

Submission re COMPETITION POLICY REVIEW
Draft Report, September 2014
By Zachary Casper

16 November 2014

I thank the panel committee members for allowing me the opportunity to comment on the Draft Report (DR).

I have not read the complete report, due to time limitations. However, I am interested in what the DR had to state in the section on electricity, gas and water (section 9.1, starting on page 122). As we all know, electricity prices have been on the rise in recent years. However, reading through the pages in section 9.1, I was disappointed to discover that one of the major factors involved in electricity price rises - definitely so in the state of Victoria, where I reside - was not mentioned at all: namely *the smart meter rollout*. Instead, on page 124, there is only a general reference to the problem, without any specifics detailed:

“The report notes that, in 2012 – 13: regulated network costs, those associated with building and operating transmission and distribution networks, including a return on capital were the main component of the average electricity bill. These costs made up about 50 per cent of the national average electricity price;”

In the section 9.1 there are mentions of National Energy Market jurisdictions, a National Energy Retail Law, COAG Energy Market Reforms, the Australian Energy Market Commission, on and on, etc. and etc. The inference is that governments, federal and state, are really trying to address the problem of increased energy prices, and that we the average electricity consumer should put our trust in their ability to come up with some magic solution, expressed in the creation of this or that new board or new agency. But with such a plethora of agencies already existing – who have *demonstrably failed* to have much, if any, effect upon rising electricity costs to consumers, despite everyone acknowledging that this is a real problem – why should *anyone* in the wider community have *any confidence* in their ability to really put forward viable solutions to the problem??

Here in Victoria, we electricity consumers have recently (late 2009 – June 2014) had to endure misinformation, propaganda, and outright lies from not only the state government (under both major parties, beginning with ALP Premier Brumby and then continuing under Liberal Premiers Baillieu and Napthine) but from the power suppliers as well, regarding the supposed efficiency and cost-saving benefits to the consumer, of having a smart meter installed at homes and residences. We were assured that the smart meter rollout was an act of the Victoria state parliament, thus it was a law and an act of parliament, when that was clearly not the case (the smart meter rollout was merely mentioned in some issues of the Victoria Government Gazette, starting in 2007). We were assured that our electricity prices would go

down once the smart meter was installed, but the reality is that they have increased in about **80% of the instances** where they were installed. Worst of all, we were assured that the EMR (electromagnetic radiation) emitted by smart meters was perfectly safe and posed absolutely no harm to the human organism. However, I can point to specific cases of individuals who I know personally, or know about, who have had to leave the state of Victoria and live in other states, due to the negative health impacts that they were subject to, after the installation of a smart meter at their home or residence. I have even heard of some cases of individuals who have had to leave Australia altogether (now that the smart meter rollout is commencing in other states besides Victoria) and live overseas, such as their suffering from the “harmless” and “perfectly safe” smart meter EMR emissions.

In the light of the above, I find it almost a joke that on page 123 of the DR, the following sentence appears:

“The Panel sees significant benefit in a national framework for reliability standards and notes that there has been a link between jurisdictional reliability standards and recent price increases.”

For those of us living in Victoria – and for many others in other states who now have to endure higher electricity prices and struggle with health issues **directly due** to the installation of a smart meter at their home, residence, or work place – it would be nice if the DR actually stressed **a call to honest and truthful information** about the smart meter rollout, its drawbacks, dangers, and threats to both personal pockets and health, from both state governments (in particular the Victoria state government, which has failed miserably in this regard) and the power suppliers operating here. Thus in the following heading: **Box 9.2: Electricity prices — a failure of competition policy?** the wrong questions are asked, thus inevitably producing wrong, incorrect, or irrelevant answers. A good example is the sentence: “Often stakeholders felt the price rises were as a result of privatisation; many others felt it was because of the application of competition policy.” The true answer should have been: “misleading information, corporate propaganda and outright lies told in the name of increased profits on the part of manufacturers regarding the ‘benefits’ of certain types of new wireless technology, such as smart meters.”

Thus the comments on page 127 of the DR, under the heading **The panel’s view** are either misleading, irrelevant, or in fact will do little, if anything, to correct the problem of increasing electricity prices suffered by the common person in Australia.

