

16 July 1999

Dear Mr. Cosgrove,

Thank you for arranging for the Balanced State Development Working Group to receive copies of the Productivity Commission's Draft Report on Impact of Competition Policy Reforms on Rural and Regional Australia. Subsequently we have also received a copy of 2 of the Supplements to the Draft Report.

Although we do not agree with the Commission's decision to interpret Regional and Rural Australia as all areas which are not part of a Metropolitan Area and to describe it as 'country Australia' we acknowledge the value of most, but not all, of the analysis presented in the report. In our view the approach adopted by the Commission has led to inadequate consideration of issues related to National Competition Policy which are of particular concern to smaller (25000 or below) communities particularly those which do not have easy access to what the Commission calls 'Sponge Cities'. We do not believe that the draft report responds adequately to its terms of reference and, bearing in mind that the draft was not circulated until Mid May rather than end March as initially planned, suggest that the Commission should seek an extension to the reporting date nominated in the Terms of Reference.

BSDWG's submission, in response to the draft report, is structured under a series of headings:

Comments on the Draft Recommendations

Defining Rural and Regional Australia

Comments on the draft report's views on 'infrastructure services'

Additional Comments on Cost/Price Changes, Service Quality and the question of Reasonable Access

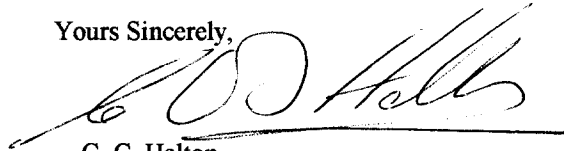
Community Service Obligations

Further thoughts on National Competition Policy

The submission does not repeat the points made in our earlier written contributions to this Inquiry which are to be found in Submissions 205 and 210. Although we

understand that we may be invited to attend a public hearing later this month I can confirm we will respond as quickly as possible if you need clarification or further development of any of the points covered in the present text.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "C. C. Halton". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

C. C. Halton

Co-Convenor BSDWG

Commissioner John Cosgrove
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

BSDWG comments on the Draft Recommendations

The purpose of this section is to comment on the Commissions Draft Recommendations without unnecessarily repeating information provided and views discussed elsewhere in this Submission or in BSDWG's earlier Submissions Nos. 205 and 210.

Recommendation 1. Although generally supported the expressions 'publicly available' and 'readily accessible form' need clarification:

'The information should be provided in both print and computer compatible form to every Shire Council and to the Principal Library in every Shire. It must be the responsibility of the State or Territory to ensure that up to date revisions are circulated no less frequently than every 12 months. When State or Territory Parliaments (or Governments) make significant changes to the geographic coverage of Shires it must be the responsibility of the State or Territory to ensure that 'new' Shires have up to date copies

Recommendation 2. Although generally supported Shires, local business and industry and Shire residents must have the same level of access, by Telephone, to relevant specialist advice from State/Territory Officers as is available to Councils, business/industry and residents who have access to local telephone calls:

'All State and Territory Governments should provide 1800 Telephone access to Officers capable of explaining the economic, environmental and social aspects of the 'public interest' provisions. These Officers should be authorised to provide advice on a 'no commitment' basis to case specific questions.'

Recommendation 3. Line 3 should be clarified by:

'.....genuine public input covering economic, social and environmental issues, be....'

Recommendation 4 Line 2 also requires clarification:

'.....the economic, social and environmental benefits and costs should be weighed by experienced analysts in....'

Recommendation 5. The present draft goes some way to meet key concerns about Council's responsibilities. Other issues relate to:

the need to address environmental and social matters,
the range of skills and experience of members of Council and
the professional qualifications, skills and experience of its Officers

These can be addressed by extending the present draft:

'reviews. The Council should be given explicit guidance by Government

that it is expected to make judgements on social and environmental issues as well as on economic issues. To strengthen Council's ability to deal with issues affecting Regional and Rural Australia consideration should be given to requiring 2 appointments to be made from Regional and/or Rural Australia (The P.C. notes that the Commonwealth Parliament has already included such a requirement in Telstra's Legislation). At the same time the range of professional qualifications, skills and experience of Council's Officers should be reviewed to ensure that they have the skills and experience to deal with social and environmental issues in Regional and Rural Australia.'

Recommendation 6. The analysis presented in the Commission's draft report (including Chap 10) clearly demonstrates that Regional and Rural Australia (ie communities up to populations of 25 000) has neither been adequately briefed nor have Commonwealth, State and Territory Governments provided (or maintained) the services identified in the mid 1990's to allow citizens in those communities to respond to NCP target dates, which may remain realistic for most larger communities, metropolitan areas and capital cities. BSDWG believes that this recommendation should be redrafted:

'For communities with populations in excess of 25/30 000, for metropolitan areas and for Capital Cities there should be no across-the-board extension of the NCP target dates. An urgent reference should be provided to the P.C. requiring it to report by 31 March 2000 on C.S.O.'s to those larger communities which appear to have been overlooked. For Regional and Rural communities with populations smaller than 25/30 000 there should be a 2 year across-the-board extension of the NCP target dates.'

