



# Reinvigorating Australia's competition framework

*Australian Government response to the Competition Policy Review*



## Competition policy

Competition policy is about making markets work for the long term interests of consumers. Consumers benefit when businesses compete to deliver new and better products and services at lower prices.

Competition also drives businesses to operate efficiently, innovate and invest in new technologies, which allows Australia to better compete in international markets.

Competition is also one of the surest ways to lift long term productivity growth, which is what will keep wages growing and improve our living standards.

We know competition works.

The National Competition Policy reforms delivered in response to the Hilmer Review resulted in big gains for the economy, boosting Australia's gross domestic product (GDP) by 2.5 per cent.

## Harper Review

The Harper Review is the first major review of Australia's competition laws and policy in more than 20 years.

The Government commissioned the Harper Review as a key election commitment. It was an independent, 'root and branch' review led by Professor Ian Harper and an expert panel.

The Harper Review made 56 recommendations to revitalise competition policy at both state and Commonwealth levels, reshape competition institutions, and modernise and simplify Australia's competition laws.

Through our response to the Harper Review we will reinvigorate competition reform and harness the benefits it brings for the economy and Australians.

## Forces of change

Technological change has brought new opportunities and challenges. One of the most innovative is the 'sharing economy', facilitating new entrepreneurial activity and creativity in service delivery.

At the same time the population is ageing, requiring innovative approaches to the delivery of high quality human services.

To respond to these challenges, we need a competition framework that is fit for purpose.

## Strengthening Australia's competition framework

The Government will adopt the majority of the Harper Review's recommendations.

We support 39 of the Review's recommendations in full or in principle and 5 in part. We are open to the remaining 12 recommendations following further review and consultation.

Our National Platform for Economic Growth and Jobs is made up of strategic priorities that include laying the groundwork for a more competitive, productive Australia. We will:

- stimulate productivity across the economy supported by consultations with states and territories on reforms;
- modernise and improve our competition laws; and
- support the institutions needed to progress reform.



## Commonwealth reform

The Government has already announced reform in a number of areas consistent with the Harper Review. This includes:

- simplifying the regulation of coastal trading;
- tasking the Productivity Commission with a review of intellectual property laws; and
- reviewing remuneration and location rules in the pharmacy sector.

But there is more work to do.

For instance, we support removing restrictions on the parallel importation of books to make local booksellers more competitive with international suppliers and promote lower book prices for Australians.

We have also strengthened our Regulatory Reform Agenda and it will incorporate a competition regulation review. This is a powerful way to improve the competitiveness of Australian businesses by systematically reducing barriers to efficiency.

## Competition laws

The Government will take forward a significant package of reforms to streamline and modernise the competition law.

This includes streamlining merger clearances, introducing a class authorisation process and establishing more flexible collective bargaining provisions.

Given the importance of the misuse of market power provision, the Government will consult further on options for reform and release a discussion paper on this topic.

## State and territory engagement

The Harper Review's recommendations span most sectors of the economy and all levels of government.

The Government is committed to working with the states and territories to secure their agreement to a new competition reform agenda.

We need to find innovative ways to meet the growing demand for high quality services. The Government will ask the Productivity Commission to take stock of what has worked already and make recommendations to empower consumer choice.

We also want to work with the states and territories to promote sound and efficient investment decisions on roads. This will put roads in tandem with other infrastructure sectors and help to better meet the needs of users.

Further, we want to encourage the states and territories to undertake regulation reviews to remove unnecessary barriers to competition. For instance, reform of planning and zoning rules can make it easier for businesses to start up in new locations.

This package of competition law and policy reforms will strengthen Australia's long term economic performance by promoting more dynamic, well-functioning markets for the benefit of all Australians.