

10 June 2014

Professor Ian Harper
Chairman
Competition Policy Review Panel
The Treasury
Langton Crescent
PARKES ACT 2600

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Submitted online: www.competitionpolicyreview.gov.au

Dear Professor Harper

Review of Competition Policy

CPA Australia would like to make the following comments on the Competition Policy Review Issues Paper that was released in April 2014.

As you are aware CPA Australia has publicly welcomed this review and sees this as a vital area of economic reform. In a number of our recent submissions and public comments the issue of competition has been at the very heart of our statements. Underpinning our strong position is the work we completed in 2013 on the largest ever independent research project into Australia's competitiveness and the global environment in which Australian businesses now compete.

No longer are Australian businesses competing with the firm down the road they are just one consumer click away from the firm that is offering a similar, or even the same service from half way around the world. It is this environment that we believe should drive this inquiry and its proposed reforms. The issues paper highlights the high level of market concentration in Australia due to our small population, distance from key markets and history of national development.

Drivers of reform

CPA Australia believes that this inquiry should be driven by the need to change the mindset of Australian businesses to realise that increased globalisation not only creates a very real threat to Australian businesses and the way they operate but just as importantly it provides a significant opportunity. However these opportunities will only be realised where there are appropriate support mechanisms in place to enable and facilitate this.

There is a very real need for Australia to boost its productivity, raise the skill level of Australia's workforce as well as develop our national infrastructure to enable the efficient and effective movement of Australian goods, services and its workforce both within Australia and internationally.

Accordingly, it is incumbent upon government to create and build the policy foundations that will allow this to happen, to address inequity in access to shared infrastructure and limit the regulatory burdens and restrictions which hamper Australian business relative to our international competitors.

Australia's competitiveness

CPA Australia last year released a landmark policy publication Australia's Competitiveness: From Lucky Country to Competitive Country which is the most comprehensive study of Australia's international competitiveness ever undertaken. This independent study captures the insights of more than 6,000 leading decision makers in Australia and overseas, and analyses 76 key competitiveness attributes for the Australian economy as a whole and for individual industry sectors.

The data, findings and insights of this research represent a unique resource to inform the review and your deliberations.

CPA Australia believes that Australia's competitiveness will be the single factor that will determine our future economic success in an increasingly globalised world.

Again, Australia is uniquely positioned to take advantage of what has now become the Asian Century, but only if we have the right policies and legal system in place that enables our businesses to have the necessary protections and the necessary freedoms to innovate and grow.

Tax reform – a vital chapter in this story

As outlined in the issues paper, taxation and workplace relations are considered beyond the scope of this review. However, as you will be aware, the issue of base erosion and tax minimisation by multinational companies is currently being examined by the OECD and the G20. CPA Australia is concerned that by excluding a discussion on Australia's tax system and the very real implications this has on Australian business, on our ability to innovate, to compete on price and in attracting investment will mean that a major part of this inquiry will be missing.

CPA Australia strongly recommends that this review at a very minimum refer to the significant and pervasive impact that Australia's tax system is having on Australian businesses relative to our international competitors and recommend that this be a major consideration as part of the upcoming White Paper on Tax Reform in Australia.

Next steps

CPA Australia would welcome the opportunity to further contribute to this inquiry once the draft report is released and the recommendations developed. In the interim, we would like to offer the review access to Australia's Competitiveness publication and other resources to help inform your work.

For further information and for access to the CPA Australia publications please contact Bryce Prosser, Chief Economist on (03) 9606 9959.

Yours sincerely



Alex Malley
Chief Executive