

THE LAND

Abbott plans laws inquiry

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THE Coalition is preparing a Henry review-style inquiry into competition laws, including an investigation into the market dominance of supermarket chains, within the first 100 days of an Abbott government.

As part of its pitch to two million small business owners who would lose up to a \$1 billion a year in tax breaks under the Coalition's proposed repeal of the mining tax, an Abbott government would appoint an independent panel of experts to undertake the first review of competition laws in 20 years.

The wide-ranging plan has the backing of the architect of competition policy, Professor Fred Hilmer who said the world had changed since his original national competition review in 1993 and governments had again become "regulation happy" which was stifling productivity, The Australian Financial Review reports.

A Coalition taskforce is close to finalising details of the proposed inquiry ahead of the official policy launch closer to the election. It has already compiled a confidential list of panel candidates from business and legal backgrounds who it will approach if it wins the September 14 election.

The expert panel is expected to consider whether the Australian Competition and Consumer Commission should be given more power to intervene in unfair business conduct.

It will look at the responsiveness of current laws to abuses of market power, the effectiveness of mandatory codes, the use of penalties and sanctions, and access to supply chain infrastructure.

The Coalition's small business policy, which also includes transferring the paperwork for employees' superannuation and parental leave from business owners to the tax office, has won support from the small business sector.

Peter Strong, chief executive of the Council of Small Business Australia and a frequent adviser to the Labor government, said the Coalition policy was attractive to many business owners.

"We are still waiting for Labor's policy to come out but at the moment the Liberal Party's policy is easily the best policy, except for maybe the NBN which we do want," Mr Strong said.

"We definitely need more than a branch and root review of competition laws but you have to start somewhere."

The impact of supermarket chains Woolworths and Coles will be scrutinised as part of the review's focus on areas of market dominance and to gauge whether the current laws are "fit for purpose". The banking, retail, airline and petrol industries would also be investigated.

The inquiry would be the first since the Hilmer report, whose recommendations led to two decades of economic reforms under the National Competition Policy which required co-operation between state and federal governments.

Professor Hilmer told The Australian Financial Review on Monday there were three areas needing urgent attention: access to infrastructure such as railways and ports, near-monopolies in technology, and lack of regulation review. "The quality and the quantum of red tape is just awful," he said.

The Hilmer review recommended applying the Trade Practices Act to all businesses to prohibit anti-competitive behaviour. The Coalition review is likely to assess whether the Trade Practices Act is still sufficient and where red tape is strangling competition.

Opposition small business spokesman Bruce Billson is drafting the terms of reference for the review with the ambition to include senior public servants from the Productivity Commission, Treasury, ACCC to work with the private sector panel.

"It's a pretty significant challenge to identify the objectives and analyse the pressure points of the current competition laws," Mr Billson said.

The review is seen as a salve for dissent between MPs from the Liberal and National parties who are increasingly vocal about the impact of the supermarket chains on farmers, and small retailers.

Mr Billson said the reforms recommended by Professor Hilmer in 1993 did not anticipate a situation where the two chains had doubled their market share or that "major multinationals operating in some of the world's biggest and most competitive economies would throw their hands up and say nowhere is it harder to do business than here in Australia".