Recommendation 7. Supported, on the understanding that this will not delay clarification of the C.S.O.'s provided by Local Shires when their primary water sources are used to meet the needs of Metropolitan Water Authorities.

Recommendation 8. Supported, but clarified so that it also applies to rural and remote Australia. For example by redrafting line 2:

'...any large costs concentrated in a region or a rural or remote area, such...'

Recommendation 9. Supported however the determination of the level and nature of the assistance to be provided must be determined by a Departmental/Agency Officer whose delegations and guidelines have been developed to meet the needs of Regional and /or Rural Australia in the particular State or Territory.

In the light of the analytical work presented in the draft report together with other qualitative (and to a lesser extent quantitative) information which has been assembled BSDWG believes that the Productivity Commission can, within its original terms of reference, make a number of additional recommendations:

Recommendation 10. 'Bearing in mind the Commission's concern for the well being of the community

as a whole the Commission has indentified a number of 'Regions' - Table 10.6, P 258 - where it believes that the impact of NCP reforms will lead to a noticable reduction (more than 0.5%) in employment. In these Regions Commonwealth, State and Territory Governments should take early action along the lines proposed in Recommendation 8.'

Recommendation 11. 'To avoid confusion as to the true Social and Economic position of Australian Citizens in Regional, Rural and Remote Australia statistical information should normally present the 'median' position. Where absolutely necessary data on the mean(average) position may also be presented.'

Recommendation 12. 'The Steering Committee on National Performance Monitoring of Government Trading Enterprises should be reformed to provide a more adequate coverage of the outcomes of GTE reform in Regional, Rural and Remote Australia than that achieved so far.'

Defining Rural and Regional Australia

'What works well in suburban Sydney might not work well in the sparsely populated areas of Queensland'
Prime Minister Howard 18 May 1999

After reading the initial 'issues paper' circulated by the Commission last August BSDWG included, as part of Sub. 205, its own views on how to establish a meaningful explanation of the concept of regional, rural and remote in a country with a large land mass and a federal system of government. These views were initially influenced by Dr. J.H.Holmes contribution The Urban System (Chap. 3) to the Second Edition of Space and Society edited by Dr. D.N.Jeans and published in 1987. BSDWG found the section on 'An Urban Functional Classification System' particularly helpful, Pages 57 to 60 are included for ready reference.

As explained in Sub. 205 Issue 1 BSDWG has found it more useful to adopt a categorisation based on a range of socio/economic characteristics of two community types. Limited facilities available in the smaller type oblige residents to make regular (more than 1 per month) visits to a larger 'self contained' community. Residents in such a larger 'self contained' community make only occasional visits to a Capital City. The distinguishing features of a 'self contained' community were provided in Attachment A to Sub. 205. For ready reference they are also attached to this paper. It remains BSDWG's view that very few 'self contained' communities can reasonably claim to be part of Regional/Rural Australia.

BSDWG also pointed out that the Telstra transition to full Private Ownership legislation makes it clear that the Parliament and the Government see essential differences between Regional, Rural and Remote areas of Australia. We suggested that examples of towns and urban areas which satisfy the concepts of Regional, Rural and Remote were Benalla, Orbost, Swan Hill, Yaarrowonga, Renmark, Talem Bend, Halls Creek, Meekathara, Tennant Creek, Kingaroy, Mareeba, Proserpine, Blayney, Leeton, Moruya, Tumut, Bicheno, Georgetown and Penguin.

BSDWG made it clear in Sub 205 that it did not accept the suggestion on page 5 of the discussion paper that rural and regional Australia should 'include all areas other than the large metropolitan centres'.

During a January meeting at the Commission's Belconnen Office Mr Halton suggested that it might be worthwhile seeking guidance on the point. BSDWG believes that the Commission's draft report does not justify the decision to include all areas other than the large metropolitan centres and to use the potentially misleading "country Australia" to describe these areas. BSDWG also notes that, although the Draft Report records the reactions of some of the Focus Groups when concepts such as National Competition Policy (NCP) and Competitive Tendering and Contracting (CTC) were explained to them we could not find any reference to even one Focus Group's reaction to "country Australia".

BSDWG believe that the discussion and qualitative material presented in Part A of the draft report is very helpful though, in crucial areas, the lack of quantitative data after 1995/96 is disappointing because it was anticipated that the

influence of some NCP initiatives would be detected by then. Similarly, and as acknowledged in the draft report, in 1996 the Commonwealth Parliament and Government took a number of decisions which appeared to remove elements of the social welfare structure negotiated during COAG discussions on Hilmer. For example Sub. 205 Issue 4 refers to the Office of Labour Market Adjustment (OLMA) and to the Commonwealth Employment Service (CES).

Of particular interest to BSDWG was Part A's information about families in regional/rural areas and the reference to the Bureau of Statistics publication Socio-Economic Indexes for Areas (Cat. 2039.0) from which the report has developed Fig 2.3 Page 29 to show the Index of Relative Disadvantage for the 194 statistical sub-divisions. BSDWG notes that on page 10 of cat. 2039.0 the Bureau show, for Sydney, an index of Advantage which appears to more readily differentiate between areas. As of today (July 1) ABS has not agreed to provide BSDWG with a print run so that we can consider relevant comparisons, We will report on July 20 if the data is forthcoming before then.

