them to make submissions. The Secretariat has also undertaken an extensive literature survey in order to identify the potential issues.

1.6 Over 200 submissions have been received from a broad cross section of groups, including individuals concerned about water prices, to peak agricultural bodies concerned about the lack of transparency and coordination of the review process in each state/territory, small local and national companies, state governments and their agencies, federal government agencies including the National Competition Council and Australian Competition and Consumers Commission (ACCC), local governments and professional bodies.

1.7 A list of Submissions is included at **Appendix 1**.

Hearings

1.8 The Committee has conducted hearings in Canberra, Brisbane, Perth, Albany, Melbourne, Adelaide, Sydney and Kalgoorlie. The Committee also conducted a Round Table Forum in Melbourne on 1 November 1999. A list of witnesses at the hearings is at **Appendix 2**.

Interim Report

1.9 On 26 August 1999 the Committee tabled an interim report entitled *Competition Policy: Friend or Foe – Economic Surplus, Social Deficit?*. That Report canvassed the evidence which the Committee had received through the submissions and public hearings it had held up until 31 July 1999. The Committee did not seek to make any recommendations in its interim report but canvassed the evidence received to that date, outlined some general conclusions, and identified some areas where the Committee hoped to gather further evidence.

1.10 The interim report was widely distributed to stimulate further consideration and discussion of the impact of NCP on urban, regional and rural Australia. Copies were sent to all of the parties who had made submissions to the Committee, had appeared before the Committee or whose input the Committee was seeking. The report was made available through the Internet and a summary was sent to each of Australia's 706 local government authorities.

1.11 This Report builds on the evidence the Committee has received since completing that report.

Other Inquiries

1.12 While the Committee's inquiry has been under way several other inquiries into aspects of competition policy and related micro-economic reform have reported. Principle among these are the Productivity Commission Inquiry into the Impact of Competition Policy Reforms on Rural and Regional Australia, and the Senate Standing Committee on Rural and Regional Affairs Inquiry into the Australian Dairy Industry. The Joint Select Committee into the Retail Sector heard evidence in relation to National Competition Policy, and the Committee took account of competition issues in arriving at their decisions and recommendations. Others include the Senate Finance and Public Administration References Committee's report on Contracting Out of Government Services.¹

1.13 The Committee has examined the reports from each of these inquiries and, where relevant, taken their findings into account in considering its own conclusions

1 These reports are available from the Senate Committee Office or online on the Internet.

and recommendations. The conclusions and recommendations from some of these other inquiries are summarised in Chapter 3 of this report.

Acknowledgment of the role of former Senator Dee Margetts

1.14 Former Senator Dee Margetts (the Greens, WA), whose term as a Senator expired on 30 June 1999, had a significant role in the establishment of this inquiry and jointly moved with Senator Peter Cook (ALP, WA), the original motion in the Senate that led to the Committee's establishment. The Committee wishes to place on record its appreciation of the considerable contribution Senator Margetts made to the inquiry as a member of the Committee from its inception until the expiry of her term.