Then there is the problem of road tolls. This section is listed as 9.2, Transport, under the sub-heading Road Transport starting on page 134. Once again, in the opinion of this writer, the wrong viewpoint or perspective is presented in the DR, the wrong questions are asked, and thus the wrong solutions are suggested. These paragraphs on page 134 are a good example:

“The pace of road reform in Australia has been slow compared to other transport and utilities reforms. This is partly due to roads and road transport being traditionally administered through government departments, while airlines, airports, and rail have been operated by public companies. Roads have also been seen as public goods, administered by a large number of authorities at the local, state and territory and Commonwealth level, and it has not been widely accepted that a public utility style organisation could charge for them. As a consequence, Commonwealth, state and territory governments have shown reluctance to explore more cost-reflective pricing arrangements for roads while continuing to raise general revenue from motorists through fuel excise, registration fees and other taxes such as stamp duties.”

But there is a very, very good and important reason why roads and road transport have been so regarded by various levels of government, federal and state. That is because of the *bedrock foundation* upon which this nation was founded, namely the **Commonwealth of Australia Constitution Act, 1901**. In CHAPTER IV of our Commonwealth Constitution, under the heading Finance and Trade, Section 92 it states: *On the imposition of uniform duties of customs, trade, commerce, and intercourse among the States, whether by means of internal carriage or ocean navigation, shall be absolutely free.* This was a clear message to both state and federal politicians that the existing (and continuing) road network then in place at the establishment of the Australian Commonwealth in 1901, was to be a system free of tolls and charges. Any monies necessary for the construction of new roads, or upkeep of old ones, was to be raised from other sources or by other means, not through road tolls.

But on page 135 of the DR, there is the following statement: “Technologies are available that allow greater use of cost-reflective pricing, which in turn could be linked to the provision of road infrastructure. This could make roads more like other sectors, where road authorities charge directly for their use and use the revenues raised for road construction and maintenance. The PC notes in its recent report on infrastructure that:

The adoption of a well-designed road fund model or a corporatised public road agency model is paramount to delivering net benefits from the funding and provision of roads. In the future, road funds may be able to consider direct road user charges, which would facilitate more effective asset utilisation and more rigorous assessment of new investments.

I find this recommendation of adopting “...a well-designed road fund model or a corporatised public road agency model” [to] “...facilitate more effective asset utilisation and more rigorous assessment of new investments” quite offensive. Not only that, but it would appear to be quite contrary to the stated intent of section 92 of the Australian Commonwealth Constitution, thus unconstitutional. The panel obviously assumes that the various governments throughout Australia actually ‘own’ the road network rather than *We the People*. The panel is clearly enamoured, or hypnotised, or just plain conned, by the *corporate business model* that is prevalent in today’s commercial world. It is actually quite shocking that they are prepared to

ignore the tenets of section 92 of our national constitution, in making such a recommendation.

Recommendation: As the Draft Report's statement (quoted above) clearly opposes every Australian's right to transport their goods (or to travel privately) throughout the nation without being taxed for the use of the road, and as this is clearly contrary to the stated intent of section 92 of the Australian Constitution; I believe this recommendation should be deleted from the Final Report.

On page 136 of the DR there is a statement which I find little more than completely absurd: "Direct road pricing need not lead to a higher overall financial burden on motorists since existing indirect taxes could be reduced as direct charging is introduced. Direct budget funding for road authorities could also be reduced as direct charging increases and is channelled into road funds."

Anyone who could possibly believe such nonsense is, in my belief, either lacking mental integrity or displays a serious lack of human understanding, and knowledge of how governments actually operate. But such statements clearly lead into further confusion, unreality, and even fantasy, as the following statements indicate: "This policy shift will require cooperation from all levels of government. As road pricing is introduced, the Australian Government should reduce excise and grants to the States and Territories. This would allow the reform to be fiscally neutral."

In light of the realities of the differences and divisions between the major political parties in the contemporary Australian political landscape, good luck on that recommendation even remotely approaching manifestation!

Sincerely yours,

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