BSDWG does however believe that Table 2.7 Page 31 which compare Average (rather than median) household income by statistical division requires further consideration. Using the 'Ratio to national average' data for 1981 and 1996 a comparison between the highest and the lowest in each State reveals the following:

NSW	for 1981	81.2/109.1	for 1996	71.0/120.1
Vic		82.7/104.0		67.6/107.7
Q		82.3/121.9		71.4/126.7
SA		66.5/95.0		54.3/92.5
WA		80.9/194.7		77.0/160.6
T		59.7/97.0		52.6/90.5

not only do these comparisons draw attention to the increasing 'spread' in all States except W.A. but it also provides a indicator of statistical divisions which might have been chosen for one of the Commission's 'Focus Group' discussions.

With respect to Families the draft report seems to have overlooked the question of Family size. ABS Demographic Statistics(Cat. 3101.0) for the December 1998 Quarter confirms BSDWG's understanding that Average Household Size in Rural Areas(less than 1000 persons) is typically 10% higher than in Urban Centres with a count of 1000 to 99999 persons. BSDWG recalls CES advice that frequently large families with low incomes experience severe difficulties when, to seek employment, they need to physically relocate.

Although Part A provides a backdrop for Chap 10's analysis of the impact of NCP reforms BSDWG was disappointed that Table A.2 Page 359 records that the Commission did not manage to visit as many of the 'Main Centres' used by the Monash RR model as might have been expected. For example Table A.2 lists 24 meetings in NSW including 9 of the 12 'Main Centres' the comparable figures for 'non metropolitan' locations are 7of 9. Comparable figures for the other States are:

Victoria 13, 7 of 11, 6 of 10

Queensland	11, 8 of 11, 7 of 10
Western Australia	10, 6 of 10, 5 of 9
South Australia	5, 4 of 7, 3 of 6
Tasmania	8, 3 of 4, 2 of 3

In the above analysis BSDWG treats Hobart as a Capital City/Metropolitan Area. What seems to be clear is that it would have been possible for the Commission to have scheduled a meeting in the 'Main Centre' of each 'Region' with out increasing the number of meetings.

Whilst understanding why the Commission is anxious to draw attention to the fact that there is only 1 Region - Gippsland (whose Main centre is Traralgon) where the impact of NCP reforms is estimated to lead to a reduction in Regional gross product BSDWG is disappointed that the Commission does not draw attention to those Regions where NCP reforms are estimated to lead to a reduction in Employment. BSDWG notes the draft report indicates that both measures can be estimated to 3 significant figures. Of the 45 Non Capital City/Metropolitan Regions 14 are predicted to have a growth in employment as a result of NCP reforms while 31 Regions are predicted to experience a rise in unemployment.

When Regions in each State are ranked to identify the predicted effect of NCP reforms on growth in employment/rise in unemployment there is no State where the Region with the highest predicted rise in unemployment in that State has a 'Main Centre' with a population of 26000. The 'Main Centre' of Tasmania's Southern Region is Geeveston whose population is 830. Of the Regions in each State which have the second highest predicted rise in unemployment in that State only one NSW has a 'Main Centre' with a population in excess of 26000. The 'Main Centre' of South Australia's Yorke & Lower North Region is Yorketon whose population is 740.

Of the 12 Regions whose predicted rise in unemployment ranks first or second in terms of severity 5 have 'Main Centres' which are listed on page 359 as a location at which meetings were held. They are Wagga Wagga 42800, Warranbool 25500 Northern 6300, Albany 20500 and Burnie 20000. Although 3 of these 12 'Main Centres' have populations of less than 5000 none are listed on page 359.

It may be that the Commission's decision to interpret 'Regional and Rural' to 'include all areas other than the large metropolitan area' has led to a greater focus on larger communities than if BSDWG's definition had been adopted. Irrespective of the reason the draft report seems to have overlooked the fact that the Commission's analysis makes it is clear that there are at least 12 Regions with a predicted rise in unemployment of more than 0.5% with at least 2 in each State. When COAG first discussed Hilmer it envisaged that bodies such as OLMA would be available to react to this type of information and, by working collaboratively the Commonwealth, States and Territories, would formulate strategies to promote new employment opportunities and/or facilitating the movement of workers and their families to other 'Regions' with greater employment prospects In 1999 it seems clear that these understandings are not as precise as they may have been in 1995.

Nevertheless that is no reason for the Productivity Commission to avoid the issue.

The Commission regularly draws attention to the fact that 'Its processes and outputs.....are driven by concern for the wellbeing of the community as a whole.'. BSDWG suggests that in the present reference the Commission could demonstrate that concern by more directly drawing attention to these aspects of its own analysis.

BSDWG believes that the overall analysis, discussed in more than 400 pages, demonstrates that on both economic and on socio-economic grounds there is a marked difference in ability to deal with NCP reforms between Regions whose 'Main Centres' have populations of 25/26 000 or less and those where the 'Main Centres' have larger populations. Unless the present draft is revised to more clearly draw attention to this the original terms of reference will not have been addressed.

that manufacturing activities, in particular, have found it essential to discount the effects of distance by concentrating at a few strategic locations, and the disadvantages of location in country towns have been fully recognized.

