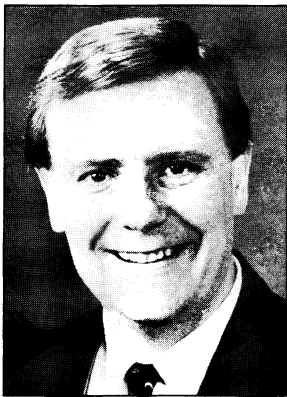


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# Policy developments

## Policy statement on competitive neutrality



*A statement released by the Treasurer, the Hon. Mr Peter Costello, MP, on 27 June 1996 regarding the Commonwealth's policy statement on competitive neutrality is reproduced in full below.*

The Treasurer has released the Commonwealth's statement on Competitive Neutrality Policy. The publication of the statement meets the Commonwealth's obligation under the Competition Principles Agreement.

Mr Costello said that 'competitive neutrality requires that public sector businesses not have any advantages over their private sector rivals simply by virtue of their being government owned'.

The policy statement sets out the Commonwealth's strategy for ameliorating taxation, cost of capital and regulatory advantages where these are enjoyed by significant business enterprises owned by the Commonwealth. The operation of many Commonwealth businesses identified in the statement will be reviewed over the next 12 months and, where appropriate, reformed so as to meet the requirements of competitive neutrality.

The statement also includes details on the competitive neutrality complaints mechanism processes to be operated by the Productivity

Commission. The complaints mechanism will investigate situations where significant government businesses may not have had their advantages removed in accordance with the requirements of the policy statement, or where other Commonwealth government businesses should have their advantages resulting from government ownership removed. The complaints mechanism arrangement will commence from 1 July 1997.

Mr Costello noted that the operation of competitive neutrality will assist Government decision making when the Government has a choice between public or private sector providers. Competitive neutrality will also improve economic efficiency and the allocation of resources. Mr Costello also noted that there is still a role for government business activities. However, where government businesses compete with private businesses they need to compete on their own merits and not through unfair advantages provided by government ownership.

Copies of the Commonwealth's statement on Competitive Neutrality Policy is available on the internet at <http://www.treasury.gov.au>, and will be available from Commonwealth Government bookshops in each capital city from late next week.

## Australian Competition Tribunal appointments

On 8 July 1996 the Treasurer, Mr Peter Costello announced two appointments to the Australian Competition Tribunal. The Honourable Justice John von Doussa, of Adelaide, has been appointed a Deputy President and Dr Maureen Brunt, AO, of Melbourne, has been re-appointed a member of the Tribunal. Justice von Doussa's term of

appointment is for five years and Dr Brunt's term is for three years.

Justice von Doussa has been a judge of the Federal Court of Australia since 1988.

Dr Brunt has been a member of the Tribunal since 1975 and holds a PhD in Economics from Harvard University. Formerly a professor of Economics at Monash University between 1966 and 1989, she is currently also a lay member of the High Court of New Zealand.

The Tribunal was created in 1966 as the Trade Practices Tribunal. On 6 November 1995 its name was changed as part of the national competition policy reforms. Since 1975 its core function has been to review authorisation and notification decisions of the Trade Practices Commission (now the ACCC) made under the Trade Practices Act. Under the 1995 name changes, the Tribunal was also given responsibilities for reviewing access decisions made under the new Part IIIA of the Act.

The Tribunal consists of presidential members — who must be federal judges — and other members who must be qualified for appointment by virtue of their 'knowledge of, or experience in, industry, commerce, economics, law or public administration'. Members serve on a part-time basis as required for a term of up to seven years.

In addition to these new appointments, the Tribunal comprises:

President	The Honourable Justice John Lockhart, AO
Deputy President	The Honourable Justice Ian Sheppard, AO
Member	Dr Barry Aldrich

## Better consumer laws



*On 8 July 1996 the Minister for Small Business and Consumer Affairs, the Hon. Geoff Prosser, MP, announced an audit of consumer protection laws. His statement is reproduced in full below.*

Consumers and businesses will be the winners after a review of consumer protection laws, which will look at differences in these laws in Australia.

In announcing the 'audit' of consumer protection laws, the Minister for Small Business and Consumer Affairs, Geoff Prosser, noted, 'There are nine different sets of consumer laws which apply in Australia'.

'There are many statutes which deal with consumer issues, and the law is not always consistent,' said Mr Prosser. 'This is no good for business because the different laws can be costly to comply with, and it can be difficult for consumers to know where they stand.'

'The audit will identify and help to eliminate these unnecessary differences, making the law more certain for businesses and more uniform for consumers. I will consult closely with the States and Territories, to get the best possible outcome for all Australians.'

