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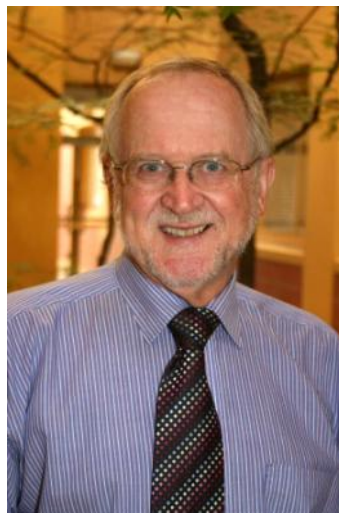
From the Director's Desk

Welcome to the first issue of CRMA Digest, a new quarterly series designed to keep readers informed of the many research projects conducted by researchers within the Centre for Regulation and Market Analysis.

Since the beginning of 2009 we have grown in several dimensions - four new researchers (Dr PJ Borahandy and Dr Sally Xiong from the School of Law and Dr Geoff Page and Dr Tony Lockwood from the property discipline in the School of Commerce), four new research assistants (Roshani de Silva (with training in economics, from Sri Lanka via the UK and the US), Beverly Kennedy (chemistry and public health, from the US), Dr Kerrie Round (history, from Australia), and Ying Xu (law and public policy, from China)), and three honours students (whose research is featured in these pages). With the large growth in new academic positions in the School of Commerce planned for later this year, we expect to have several new members in the Centre by the end of 2009.

As our name suggests, researchers in the Centre are interested in finding out what makes markets work, and how market performance might be improved through regulation. Our interests go as far afield as Canada, Europe, China, New Zealand and Oman. Our current PhD students come from Australia, Austria, China, India and Oman. At present we are researching topics that include water markets, criminalisation of price-fixing, cartel history and Australia's early attempts to control monopolies, the new antitrust laws of China, competition and collusion in China's airline markets, gambling and crime, regulation of Swedish electricity markets, environmental controls in China, public health in Australia, historical trade and tariff issues, corruption, central bank regulation in East Asia, a variety of property-related topics, legal topics and private security issues.

In the last year we have graduated three PhD students, Dr Geoff Kuehne, Dr George Shan and Dr Achmad Shauki. We are currently responding to inquiries from four potential new PhD students from New Zealand, Bangladesh, India and Indonesia. There are currently seven PhD students in the CRMA.



Two new ARC Discovery-Project grants were won by CRMA members in the last year, one by Dr Gigi Foster (with colleagues from the Queensland University of Technology) and another by me (in association with the University of Melbourne's School of Law). Dr Sarah Wheeler, Associate Professor Henning Bjornlund and Professor Martin Shanahan recently won an ARC Linkage-Project grant for important research in water markets. Dr Magnus Söderberg and I have won a grant from the Swedish Competition Authority to investigate factors influencing the decisions of Sweden's regulatory authorities and courts. Prof Shanahan and I are currently preparing the groundwork for a major ARC Discovery-Project grant application on the economic and business history of cartels in Australia, working on this topic as part of a series of major international research projects into cartel history in many countries.

Feedback on the Digest, and inquiries about any of the CRMA's research activities, are most welcome. Please feel free to contact me at david.round@unisa.edu.au or call me direct on 61-8-8302-0760, or you can contact the Centre's Research Administrator, Belinda Spagnoletti, at belinda.spagnoletti@unisa.edu.au or 61-8-8302-0510.

David K Round
Director

Free at Last!

Dr Ron Donato had reason to celebrate recently, after having his PhD conferred at Monash University in April after more than seven years of the part-time “grind” (his words). Ron’s thesis focused on the economics of health policy reform, an area within health economics where he has published and consulted widely for the past decade.

While doing his PhD, Ron also consulted for the Commonwealth Government on health reform and was the South Australian health economics consultant for the Coordinated Care Trials, the largest health care trials in Australia’s medical history. He also presented results of his research to the Productivity Commission in a workshop on managed competition in health care.