The Importance of Service Activities

Apart from a somewhat unorthodox initial function as penal settlements, the *raison d'être* of most Australian towns has been administration, trade, transportation and provision of services, so that size, spacing, functions and hierarchical relations of most towns in the system seem to conform to central place theory. However, compared with the locally oriented market towns of more traditional urban systems, Australian towns resemble those in other externally oriented societies in having a major role as a point of exchange between the local and the national (or international) economy. The transport, transshipment, storage and communication function is clearly evident in seaports, which have from the outset played a pivotal role in the evolution of the system, as suggested in Fig. 3.4 (Rimmer 1967a, 1967b; Bird 1968). Moreover, a similar set of activities is found in inland towns, with respect to local and long-distance exchange of goods and services. The town absorbs few products from its hinterland, it undertakes little processing of these products, nor does it manufacture many material goods to meet local demand. Thus, in highly commercialized economies, particularly with a strong external orientation, central place theory, with its emphasis upon links between consumers and retailers, provides an incomplete explanation of the origins and growth of service towns, and needs to be complemented by some associated theory emphasizing links between retailers and external sources, including wholesalers and manufacturers. Vance (1970) has proposed mercantile theory as a complement to central place theory, while Bird (1977) has incorporated the three basic concepts of central place, gateway and agglomeration/scale economies into a unitary model of urban growth.

An Urban Functional Classification

The importance of service activities is reaffirmed in the stepwise grouping of towns by functional similarity as revealed in the dendrogram (or linkage) obtained in the Urban Environmental Indicators Project (see Fig. 3.6). Reading the dendrogram from the top downwards, the primary division is between 58 towns with a broadly based employment structure within the various services categories, and 16 towns heavily dependent upon extractive or primary processing industries, includ-

ing heavy manufacturing. Within the 58 services-oriented towns, 35 can be classed as general service towns, including 24 described as 'all-round average towns' as well as 11 with a high agricultural employment. These supposedly agricultural towns have between 3.1 and 8.1 per cent of their workforce in primary industries compared with an all-town average of 2.3, indicating that employment in primary production does not provide a decisive basis for classifying these towns. Save only for a few towns specializing in public administration (Canberra), community services (Armidale) and other/not stated categories (Darwin, Alice Springs), all other service towns shown on the right-hand of the dendrogram are only marginally differentiated in only one industrial category when compared with the general service group, while the coastal resort towns are differentiated by high employment in two categories: finance and entertainment.

The utility of this classification is suggested not only by its close similarity to the output obtained for 1961, 1966 and 1971 in the Indicators study, using the same grouping technique, but also by its broad agreement with the results of Smith's earlier, more comprehensive study. Smith identified almost exactly the same functional groups, in almost the same proportions, with the most notable difference being in his labelling of the largest cities as a 'manufacturing' group, whereas the Indicators study classes these cities as specialist finance centres. These classificatory exercises suggest that Australian towns can be classed in the groups described below.

(i) *General service towns* include the 'all-round, average' group and the 'high agriculture' towns in the Indicators classification. The characteristics of these towns are discussed below (see 'Towns as Service Centres'). A perusal of the results of the two classificatory studies suggests that almost half of Australian towns can be classed as general service towns, and almost half of the remainder are, in effect, general service towns with an ancillary specialization, sufficiently distinctive to allow identification with a 'specialist' group. Even many specialist mining, manufacturing and administrative towns also gradually acquire an expanded general service function, acting as a central place for a definable hinterland, particularly in the absence of nearby competing service towns. Such has occurred with Kalgoorlie, Mt Isa and Broken Hill, to name only a few major examples.

(ii) *Financial centres* in the Indicators study include all state capitals as well as many of the largest regional cities. While their high employment in finance and business services provides the critical differentiating characteristics, these cities