The first report in the audit, which will be released in August, will look at differences in the key definition of 'consumer'. It will also address some of the basic consumer protections, like rules against:

- misleading and deceptive conduct;
- false representations;
- accepting payment for goods or services without intending to supply them; and

- offering gifts or prizes with the intention of not supplying them.

The second report, which will be released before the end of the year, will look at how consumers are protected after they have purchased goods and services. This is an area where there are many more differences compared to the basic consumer protections. The report will address issues such as:

- goods or services which are not like the ones ordered;
- goods or services which are not fit for the purpose for which they were intended; and
- services not provided with due care and skill.

'These two reports will cover about 65 per cent of the parts of the Trade Practices Act that I am responsible for, and will also take into account numerous State and Territory statutes,' Mr Prosser said.

The audit is the third of four major consumer law initiatives foreshadowed by Mr Prosser at the National Small Business Summit on 12 June 1996. It follows the announcement of reviews of product labelling regulation and product safety recalls.

## Product labelling regulations

*On 25 June 1996 the Minister for Small Business and Consumer Affairs, the Hon. Geoff Prosser, MP, announced the development of a product labelling guide following from a case study. The text is reproduced below.*

Moves to make product information labelling laws simpler and more effective were announced today by the Minister for Small Business and Consumer Affairs, Geoff Prosser.

As foreshadowed at the National Small Business Summit, the project is one of four major initiatives aimed at simplifying business-related consumer laws.

'Labelling of products is a key community issue,' Mr Prosser said.

'Recent reports have found that current labelling requirements may not be fully meeting the needs of consumers or business and, in some cases, may actually be causing confusion and unnecessary cost. This is a ridiculous situation. Effective and efficient labelling laws are essential for both business and consumers and we need to move now to fix the problems.

'Labelling regulation should focus on specific outcomes, rather than inputs, be consistent, and avoid duplication and unnecessary prescription.'

A project, to be undertaken by the Federal Bureau of Consumer Affairs, will involve a case study of a particular area of labelling and the development of a guide on standards for performance-based labelling.

Business organisations and consumer groups will be consulted on areas of particular community concern to select an area for the case study.

In the light of the case study, a guide on labelling standards will be developed. This guide is intended to assist regulators to focus on the reason for each requirement when introducing, reviewing and enforcing labelling regulation. It should ultimately minimise the cost and administrative burden faced by business, while at the same time making labels more useful and informative for consumers. A draft of the guide will be released for public comment before it is finalised.

'As in each of the four major projects outlined at the Business Summit, this study aims to strip away unnecessary rules and make regulation more efficient. This means that businesses will more clearly understand their responsibilities and consumers will continue to be protected,' Mr Prosser said.

## Review of product recall rules

*The following is the statement released on 5 July 1996 by the Minister for Small Business and Consumer Affairs, the Hon. Geoff Prosser, MP, announcing a review of product recall rules.*

The Federal Minister for Small Business and Consumer Affairs, the Hon. Geoff Prosser, MP, today announced that the product recall provisions of the Trade Practices Act were to be reviewed.

Under the Trade Practices Act, businesses recalling potentially dangerous products from consumers are required to notify the Minister. Since the rules were implemented in 1986, the government has been notified of over 2000 recalls.

During that 10 years, recall procedures have also been introduced by specialist Commonwealth regulators and by a number of State and Territory authorities.

Mr Prosser said, 'It is now time to look at how the rules in the Trade Practices Act are working. We also need to look at how they fit in with the other rules.

'There should be no unnecessary duplication of paperwork. And we must also ensure that there are no gaps in the rules, so that all unsafe goods can be removed from the marketplace quickly and efficiently.

'I intend to work closely with other Commonwealth Ministers, and with State and Territory governments, in progressing this review.

'The first stage of the review will be looking at the various requirements that businesses advise agencies about their recalls. The Federal Bureau of Consumer Affairs will issue a discussion paper on that topic by September, and everyone can have their say on how the system can be improved.'

'This review is particularly timely given the attention that some recent recalls have attracted,' Mr Prosser said. 'It is the second of four important reviews which I foreshadowed at the recent Small Business Summit.'

## International Air Services Commission and ACCC sign MOU

On 7 August 1996 the International Air Services Commission (IASC) and the Commission signed a memorandum of understanding to formalise consultation arrangements between them.

The memorandum was signed by the IASC Chairman, Mr Jim Bain, and Commission Chairman, Professor Allan Fels, in Canberra.

The IASC is an independent body which makes determinations, on public benefit grounds, on the allocation of international aviation capacity and route entitlements to Australian international carriers.

The memorandum provides a framework for cooperation between the two agencies when their respective responsibilities overlap. The legislation of both organisations aims to encourage competition and provide greater protection of, and choice for, consumers. The memorandum also seeks to avoid duplication of effort.

