



It's too late to stop now... political panic shouldn't derail economic reform

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Opinion Piece, as published in *The Australian*, 22 February 2001, p.11

It has been a popular chant over the past few weeks to say that National Competition Policy, and its supervisor, the National Competition Council, are out of control.

In fact, they could scarcely be more controlled.

All nine Australian governments, through the Council of Australian Governments (CoAG) set the agenda and timetable, appoint the National Competition Council and direct the manner in which it carries out its responsibilities.

The National Competition Council has no authority to override the CoAG agreements or directions. It cannot, and will not, act on the instructions of any one government, any one minister or politician, or any one political party.

However, if CoAG wants to alter its instructions to the Council, it has the ability to and should do so.

In the last eighteen months National Competition Policy and its impact have been the subject of three comprehensive reviews, by the Productivity Commission, a bipartisan Senate Committee, and a CoAG committee.

Without exception all reviews found that Australia should continue with the reforms because they are good for the overall community and economy.

Political leaders who are rethinking their stance on economic reform in response to the political upheavals of the past weeks would do well to note that the two leading States in terms of National Competition Policy reforms are Victoria and NSW.

In both States the Premiers have been upfront in supporting the reform process and in both cases their popularity rankings are significantly higher than their respective Oppositions - who have shown a tendency to be less than robust on competition reform.

During the Queensland election campaign, Premier Beattie was conspicuous in his failure to raise the bogey of National Competition Policy. By contrast, Rob Borbidge indicated he would be telling me to “get stuffed”.

Every review of National Competition Policy has found that the lack of communication and the promotion of misinformation is a huge problem.

Lack of information fuels concern and allows the policy to be used as a whipping boy for all of the broad long-term economic and social changes which are beyond the control or influence of governments - these include the consequences of changing technology and increasing productivity, rising incomes and changing lifestyle preferences, and declining world commodity prices.

Politicians who accept that the world is changing and that we must change with it deserve respect. Those who pursue political opportunism, deliberately calculated to misinform and mislead, when their communities need honesty and leadership, deserve disdain.

In addition to clear and honest information it is also critical for government, and business, to offer practical assistance to those adversely affected by both economic and social change.

In the aftermath of Queensland the Prime Minister has already noted, “social dislocation caused by economic change is the main reason why people are attracted to simplistic solutions...managing the impact of change is the biggest challenge that governments have in liberal, democratic societies such as Australia”.

The Opposition Leader, Kim Beazley, has also refrained from seizing the tempting populist line of reversing reform, indicating that he will be focussing on assisting communities to adjust to change.

The stunning message from the two elections is that now, listening will not be enough. Politicians say they are listening every time the political winds blow against them. But ‘listening’ is now viewed as code for doing nothing and affected communities want to see some action beyond flapping ears.

Also it seems, that big cheques by themselves will not placate angry electorates either.

Cheques are not enough if those receiving it do not know how to apply the proceeds to assist them to adjust – as the saying goes, give a man a fish and he eats for a day, *teach* him to fish and he eats for a lifetime.

In many cases money may not be appropriate at all – managing change involves advice, assistance (financial, personal, business), education, retraining, reskilling, and access to services, including by replacement of lost services with alternatives such as enhanced communications infrastructure.

It is also important to remember that change management is not just the responsibility of government. It also requires the involvement of those who are often the most significant beneficiaries of change – business.

Business, as a rule, has been poor at handling the impact of change where business decisions have adversely affected communities. Sensible business management and sensitive social responsibility dictates that business be as committed to implementing effective economic and social change management as it is to securing economic reform.

National Competition Policy is not dead nor is it out of control.

However, its tangible benefits are being lost and overlooked because of a lack of focus by governments, business, and community leaders on the need for information, and real on-the-ground business and community advice and assistance to those being disillusioned and discarded by a world that is moving faster than they are.

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