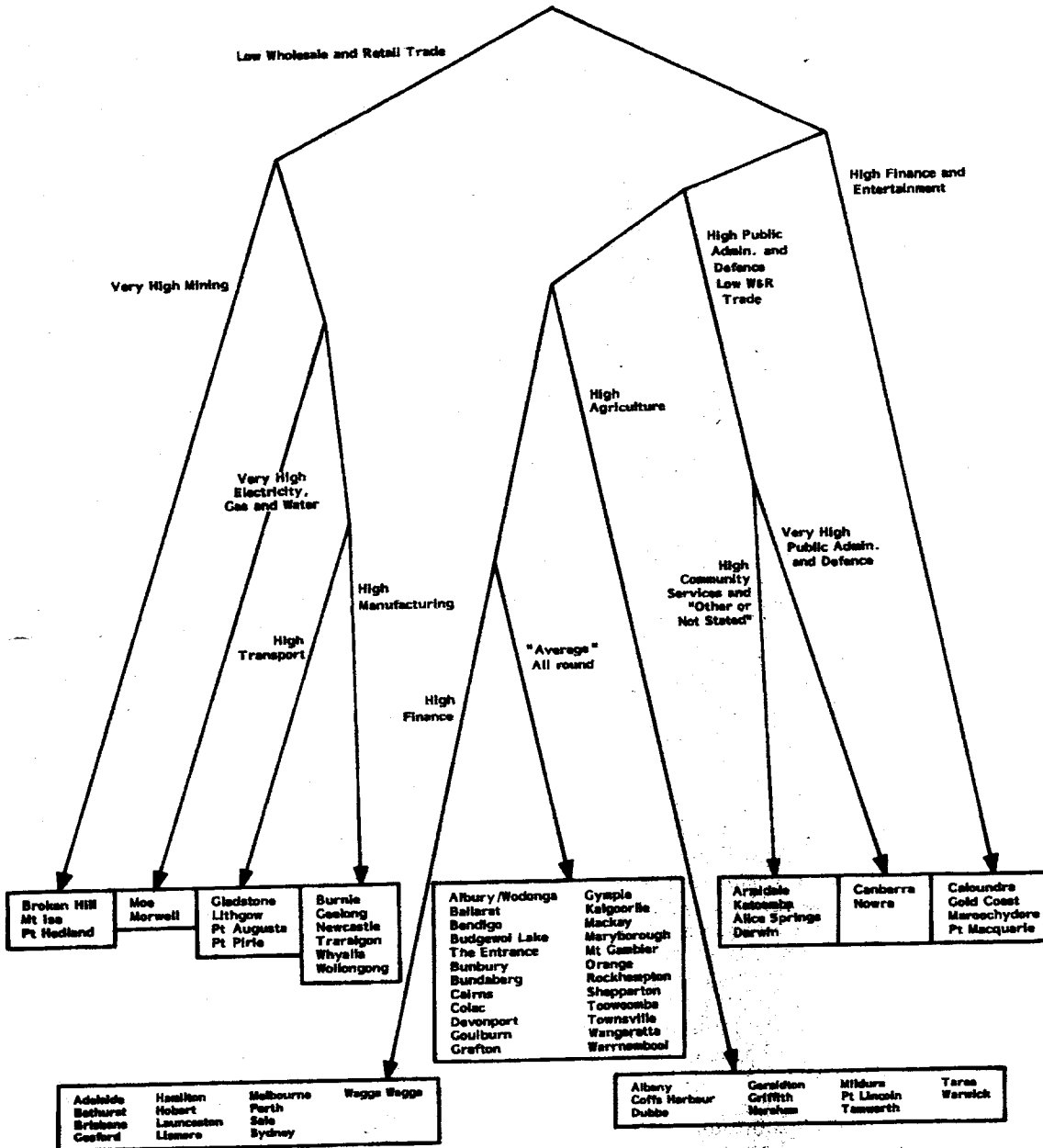


Fig. 3.6 Dendrogram of Australian towns grouped according to standardized percentages of workforce in each census industry classification. Source Department of Home Affairs and Environment 1983.

also have proportionately high employment in manufacturing within an otherwise highly diversified industrial structure. The characteristics of these cities are described in chapter 4.

(iii) *Public administration, defence and community service towns* are a diversified group, all with exceptionally high employment in the public

sector, and all having experienced rapid growth in recent decades. While only six towns are grouped in these two categories, several others have comparable employment levels in the Indicator categories. Towns with such functions include Canberra (administration), Alice Springs and Darwin (administration, community services and 'other'), Nowra,

le and Townsville (defence), Armidale (education) and Katoomba (health, retirement).

(ii) *Resort and retirement towns* are partially identified in the Indicators study by their high employment in both finance and recreation categories. With the increasing importance of retirement migration and with a high proportion of retirees, these towns can be identified only imperfectly in any classification based solely on workforce characteristics. The use of census data on retirees and on age structure would lead to the inclusion of Budgewoi Lake and The Entrance to the resort group, with Caloundra, Gold Coast, Broochydore and Port Macquarie.

Resort and retirement towns currently provide the most significant growth impulse in the urban system. Some farflung locations cater for specialist tourist needs, mainly for short-term visitors. These are located near prime tourist attractions, including the Barrier Reef and associated inshore islands, the ski resorts of southern New South Wales and the southeastern Victoria and arid zone tourism, highly concentrated on Alice Springs (Parkes 1983). While these specialist centres are growing rapidly, their population totals remain small when compared with the more accessible coastal resorts catering for mass recreation, based upon regular seaside holidays, frequent weekend and day-trips and, increasingly, retirement. The Gold Coast demonstrates how a diversity of natural and man-made attractions can satisfy the needs of mobile, recreation-oriented Australians of varying levels of affluence but with ample time to satisfy their wants. Such resorts can cater to a considerable variety of needs, recreation purposes, levels of expenditure and length of stay, all focusing on the image of sun, surf and water-based recreation. Increasingly important to the demographic and economic growth of these resorts is their capacity to attract retirees from cities, whose migration is aided by generous superannuation schemes backed by capital gained from the sale of high-priced city homes, and who have prospects of an extended lifespan in retirement.

