

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Structural Reform Group
Question No: 288
Topic: Government Regulated Infrastructure
Reference: Written
Senator: Roberts, Malcolm

Question:

Is it the case that government regulated infrastructure monopolies/cartels have consistently over decades and even centuries led to high prices, low quality and almost no innovation as opposed to infrastructure regulated by private competition, shareholders & consumers?

Answer:

Competition is a vital element of a strong economy and is one of the surest ways to lift long-term productivity growth. Competition energises enterprise and encourages business to pursue efficiencies, rewarding the innovative and dynamic businesses that provide the best services at the lowest cost, and benefiting households by giving them more choice and better value products and services.

In December 2013, the Government announced that Professor Ian Harper and an expert panel would undertake an independent 'root and branch' Competition Policy Review (the Harper Review). The Final Report of the Harper Review made 56 recommendations. Following a broad consultation process, the Government released its response on 24 November 2015. The response is available at www.treasury.gov.au/harperreview.

Of the 56 recommendations made in the Final Report, the Government supports 40 in full or in principle and 5 in part. The Government has noted or remained open to the remaining 11 recommendations, subject to further review and consultation.

As set out in the Australian Government Guide to Regulation (available at www.pmc.gov.au/resource-centre/regulation/australian-government-guide-regulation), a rigorous approach to policy making seeks to ensure that regulation is never adopted as the default solution, but rather introduced as a means of last resort. Regulation can have benefits, but businesses, community organisations and families pay the price of poor regulation. Regulation can't eliminate every risk, nor should it. The Government therefore seeks better regulation, not more regulation.