Ron is now the health economics consultant for the Veterans’ Medicines Advice and Therapeutics Education Services (MATES) project, which is run by the Quality Use of Medicines and Pharmacy Research Centre at UniSA’s Sansom Institute. The project, worth \$10,000,000, is funded by the Department of Veterans’ Affairs and is the largest medical research project awarded to UniSA to date.

In addition to the MATES project, Ron’s current research activities include:

- ◆ Involvement in an international collaborative project funded by the Commonwealth Fund of New York – a major private foundation in the US supporting independent research on health policy issues. The project involves a comparative analysis of health financing across seven countries and the insights that can be drawn from these countries for US health policy reform.
- ◆ Development of several scientific papers relating to the economics of contracting in health care and the political economy of health system reform in Australia.

Now that Ron has completed his PhD there is no excuse to let the kitchen go unrenovated for yet another year. Progress on this front will be reported in due course!

Dr Ron Donato, featuring in the promotional video for the School of Commerce’s Bachelor of International Business program



Inspiring Inquiry in Sustainability and Water Markets

CRMA PhD student, Adam Loch, presented his paper “Purchasing water for sustainable systems: Can it break the status quo?” at the 12th Annual Environmental Research Event (ERE) in Noosa, Queensland in May. The ERE is a forum for environmental researchers to discuss a diverse range of issues including climate change, economics, technological innovation, sustainable tourism, water use efficiency and emissions trading.

The paper investigates the historical institutional approaches to water reform in Australia, leading to the current market intervention approach. Adam found that previous institutional arrangements have resulted in the preservation of status quo situations in relation to reducing the consumptive pool of water to a sustainable level, and considers whether the new approach has a better chance of achieving its objectives. The paper suggests some possible alternate arrangements to market intervention, such as the matching of derivative style allocation trade products to the current adaptive environmental water management strategy.

Adam’s paper was well received and provoked many questions from the other delegates, particularly on the current water purchase program, its implications for environmental flow regimes and how the program currently seeks to obtain entitlements. The paper is currently under peer review at an international environmental management journal.

Uncovering Medical Device Market Risk

CRMA PhD student, Bernhard Lobmayr, is investigating high-risk medical device markets and the influence of the institutional setting on innovation outcomes in these markets. Bernhard is surveying an under-researched unique dataset comprising high-risk medical device approvals in the US, enriched with firm level data, available market share information and demand estimates derived from hospital discharge data.

Bernhard presented his second double-blind peer reviewed paper “Markets, innovation and competition - industrial dynamics in high-risk medical devices” at the Danish Research Unit for Industrial Dynamics (DRUID) Summer Conference 2009 at the Copenhagen Business School (CBS) in Denmark in July. The DRUID is regarded as one of the most important in the area of industrial dynamics and the CBS is an internationally renowned, EQUIS-accredited business school.

While in Europe Bernhard also presented a paper he co-authored with Professor Bernd Ebersberger of the Management Center Innsbruck (Bernhard’s home university) at the European Health Management Association’s 2009 Annual Conference on *Success in a changing market: Innovation, funding, communication* which was held in late June in Innsbruck, Austria.



Introducing the CRMA's Honours Students

This year the Centre boasts three honours students: Laura Bateman, Katharina (Kat) Surikow and Sarah Woods. Prior to commencing their honours year, Laura and Sarah completed double degrees in International Business and International Studies at UniSA and Kat completed a degree in International Business, also at UniSA. Kat also holds a bachelors degree in European Business from Normandy Business School in France. Laura and Kat are recipients of the CRMA Honours Award, worth \$5,000 and all three students were awarded prestigious School of Commerce Honours Scholarships worth \$10,000.

Laura is being supervised by Prof David Round and her thesis will investigate the effectiveness of the highly political and topical federal alcopops tax on the overall consumption of alcohol, looking at possible substitution effects. She will undertake quantitative analysis on the effect that the price increase of alcopops has had on the demand for alcopops and other substitute beverages, and on the various price elasticities of demand.

Kat's supervisors are Dr Tony Cavoli and Dr John Wilson, and her thesis will focus on international trade theory, in particular Revealed Comparative Advantage (RCA).