(v) *Manufacturing towns* are a small group including some of Australia's largest towns. Newcastle and Geelong are diversified manufacturing centres, with Newcastle also being an important steel centre. Wollongong and Whyalla are more highly specialized in steel manufacturing. Not shown in the Indicators study are the many small manufacturing towns engaged in processing local agricultural products, including meatworks, sugar mills, dairies, paper and forestry products. These are shown in Smith's extended study. Gladstone, Lithgow and Port Pirie are shown as transport towns in the Indicators classification, as

their standardized scores are higher in transport than in manufacturing. Nevertheless all three have over twice as many workers in manufacturing as in transport, suggesting that their transport function is ancillary to manufacturing.

(iv) *Transport towns* Port Augusta is the only town in the Indicators study with a higher employment in transport than in any other category, reflecting its role as a pivotal railway centre. Smith's study identified 23 transport towns, almost all railway centres, but all these have experienced a very sharp decline in transport employment in ensuing years.

(vi) *Utilities towns* in the Indicators survey comprise only the Latrobe Valley electricity-generating centres of Moe and Morwell. Smith's study identified six towns in the Latrobe Valley and nine other small centres, whose function as utilities towns (electricity, gas and water) is not always readily discernible.

(viii) *Mining towns* are the most common group of specialist towns, as well as being the most widely distributed in both time and space. Their long history commenced with coal mining at Newcastle at the beginning of the nineteenth century, and copper mining in South Australia in the 1840s, followed by the spectacular proliferation of gold towns over much of Australia in the mid-nineteenth to the early twentieth century. Broken Hill, Mt Isa and many other towns were based on minerals other than gold, while coal towns have been equally numerous though spatially much more clustered.

Mining towns have been noted for the rapidity of their growth and decline, particularly in isolated regions where alternative functions are not readily found. In more favourable locations a post-mining phase of stability and even growth has often occurred, as with Ballarat and Bendigo, which remain as major manufacturing and service centres, and Charters Towers as an educational town. Former coal-mining towns around Newcastle and Wollongong have progressively acquired a dormitory function, either being incorporated into the suburban areas of the two expanding industrial cities or else acquiring an unusual status as places of residence for external commuters (Holmes 1965, 1971).

The exceptionally high degree of functional specialization of these towns is shown by Smith. In Smith's classification, only the mining group achieved the distinction of employing a majority of the specialist towns' workforce in one occupational category. This dominance of mining occurs even in towns where external service relations are important, as at Broken Hill and Mt Isa.

Until 1960 the twentieth century had been more

noted for the decline and demise rather than the resurgence or birth of mining towns. This trend has been spectacularly reversed, with the arrival of a new generation of mining towns, mainly in remote areas. These new towns can look forward to a longer period of stability than did most earlier towns, while a few have prospects for further growth through diversification into first-stage mineral processing. Mining companies have been obliged to make heavy investments in infrastructure, not only in mines and processing plants, but also in transport and utilities. A comparable high investment has also been made in planned mining towns in order to provide attractive residential and community facilities in an effort to counter the disadvantages arising from isolation, smallness and a harsh physical environment, and to ensure stability in employment. These new towns are providing useful guidelines for future urban development in remote areas (Brealey and Newton 1978; Newton 1981).

A functional classification based upon industrial categories of the workforce cannot be used to identify the increasingly important group of satellite towns encircling the main metropolitan cities. Campbelltown, Brisbane Water (N.S.W.), Surry, Werribee (Vic.), and Logan City (Qld), serve mainly residential functions, whereas Kwinana-Rockingham (W.A.) and the towns of Western Port (Vic.) have developed as manufacturing satellites. Many of these will be rapidly absorbed within the expanding metropolitan city, as has occurred with an earlier generation of satellites, such as Elizabeth (S.A.).

Specialist towns can experience much more rapid growth and decline than do the service towns of the central place system. For example, there were 47 towns with over 1000 persons in 1981 which had experienced annual average growth rates of 10 per cent or higher during the 1976-81 intercensal period. All 47 can be classed as specialist towns, 20 being resort and retirement centres and 21 being satellite towns, all predominantly with a dormitory function. Only three were mining towns, in contrast with the 1960s and early 1970s when mining was the most important single cause of rapid non-metropolitan growth. Similarly, only three fast-growing towns were associated with new developments in manufacturing or power genera-

Currently, the main urban growth impulses are related to post-industrial activities, including tourism, retirement, and semi-rural commuting, rather than to resource extraction and processing activities. In keeping with the 'sunbelt' migration trend, more than half of the rapidly growing resort towns were in Queensland.

Towns as Service Centres

Although experiencing little growth in recent decades, rural service towns, commonly described as the lower and middle orders of the central place hierarchy, remain numerically the dominant element in the urban system. Country towns have long been a major research focus for geographers, though seemingly of less interest in recent years. King (1954), Meinig (1962) and Jeans (1967) have examined the origins of the central place system, noting how market forces and entrepreneurial activities have influenced the size and spacing of towns in a manner that frequently disagreed with the expectations of administrators and surveyors who determined initial town sites. Other studies have focused on physical site and morphology rather than function (Robinson 1966; Williams 1966b).

The most substantial and cohesive body of research into Australian country towns has been undertaken, mainly in the 1960s, by geographers wishing to test the relevance of central place theory in the Australian context. In this research a natural division occurred between research into the structure and behaviour of lower- and middle-order centres, concerned mainly with consumer behaviour and with service provision within the central place hierarchy, and research directed towards an understanding of higher-order relations within the system, with attention to metropolitan primacy and the dearth of regional capitals, posing a number of problems beyond the compass of conventional central place theory.

