

Shane T. Godbee
19 Donaldson Street
COOTAMUNDRA NSW 2590

23 September 1998

The Secretary
Impact of Competition Policy Reforms Inquiry
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Sir,

RE: Submission to Inquiry

I take this opportunity to comment on the operation of the National Competition Policy in rural areas.

In general terms, implementation of any competition policy presupposes that a state of competition does, may or could exist. Even the most cursory examination of Australian business reveals that competition in the Australian market is minimal and that market power in virtually all product ranges lies in the hands of very few suppliers. Accordingly, competition is minimal and cooperation between suppliers is common, resulting in artificial markets.

It is interesting to note that even in the United States, the world's biggest market, it is recognised that there are, in reality, few suppliers in many market divisions and that power over the market largely lies in few hands. Accordingly, the US Government has passed powerful legislation for the protection of consumers and potential competitors in an attempt to open up markets. Unfortunately, it would appear that in our much smaller and less competitive market no such laws are planned and the ACCC does not appear to have the power, or will, to act against anti-competitive practices. Certainly NCP should commence with the private business community, but appears to have been targeted at public enterprises. Rather it would appear that the Government has taken an ideological decision in the implementation of NCP, rather than a practical one.

With a lack of competition obvious in the Australian marketplace as a whole, it is no surprise that in the smaller internal markets there is less and less competition. Certainly, in small rural markets, competition is minimal or non-existent. With this in mind, the very concepts pursued by the National Competition Policy are flawed and do not have any basis in reality.

The effects of NCP and its attendant centralisation of resources have been horrific for rural areas. Loss of employment, loss of population, decline in service levels, rises in prices, social dislocation, damage to community health, even less competition than before, loss of community services; the list is endless.

Until a true state of competition exists, the concepts of the NCP will remain flawed and useless in promoting the good of the community. In Australia, and especially in rural markets, it is doubtful that such a state will ever be possible. Accordingly, the implementation of the NCP has only brought hardship and dislocation, with no discernable benefits.

Yours faithfully,

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