Her research will attempt to address the lack of application of RCA theory in the existing literature, through application to Australia's trade, focusing on specific industries. She will also investigate whether those industries traditionally associated with comparative advantage actually possess it, and whether its existence leads to increased trade flows.

Sarah is being supervised by Dr Ron McIver and her thesis will examine the experiences of transitioning economies and the increased interest in the roles that institutions play in economic development. She plans to conduct a comparative historical investigation of a number of countries in the Eastern European region, and hopes to capture the importance of institutions in the region's development, to facilitate her examination of the hypothesis that the earlier adoption of property rights facilitates the market-oriented transition process.

The girls (how they like to be collectively known!) have already embraced Centre life and are contributing to the Centre's diverse research culture. They have become close friends and colleagues, and plan to continue to support each other for the remainder of this challenging and rewarding year.

Prof David Round with (L-R) Sarah Woods, Kat Surikow and Laura Bateman at the School of Commerce's Prizes and Awards Ceremony



Other News in Brief

CRMA in the Media

Dr Xin Deng recently spoke to Kaitlyn Sawrey from Triple J's Hack about the impact of Beijing's recent increase in water rates on water conservation, the effects of the increased rates on low income earners, and the future direction of water rates in Beijing.

Prof David Round appears regularly on Channel 7 news talking about supermarket prices and firm conduct in various other markets.

Centre members recently contributed to the development of a new video advertisement for the Bachelor of International Studies program in the School of Commerce. Check it out at: http://www.unisa.edu.au/commerce/Programs/international_business.asp and <http://www.youtube.com/watch?v=D09Td4DcOMs>

7th Annual University of South Australia Trade Practices Workshop

Registrations are now open for the 7th Annual University of South Australia Trade Practices Workshop, which features overseas economists, lawyers and judges in its line up of speakers, together with distinguished Australian contributors. This year's Workshop will be held at the Hyatt Regency Adelaide from 16 October to 17 October. Registrations close on 11 September. For further information, visit the CRMA's website: <http://www.unisa.edu.au/crma/tpworkshop.asp>

Adjunct Senior Research Fellow

The CRMA is very pleased to announce the three year appointment of its first adjunct senior research fellow, Dr Cento Veljanovski, Managing Partner of Case Associates of London.

The Global Competition Review 2006 survey voted Cento one of the most 'highly regarded' competition economists. He has over thirty years of experience assisting lawyers and companies throughout European Union (EU) Member States and other countries in Europe, Australia and North America; has been a

Director/Partner of several management and economics consulting firms; has sat on the Board of listed public companies; and been a Director of an economics research institute. Cento has also provided economic assistance in a number of the world's largest mergers, has written widely and is on a number of editorial boards.

The CRMA looks forward to its research collaboration with Cento in the coming years.

Visiting Professor

Professor Bill Damon from Vanderbilt University in the US is currently visiting the CRMA. Bill is Professor in the Department of Economics and Director of the Managerial Studies Program at Vanderbilt. He is also Executive Director of the American Economic Association. During his visit, he will be lecturing in finance, providing advice and support to the Centre's research students, and collaborating with Centre researchers.

Farewell Gigi...

The Centre congratulates Dr Gigi Foster, Senior Lecturer in Applied Microeconomics and Econometrics, on her new position as Senior Lecturer at the University of New South Wales. We wish her all the best in her new position, and with living in Sydney!

...and Welcome Back Belinda and Sarah!

We welcome back Belinda Spagnoletti, who will be the Centre's Research Administrator until December while Ashley Taylor is on secondment to the Division of Health Sciences. Belinda has previously worked in the CRMA, and before returning to it she was a business development project officer in the Division of Education, Arts and Social Sciences.

We are also looking forward to working more closely once again (in the locational sense!) with one of our Research Fellows, Dr Sarah Wheeler, who returned from maternity leave in June.



