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To: Panel of the Competition Policy Review
From: Adam Johnston, Proprietor, ADJ Consultancy Services
CC: N/a
Date: 1 July 2014
Re: Competition

1. **Would there be a public benefit in encouraging greater competition and choice in sectors with substantial government participation (including education, health and disability care and support)?**

There has never been true competition in these areas. Indeed, while many service providers may use the nomenclature of business, productivity and free enterprise, the taxpayer is the source of most of their funding. This is particularly so in relation to disability care and support services and, I have made this point to numerous inquiries.ⁱ

This is perhaps at its most ironic when it comes to Disability Employment Services. These bodies are less about employment and more about the appearance of doing *something* for the disabled; it seems to matter little whether that *something* actually works or is economically efficient. Rather, governments of all political hues are content to prop up charities and other non-government organisations to provide appalling ineffectual services, which they have to oblige unemployed people with disabilities (like me) to access because you would not hire them by choice.ⁱⁱ

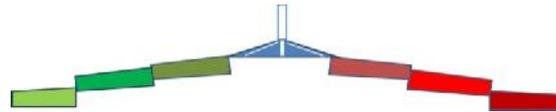
2. **Are the current competition laws working effectively to promote competitive markets, given increasing globalisation, changing market and social structures, and technological change?**

No. However, before we change competition laws, the nature of service providers has to change. In relation to charities and non-government organisations, they must be treated like all other corporations. This means making them and their assets subject to tax and all other related liabilities.ⁱⁱⁱ It also means weaning many organisations off public funding. As highlighted in my submission regarding the definition of charity, many organisations fundamentally change (and not necessarily for the better) when they receive taxpayer funding.^{iv}

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3. **Are competition-related institutions functioning effectively and promoting efficient outcomes for consumers and the maximum scope for industry participation?**

As stated above, I do not think there is effective competition in the disability sector. However, it is not entirely the fault of competition regulators. As I told the Queensland Competition Authority, the structures around many disability services inhibit competition and, in particular, when it came to aides and equipment, the domestic market was unduly shielded from international competition.^v

In relation to the education system, I have made comments elsewhere.^{vi} In relation to health, I have also made relevant comments elsewhere and, draw these to your attention.^{vii}

4. **What institutional arrangements would best support a self-sustaining process for continual competition policy reform and review?**

Many industries are inherently anti-competitive. This can be masked in the name of licensing, professional standards and the like.^{viii} The best way to start building self-sustaining competitive frameworks is to admit that particularly in the third or charitable sector, real competition is a foreign concept. This is because many disability and other charitable organisations could not survive without government grants, tax concessions and corporate donations; this is a fundamental structural flaw. In many ways, this is why I suggested to the National Commission of Audit that state-funded NGOs should be regarded as government entities^{ix} and, why I called on the NSW Public Accounts Committee (successfully) to recommend that the Auditor be able to 'follow the (State) dollar' into NGO bank accounts.^x

I trust these comments are of assistance.

Yours faithfully,

Adam Johnston

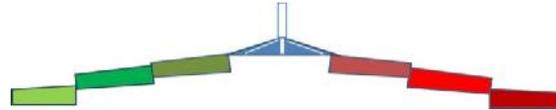
Endnotes

ⁱ For example, see my submissions to The Productivity Commission's inquiry into *Disability Care and Support* at http://www.pc.gov.au/_data/assets/pdf_file/0009/99486/sub0055.pdf (Submission 1); http://www.pc.gov.au/_data/assets/pdf_file/0016/100726/sub0186.pdf (Submission 2); http://www.pc.gov.au/_data/assets/pdf_file/0007/108664/subdr0716.pdf (Submission 3) as at 28 June 2014. In particular, note submission 1, where I relate my particularly negative experience with a care provider, and the alternative model. Unfortunately, this was not taken up by government, and as I noted in my Senate submission regarding the National Disability Insurance Scheme legislation, what emerged

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was just another bureaucracy

<https://senate.aph.gov.au/submissions/comitees/viewdocument.aspx?id=dc64c892-b41d-48b5-9916-7f4b90e71ee3> as at 28 June 2014

ⁱⁱ See for instance my submission to the Senate Education, Employment and Workplace Relations Committee 2011 inquiry into *The administration and purchasing of Disability Employment Services in Australia*

<https://senate.aph.gov.au/submissions/comitees/viewdocument.aspx?id=a6fa4e6a-eb31-49de-bb0f-c9f11849c86c>. Also note my submission to the National Commission of Audit

(<http://www.ncoa.gov.au/docs/submission-adj-consultancy-services.pdf>) and its Appendix

(<http://www.ncoa.gov.au/docs/submission-adj-consultancy-services-appendix-1.pdf>) as at 29 June 2014.