During the 1970s there was a reduced tempo of geographic research into country towns. At this time there was a revival of interest among sociologists, following a long hiatus after the noteworthy pioneering research of McIntyre and McIntyre (1944) and of Oeser and Emery (1954) into social structure, status, class and power in country towns. The renewed interest of sociologists is evidenced in the work of Wild (1974) and papers edited by Bowman (1981). Economists also are showing signs of increased interest in responses to economic decline (Jensen 1983a). Judging by the frequency of conferences into the problems and prospects of country towns there is an abiding interest in this research area, particularly among those people 'on location'. Such conferences at least serve to highlight the lack of rigorous research into the dynamics of change in country towns. Researchers apparently have decided that such investigations are too timeworn, difficult or unproductive, incapable of yielding major new insights to match those previously gained from the first wave of central place studies.

Attachment A

SOME SOCIO-ECONOMIC CHARACTERISTICS
LARGE NON-METROPOLITAN URBAN AREAS

1 Emergency Services:

Ambulances, Fire Engines at several locations. At least one 24hr 7day
Hospital Casualty Dept.

2 Health:

Hospitals with wide range of services. At least one with several
Resident Specialists and visiting Specialists.
Choice of Doctors, Dentists, Opticians and Chemists.

3 Education and Skills Formation:

Choice of Secondary Schools with reasonable facilities within the
urban area for Gifted and Handicapped Children.
At least one TAFE College offering a broad range of subjects to
a minimum of Associate Diploma level and appropriate arrangements
with a wide range of public and private business and industry within
the College's catchment area.

4 Government Services:

Offices of at least 4 State/Territory Departments and Agencies such
as Aged Care, Agriculture, Community Services, Forestry, Health,
Mining, R.T.A., State Development.
The Office of at least 1 Member of State Parliament or Territory
Assembly.
Commonwealth representation through some or all of Australia Post
Centre Link, Medicare, Telstra Switching Centre.
The Office of the Local Member of the House of Representatives
and/or a Senator.

5 Law and Order:

At least one 24hr. 7day Police Station. At least one Local
Magistrate's Court.

6 Financial Services:

Branch Services at more than one location by at least 2 of the national bank groups and at least 3 Regional Banks/Credit Unions.

Firms of Solicitors and Accountants. Local representatives of Financial Planners and Investment Advisors.

7 Transport Services:

Day/Night Freight Services to State/Territory Capital City by Road and/or Rail.

At least 2 Daily Scheduled return Air Services to/from State/Territory Capital City using Twin Engined Aircraft or equivalent service by train.

Some Daily Scheduled return services by Bus/Train/Aircraft from/to other Centres in same and/or adjoining State/Territory.

Attachment B

TELSTRA TRANSITION TO FULL PRIVATE OWNERSHIP BILL 1998
USE OF EXPRESSIONS REGIONAL, RURAL, AND REMOTE

Schedule 1, 8BUA requires at least 2 Directors to have 'knowledge of,needs of regional areas'

Schedule 2, 59 deals with Internet access to 'people in rural and regional areas'

Schedule 2, 46(1) refers to a 'Rural Transaction Centres Reserve'.

Schedule 2, 54(2)(a) refers to people in 'remote island communities'

whilst Schedule 2,58(8) provides examples of remote or isolated communities.

It seems clear that in drafting the Bill the use of 'Regional', 'Rural' and 'Remote' is deliberate and selective.

It follows that 'knowledge ofneeds of rural and remote areas' would not satisfy the selection criteria for the 2 Directors to meet the requirements of Schedule 1, 8BUA.

When the Government announced the appointment of two additional Directors it implicitly rejected the argument that 1 existing Director who lives some 20km outside a Large Non-Metropolitan Urban Area met the requirements of Schedule 1,8BUA. Conversely the appointment of a Director from Swan Hill seems to support the argument that that town is part of Regional Australia.

Comments on the draft report's views on 'infrastructure services'

On page xxxii of the Overview the section on 'Country and metropolitan effects of NCP'claims:

'There is evidence of improved productivity from NCP reforms, leading to reductions in costs and prices across most infrastructure services which have been subject to competition reforms. These include electricity, gas, rail, ports and telecommunications.....'

On subsequent pages the reader is also told that:

'...the early direct effects of NCP reforms on employment appear to have been adverse. To some extent this reflects the removal of overmanning which had developed while government business enterprises enjoyed monopoly status or faced weak incentives to perform efficiently,' page xxxv

and:

'..labour shedding in telecommunications has also been occurring for some time - reflecting the uptake of new technology as well as reductions of overmanning.' page xxxvi

Throughout the draft report there are numerous (well over 50) references to change in respect to the provision of Electricity, Gas, Water/Sewerage, Postal and Telecommunications Services and Road/Rail and Sea Transport. Most of these references relate narrowly to cost and price, there are very few references to reliability, service duplication, coverage and vulnerability and BSDWG could find no meaningful reference to environmental considerations.

