

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Structural Reform Group

Question No: 290

Topic: Productivity Enhancing/ Harper Review

Reference: Hansard page 98-99 (29 May 2017)

Senator: Bushby, David

Question:

Senator BUSHBY: In relation to the intergovernmental agreement on productivity enhancing reforms between the Commonwealth and the states and the \$300 million the Commonwealth has put on the table for the first stage of those reforms, I note that some states of a particular political persuasion have yet to sign up, with the South Australian Treasurer reportedly saying that the reason for his state not signing up is the conditions set by the Commonwealth around things such as 'unregulated shopping hours' and 'reduced control of access to liquor.' My question is: do any such conditions exist in the agreement, as suggested by the South Australian Treasurer, that would force them to do anything in these areas?

Ms Quinn: As you mentioned, the Commonwealth signed an intergovernmental agreement on competition and productivity-enhancing reforms with a set of states. South Australia is not yet a signatory to that agreement. The intergovernmental agreement does not require states to undertake particular reforms. States retain the flexibility to prioritise reforms at their discretion. The intention is that states look at what is needed in their particular states and in their particular circumstances and then negotiate the process by which those reforms form part of the agreement.

States are not limited to only considering reforms identified by the Harper review. They have the flexibility to be able to put other reforms on the table. The importance of the agreement is that there is a framework for being able to assess the reforms and be able to divide the allocation of funding across the different states based on a framework that is clear and transparent and agreed. Removing unnecessary restrictions on competition is also subject to a public interest test.

Senator BUSHBY: Presumably all states were provided that information and would understand that that is the case?

Ms Quinn: That is correct; yes.

Senator BUSHBY: If the South Australian Treasurer did actually say that then he is either mistaken, or he is not properly reading the information that has been provided.

Ms Quinn: Or potentially the article is not correct.

Senator BUSHBY: I did say 'if' he did say those things. Other than section 46, what other reforms are being implemented as part of the government's response to the Harper review?

Ms Quinn: Eight recommendations have been fully implemented, and 14 recommendations are currently before the parliament. Two recommendations that were partly supported by government have also been implemented, and parts of two other recommendations are before parliament. That is a significant amount of implementation post Harper at this stage, assuming those before parliament are passed.

Senator BUSHBY: Am I correct that one of those is increases to secondary boycott penalties?

Ms Quinn: I will pass to my colleague for that one.

Mr McCullough: That was certainly one of the recommendations. It would form part of a bill, but I am just not sure whether it is in the first tranche or a later one. I will have to take that on

notice.

Senator BUSHBY: I will let you take that on notice. But you might be able to help me with this one. Why did the Harper review argue that those should be increased? Do recall that?

Mr McCullough: I do not recall that detail; I am sorry.

Senator BUSHBY: That is fine. In the interests of time, you can take that on notice as well.

Answer:

Implementation of recommended increase to penalties for secondary boycotts:

The recommended increase to the penalty for secondary boycotts is contained in the Competition and Consumer Amendment (Competition Policy Review) Bill 2017, which is currently before Parliament. That Bill is the second of two competition law reform Bills to implement the recommendations of the Harper Competition Policy Review.

Reason for recommended increase in penalties for secondary boycotts:

The Harper Review considered that there was a 'strong case' for the continued prohibition of secondary boycotts, and noted the importance of timely and effective enforcement to deter secondary boycott activity. The Harper Review saw no reason why the maximum penalty for a breach of the secondary boycott provisions should be significantly lower than the maximum penalty for other breaches of the competition law.