All documents cover much related ground, underlining my oft repeated experience of the complexity, waste and, ineffectual nature of many services. Meanwhile, the Appendix focuses on the intrusive nature of many providers, who think little of the impact their actions can have on individuals or their families. It seems that if you are disabled or dependent in any respect, then neither you nor your family have a private life to be pursued, unhindered by others.

ⁱⁱⁱ I have discussed these issues previously: see Treasury's *Review of the NFP Sector*

<http://www.treasury.gov.au/~media/Treasury/Consultations%20and%20Reviews/Consultations/2011/Review%20of%20not-for-profit%20governance%20arrangements/Submissions/PDF/Johnston%20Adam.ashx>; Submission to the

Henry Tax Review

http://taxreview.treasury.gov.au/content/submissions/pre_14_november_2008/Adam_Johnston.pdf as at 29 June 2014.

^{iv} See my *Submission* (to Treasury): *A Bill for an Act to define charity and charitable purpose(s), and for related purposes*

<http://www.treasury.gov.au/~media/Treasury/Consultations%20and%20Reviews/Consultations/2013/A%20statutory%20definition%20of%20charity/Submissions/PDF/Johnston%20Adam.ashx> as at 29 June 2014.

^v See generally, my submission to the Queensland Competition Authority, *Issues Paper and Request for Submissions - Medical and Disability Aids and Equipment Pricing Investigation*,

[http://www.qca.org.au/getattachment/2fc8db1a-9c27-43c1-9547-8bc40979c8d3/Adam-Johnston-\(Oct-13\).aspx](http://www.qca.org.au/getattachment/2fc8db1a-9c27-43c1-9547-8bc40979c8d3/Adam-Johnston-(Oct-13).aspx) as at 30 June 2014

^{vi} See for example, see *Submission to Building University Diversity* by Adam Johnston,

<http://www.industry.gov.au/highereducation/StudentSupport/NationalProtocolsForHigherEducationApprovalProcesses/Documents/NationalProtocolsforHEApprovalProcesses/JohnstonAdam.pdf>; also see the

Appendices to my submission to the Productivity Commission's *Access to Justice Inquiry* at

http://www.pc.gov.au/_data/assets/word_doc/0017/136502/subdr164-access-justice-attachment.docx as at 30 June 2014

^{vii} See my submission to the Productivity Commission's *Health Workforce Inquiry*,

http://www.pc.gov.au/_data/assets/pdf_file/0007/10699/sub098main.pdf; Appendix

http://www.pc.gov.au/_data/assets/pdf_file/0008/10700/sub098attachment1.pdf. Also see my

contribution to On-Line Opinion: *Take two aspirins and call for more reform*

<http://www.onlineopinion.com.au/view.asp?article=6832> as at 30 June 2014

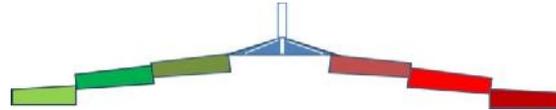
^{viii} See for example, my submission to the Productivity Commission's *Access to Justice Inquiry*

http://www.pc.gov.au/_data/assets/pdf_file/0005/136499/subdr164-access-justice.pdf and

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http://www.pc.gov.au/_data/assets/word_doc/0010/137872/subdr297-access-justice.docx as at 1 July 2014

^{ix} See endnote ii, above

^x See my submission to the Public Accounts Committee at

<https://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/BDEDEC83E0A9FF20CA257BCF00C442C> and the Committee's Final Report at

<https://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/7A16B6D80EF9244CCA257BEA0023D739?open&refnavid=x> as at 1 July 2014

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