

SUBMISSION ON COMPETITION POLICY

The Review Committee has mentioned the Taxi Industry as an industry with anti-competitive practices. The Taxi Industry is just the tip of the iceberg. Every kind of occupational licence is being used, not for legitimate consumer protection, but for the protection of existing businesses from competition. We would like to draw attention to a number of areas which the Review Commission has not mentioned.

Occupational Licencing

In many occupations, there is currently a restraint of trade due to practical work requirements. Bricklaying is a good example. Bricklaying is a trade that can be learned in about one week. To be able to work as a bricklayer, someone needs to be employed as an apprentice by a licenced bricklayer for five years. Since there are not all that many licenced bricklayers to begin with, becoming a licenced bricklayer is almost as difficult and time-consuming as becoming a doctor.

When former California Governor Arnold Schwarzenegger moved to the United States, he initially worked as a bricklayer. Had he moved to Australia instead, he would not have been able to do so, because in Australia bricklayers need a licence. We do not hear about how American buildings are dangerous, because they have been built by unlicenced "cowboy" bricklayers like Schwarzenegger.

The licencing of bricklayers and landscapers and other building trades is said to be justified on the basis of consumer protection. The consumer protection measures seem to have been designed on the basis of a "nanny state" concern to prevent anything bad ever happening to anyone. But in spite of these "nanny state" measures, bad things continue to happen to people.

In regard to bricklaying, it would be adequate to provide a six week TAFE course, involving a small amount of practical experience, and explaining workplace safety and industry customs. On completion of this course, a student would be issued with a bricklaying licence, without any need for any further practical experience.

Another occupation with unreasonable practical work requirements is skipper of a fishing vessel or ferry. For many decades, to get a licence, people needed to study for a month or two, pass very rigorous examinations, and have 100 hours of "sea time" or practical experience. Recently the 100 hour requirement was increased to one year, presumably on the recommendation of a coroner. But there was a recent ferry sinking in Korea, where hundreds of children were killed, and the captain had many years of experience.

Another occupation with unreasonable practical work requirements is lawyer. To become a lawyer, it is not enough to have a law degree. A student must also undertake a six month practical course. The so-called practical course is in reality a theoretical course, and students can use the practical course as credit towards an honours or masters degree at some universities. In reality, a student can get all the practical experience he or she could possibly need by sitting in the back of a court for a week and watching how things are done.

The practical work requirements for various occupations do not provide any real consumer protection. The only protection they afford is to protect business proprietors from competition. They result in increased costs to consumers and higher levels of unemployment. This is one of the reasons why one-third of the Australian population is on welfare. The Review Committee ought to condemn this.

Shopping Centres

Shopping centres are the next best thing to a monopoly. With many kinds of retailers, the retailer has to be in the shopping centre, and does not have the option of setting up shop on the side of a main road. Shopping centres can charge rents well over what the rent would be in a competitive market. Their extortionate rents are passed on to consumers.

There should be an access regime whereby a retailer can buy his or her shop in the shopping centre by paying the present value of his or her monthly rent (or some other appropriate amount). Once most of the shops are owned by retailers, shopping centre operators will no longer be in a position to fleece the public.

Underground Services

"Underground services" includes any service that can be provided to a household via an underground duct. This includes electricity, gas, water, telephone, cable television and internet. Underground services potentially include new services such as pneumatic mail and package delivery and vacuum rubbish collection. One can imagine in a science-fiction world of the future being able to order takeaway food over the internet and having it delivered instantly by pneumatic tube.

Currently there are a number of specific companies that are licenced to provide underground services under state and federal legislation, such as AGL and Optus. There should be legislation so that any company can obtain a licence to use underground ducts, knowing in advance that their application has to be accepted and what the cost will be.

For example, suppose Iinet decides they want to lay fibre-optic cables throughout the Melbourne suburb of Carlton so they can offer telephone and internet services to anyone in Carlton. They should be able to do that. The only catch should be that they have to supply the cable, and pay rent to the government commission that regulates the underground ducts. Maybe the "National Broadband Network" could be reinvented as "Australian Underground Services", a national underground duct regulator.

To give another example, maybe there is a company that wants to build an installation outside a city to capture solar energy. Maybe they want to offer a service to residents of the city whereby they will pipe chilled water through the underground ducts, which can be used to cool a resident's home. The water might be chilled using a refrigerator that is driven by a steam turbine, powered by solar energy. They should be able to do this, without having to procure a special act of parliament, as they would have to at present.

