

*Australian Catholic Social Welfare
Commission*
A Commission of the Australian Catholic Bishops

OUR REF: COPC

3 August, 1999

Mr John Cosgrove
Presiding Commissioner
Impact of Competition Policy
Reforms inquiry
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Mr Cosgrove,

**RE: Impact of Competition Policy Reforms on Rural and Regional Australia -
Draft Report**

I welcome this opportunity to make a brief response to the Productivity Commission's Draft Report on the Impact of Competition Policy Reforms of Rural and Regional Australia which was released in 14 May 1999. Specifically, I wish to respond to the reference and treatment of the views expressed in the Australian Catholic Social Welfare Commission's (ACSWC) submission (sub. 160) on page 80 of the Draft Report.

The Productivity Commission has pointed out on in section 4.5 of its Report that: NCP has not been well communicated or understood in many sections of the community; that 'misconceptions about its aims, mechanisms and boundaries have created concerns in many parts of the country'; and, that 'several reforms which are affecting people in country Australia reflect the policy choices of governments rather than their commitments under NCY. In seeking to dispel commonly held impressions on the roles and impacts of NCP, the Productivity Commission highlighted on page 80 of its Draft Report the following statement of the ACSWC as typifying a common misunderstanding of the demarcation between NCP reforms and other government policies:

The community has witnessed the products of NCP in negative terms including, but not limited to: public assets placed on the market and disposed of, deregulation of the financial sector ... ; the decentralisation of industrial relations ... increased downsizing and privatisation of the public sector and, welfare services have been subject to fiscal restraint through targeting of assistance and resources and the contracting out of services... (sub. 160, p. 19)

However, the Productivity Commission failed to note the context and qualified nature of this statement made in the preceding sentences of the ACSWC's submission:

**(PO Box 326)
22 Theodore Street
CURTIN ACT 2605
Ph: (02) 6285 1366
ISM +612 6285 1366**

It is evident that the introduction of NCI? in the public domain has usually been associated with Australia's strategic response to changes in global economy and international trade relations as well as the desire to keep in check a burgeoning national CAD. Often the community's experience of NCP has been limited to the experience of economic policies based on fiscal restraint, competition and the reduction of tariff protection at both the Commonwealth and state levels. (sub. 160, pp. 18 -19)

It was also stated that:

There can be no doubt that the increase in inequality and social marginalisation, which have impacted on specific groups such as youth, the unemployed and regional economies, that is (correctly or incorrectly) ascribed to the NCP have not been adequately understood as being a consequence of an overall strategic approach to deal with global factors beyond the control of single governments. (sub. 160, p. 19)

The ACSWC believes that the selective use of the initial statement has failed to recognise the broader context in which the ACSWC was speaking. That is, from the experience and perceptions of non-metropolitan communities which have been buffeted by adverse international economic pressures and a range of negative impacts that have been, rightly or wrongly, attributed to a number of national economic reform strategies of which NCP is one.

Many participants to the inquiry have expressed a regard for NCP-based initiatives as being part of the broader strategies of governments to reduce public investment in the social and economic infrastructure, industries and services of their communities. The Productivity Commission has responded to many of the justified concerns of participants by maintaining that the demarcation between NCP reforms and other government policies of regulatory and micro-economic reform are not widely understood. Moreover, the Productivity Commission has argued that NCP has been scapegoated as the cause of many changes that are occurring within the Australian economy.

The ACSWC holds that in such instances the Productivity Commission **may have applied an** overly narrow evaluation on the impact of NCP. This seems to be the case where the concerns of participants have been met with the responses: that NCP is a discrete set of policies limited to the three NCP Commonwealth/State agreements; that NCP reforms are separate from other competition-based reform policies; and, that the impact of NCP is divorced from many discretionary policy choices of governments to downsize and withdraw public infrastructure and services, to contract out public works, to reduce industry assistance, regional development and other forms of structural adjustment assistance etc. - Clearly, the ACSWC along with the community argue that these decisions are informed by and premised on NCP.

The ACSWC does not believe such responses are adequate or helpful to the process of assessing the impact of NCP on rural and regional Australia in a comprehensive and integrated manner. Notwithstanding such a belief, the ACSWC does contend that the reluctance of the Productivity Commission to consider the genuine concerns of communities vis-a-vis the negative impact of NCP and related strategies of economic reform where they do not neatly fall within a limited terms of reference will damage the credibility of the Productivity Commission's Final Report.

Furthermore, it is feared that such an approach will do little to address the feelings of discontent among many of our rural and regional citizens over the lack of concern at all levels of government

to appreciate the full and sustained impact economic change, and policies of economic reform originating from a range of sources at all levels of government, on the social and economic wellbeing of local communities.

The ACSWC stands by its statement as cited on page 80 of the Productivity Commission's Draft Report to the extent that it highlights the place of NCP among a range of economic reform strategies being pursued by all levels of Government. There is overwhelming evidence from the hearings to indicate that current economic reform strategies have had significant deleterious effects on vulnerable regions across Australia. These strategies remain ill-equipped to prevent and redress resulting regionally-specific imbalances in the distribution of wealth, employment and social advancement.

In this sense, the ACSWC is happy to have captured in this statement 'the essence of the views of many participants' and lent its voice to those who are seeking a more comprehensive understanding and treatment of the impacts of NCP and associated policy strategies on their local communities.

The ACSWC is, however, disappointed that the content of its submission was not treated with greater academic integrity and honesty. If the Productivity Commission wishes to include the aforementioned, or any other, statement(s) from the ACSWC in the Final Report, we trust the true context and meaning inherent in the surrounding text will be accurately reflected.

Yours sincerely

Mr Toby O'Connor
National Director