Research Directions this Quarter

Some Recent Publications

CRMA members have published several books and many papers already in 2009. Our members have also been active on the conference circuit. A selection of these publications follows. Electronic copies of journal articles may be obtained from Belinda Spagnoletti at belinda.spagnoletti@unisa.edu.au or from the authors. Copies of the as-yet-to-be delivered conference papers may be obtained from the authors on a 'not-to-be-quoted-prior-to-presentation' basis.

Books

- ◆ **Cavoli, T & Rajan, RS** 2009, *Exchange Rate Regimes and Macroeconomic Management in Asia*, Hong Kong University Press.
- ◆ **Sarre, R & Prenzler, T** 2009, *The Law of Private Security in Australia*, 2nd Edition, Thomson Reuters.

Book Chapters

- ◆ **Bjornlund, H & Kuehne, G** 2009, 'Water Soft-Path – the Australian Way' in *Living with the water that is available – The Soft-Path approach to water management*, eds. Brandes, M, Brooks, D & Gurman, S, Earthscan, London, pp. 218-224.
- ◆ **Shanahan, M & Wilson, JK** 2009 (forthcoming), 'Labour Market Outcomes in Settler Economies Between 1870 and 1913: Accounting for Differences in Labour Hours and Occupations' in *Settler Economies in World History*, eds C. Lloyd, J. Metzger & R Sutch, Brill, Leiden.

Journal Articles

- ◆ **Bjornlund, H** 2009, 'Is water and land redistribution a driver of economic growth and poverty reduction? Lessons from Zimbabwe', *Water International* vol. 34, no. 2, pp. 217-229.
- ◆ **Cavoli, T** 2009 'Fear of Floating and Optimal Monetary Policy: With Particular Reference to East Asia', *Journal of Policy Modelling*, vol. 31, pp 1-16.
- ◆ **Corones, S, Merrett, D & Round, DK** 2009, 'Building an Effective Trade Practices Commission: The role of Professor Robert Baxt AO', *Australian Economic History Review*, vol. 49, no. 2, pp. 138-172.
- ◆ **Zhang, Y & Round, DK** 2009 (forthcoming) 'The Effects of China's Airline Mergers on Prices', *Journal of Air Transport Management*.

Conference Papers

- ◆ **Kupke, V & Rossini, P** 2009, 'Tracking neighbourhood change: establishing the links between change in neighbourhood social structure, built form and housing market performance', *15th Annual Conference of the Pacific Rim Real Estate Society*, Sydney, Australia, January.
- ◆ **Lombard, S** 2009, 'Credit Rating Agencies as Gatekeepers: What Went Wrong?' *Corporate Law Teachers' Association*, Sydney, Australia, February.
- ◆ **Bredon, G** 2009, 'Quantitative literacy in first year economics courses: some preliminary findings', *Australasian Teaching Economics Conference*, Brisbane, Australia, July.
- ◆ **Round, DK & Shanahan M** 2009, 'Anti-Cartel or anti-foreign? Australian attitudes to cartels and cartel policy formation in the 20th century', *Cartels and Collusion Conference*, Helsinki Centre for Economic Research, Helsinki, Finland, July.
- ◆ **Bredon, G, Wilson, JK & Shanahan, M** 2009, 'Student learning in economics at university and its association with prior knowledge in mathematics: An empirical assessment', *European Association for Research on Learning and Instruction Conference*, VU University, Amsterdam, the Netherlands, August.
- ◆ **Cavoli, T** 2009, "The Extent and Determinants of Monetary Sterilization in Asia", *Singapore Economic Review Conference*, Singapore, August.
- ◆ **Agarwal, M & Ireland, D** 2009, 'Merger Review and the Dangers of the Two Firm Local Nexus Criterion', *2009 Meeting of the Canadian Law and Economics Association*, University of Toronto, Toronto, Canada, October.
- ◆ **Söderberg, M & Round, DK** 2009, 'Dynamic Influences on Legal Dispute Settlements: The Case of Regulatory Decisions in Sweden', *2009 Meeting of the Canadian Law and Economics Association*, University of Toronto, Toronto, Canada, October.

Want to know more about the work of the CRMA? Please visit our website:

<http://www.unisa.edu.au/crma/>