Congestion in Capital Cities

At present, it is virtually obligatory for people to live in capital cities. People have to live in a capital city to get access to first-rate health care, first-rate cultural and sporting events, and first-rate universities. Because there are so many people trying to live in a limited space, houses in capital cities typically cost \$700,000, when a comparable house in a regional city would cost \$300,000.

The cause of the problem is politicians building facilities in the capital city, and neglecting regional cities. For example, the Queensland Government built an artificial beach in the centre of Brisbane, when there are real beaches a short drive away. If they are going to build an artificial beach, they should build it somewhere inland like the city of Mount Isa.

The Review Committee has proposed addressing this problem by fitting a device to motor cars. People will then be charged a large amount for driving around capital cities, and only a small amount for driving around regional cities. It seems unlikely this will encourage people to move to regional cities. They will probably just pay the charge, with great resentment.

We propose having a "Capital City Surcharge", similar to the "Medicare Levy". This will be paid by people living south of the Tropic of Capricorn. Anyone who lives within 200 kilometres of the General Post Office in Sydney, Melbourne, Canberra, Adelaide, Brisbane or Perth would pay a levy of 4 percent of their income, while other people living south of the Tropic of Capricorn would pay 2 percent. The funds raised would be earmarked for building infrastructure in regional cities.

Access to Intellectual Property

At present, the author of a copyrighted work, and the inventor of a patented invention, controls who can use the work or invention. They can say, "No-one can read my book," or "No-one can watch my football game," or "No-one can use my cancer drug," and the police will give effect to their wishes. In our view, they should not be able to control access to their invention, but should be entitled to a share of the proceeds for its exploitation.

Any Australian company should be able to print copies of a book, or make use of an invention, on condition that they have to let the owner of the copyright or patent know and give the owner a fair share of the profits they make from it. They should not have to negotiate a licence. There should be an automatic statutory licence to use a copyright or patent.

Moreover, for the owner of a copyright to receive a royalty, he or she should have to register the copyright, and provide a registered address for communications to be sent, and bank account details for royalties to be paid into. The copyright owner should not be entitled to a share of any profits earned prior to the registration of the copyright.

Suppose there is a remote Aboriginal community, where people are so poor they cannot afford Foxtel. Suppose an elder wants to arrange to have DVDs of football matches recorded in the city, and posted out to him. He wants to show the football games to people in the community, and charge them a fee for watching the games. It ought to be legal to do this, as long as Foxtel gets a share of the proceeds.

Teaching of Tertiary Courses

There should be a separation between, on the one hand, examining a tertiary course and awarding qualifications, and on the other hand, teaching courses. In the area of teaching tertiary courses, there is at present a lack of competition and a poor quality of service. Entrepreneurs should be able to offer to teach courses. For example, an economist at one of the universities should be able to offer to teach a first-year economics course to students at any university. Universities should rent out lecture theatres to lecturers, and generally act as a shopping centre for knowledge.

Currently there are private colleges which operate in multistorey buildings in central business districts of capital cities. Students of these colleges may be seen congregating on city streets during coffee breaks. It would be better if these private colleges could rent offices and lecture theatres at TAFE colleges and universities, and if their students could use the student amenities at these campuses.

Employment of Public Servants

Just about every government office in Australia employs mostly Catholic-educated people. Some government agencies do not employ Protestants at all, or the Protestants they employ were educated at Catholic schools. Clearly, then, the Australian Government and state and local governments are not employing people based on merit, but on sectarian considerations.

There are several human resource practices that contribute to Protestant-free workplaces. The first is the policy of not advertising public service vacancies to the general public, but only allowing existing public servants to apply. The second is the policy of awarding entry-level jobs to relatives of existing employees. The third practice is to allow the existing workforce to veto an appointment. Clearly the existing Catholic workforce will prefer a candidate who is a Catholic, if they have any say in the decision. The fourth practice is to specify that a candidate must have a qualification that only Catholics train for, such as a psychology degree. Most public service jobs where a psychology degree is needed could equally well be performed by someone with a nursing degree or an education degree.

We see in countries like Rwanda or Iraq what eventually happens when the public service consists entirely of one particular minority group. People think to themselves, "How can we stop these people oppressing us; if we simply fire them from their jobs, they will try to seize power again; so we had better kill them to be on the safe side". There is no death cult, but people simply do not see why a particular minority group should have the key positions and their own group should be treated as second-class citizens. We would like the Commission to recommend that government agencies have quotas for Protestants and not engage in the discriminatory practices which we have identified.