Similarly there appears to be little or no awareness of the impact of Technological Change other than on Telecommunication Services and an uninformed reader would be left with the impression that in all States and Territories adequate, but overmanned, services had been available in all areas for several decades.

BSDWG believe that this submission should be restricted to a brief discussion on these issues but that we should also indicate our willingness to assist the Commission in reassessing them.

ELECTRICITY

At Page 100 the draft reports discussion of electricity states that:

'Since the 1991 CoAG agreement, there has been unprecedented structural change in the sector.'

However this is not, by any means, either the first period of 'unprecedented structural change' to the electricity supply industry or the most significant. A walk along the pathway by the southside of Lake Burley Griffen would remind the Commission of Kingston Power Station, similarly a visit to the NSW Powerhouse Museum or a walk down Pyrmont St. on the way to the Lyric Theatre (part of the Sydney Casino complex) or along Spencer Street in Melbourne would remind the Commission that, with the exception of Adelaide,

decisions were taken by elected Governments to move large generating stations out of cities and closer to large coal seams.

That option was considered because of the relatively rapid development of high voltage electricity transmission technology but was not the only one. Commodity pipelines were also available as an option. The Savage River Iron Ore pipeline in Tasmania is an example of that technology and the Black Mesa Coal pipeline in the USA was in service at about the same time. The Black Mesa installation moves coal through an underground pipeline 1000km. from the coal field to the generation stations.

The decision to locate Australian Electricity Generating Stations involved a trade off between environmental, social, economic, reliability and vulnerability issues. The pipeline creates no long term environmental issues has a very high level of reliability and is assessed as having a very low level of vulnerability to sabotage. Visual pollution throughout the countryside together with lower levels of reliability and increased risk of sabotage might have been expected to count against the alternative which was also generally believed to be dearer, but reducing atmospheric pollution in the centre of cities and removing 'that type of industry' was assessed as a higher priority. At a later stage (the late 1970's) another round of serious(?) generator failures led to business and community pressure on governments who directed that more surplus capacity should be made available. Attached to this paper is an extract from a 1994 Electricity Report which lists the location of Australia Power Stations in 1993. It shows that 2 units at Loy Yang B were commissioned in 1993. As the Commission would be aware one of the results of the competitive electricity market has been to increase the percentage share of MWhrs. generated for that market from Brown Coal by 5.6 % with reduced generation using cleaner sources.

As in the case of the private motor car and the modern turbofan/prop aero engine both the level of performance and the requirement for both planned and unplanned maintenance in an electricity power station has changed dramatically since the early 1980's and improvements in data processing, communication and control and system demand forecasting have matched changes in digital technology. Thus by the late 1980's it was possible to start making quite radical changes. For example since the first Guthega Generator was connected to the grid in the mid 1950's the basic layout and functions of the Snowy Mountains Scheme's Works Operational Centre remained constant until the late 1980's when the Snowy Mountains Control Centre was commissioned. Subsequently the Snowy Mountains Authority commissioned its first SCADA (Systems Control and Data Acquisition) that first SCADA is being replaced by a more powerful system. In parallel there have been substantial changes in the range of skills and number of personnel employed by the Snowy and /or engaged on contract work.

Changes in technology have undoubtedly contributed to the ability of the electricity supply industry

to do more with less but changes in government, business/industry and private consumer requirements have also played a significant role. The coverage of the electricity grid seems to be reasonably stable subject to the link between NSW and Queensland, further links from NSW (and Vic.?) to SA and the Bass Straight Link between Vic. and Tasmania. Conversely a substantial amount of work remains to be undertaken by Distributors to provide a sufficiently stable and secure service to certain parts of Regional and Rural Australia. We referred to these in our earlier submission.

BSDWG decided it should outline the electricity industry background so that we could where appropriate draw parallels in other service sectors. The Productivity Commission would reject any suggestion that its ability to dispense with the many of the technical, secretarial and clerical staff positions required by the then Industry Commission, when it was led by Mr. Cole and then Mr. Taylor, reflects a level of overmanning which was condoned at that time. The Commission should resist the temptation to indulge in similarly emotive and uninformed generalisations in other areas.

In 1987 Sir William Armstrong remarked that 'It is difficult to sustain a drive for increased efficiency and reduced numbers, however desirable, without implying that the service has been inefficient and overlarge.' BSDWG agrees that it is difficult but is satisfied that by more careful drafting it can be done.

GAS

Apart from noting that in some of the Towns and Cities the Commission visited during the course of this inquiry will have been reminded of the former nature of the gas generation, storage and supply industry there seems to be little that BSDWG needs to add to what is said in the draft report. We did however think it appropriate to draw the Commission's attention to the bottled gas side of supply which is very important to small rural communities.

WATER/SEWERAGE

BSDWG discussed the domestic water/sewerage industry in Submission 205 and is concerned that the Commission's draft report does not address any of the issues we raised. Similarly the discussion on page 65 suggests that the Commission may have misinterpreted the relationship between the water and electricity operations of the Snowy Scheme. In drought years the Scheme can be the source of up to 30% of the water available to the Murray Darling and it has a high economic value. In years of medium to high rain fall over the Murray Darling the water being released by the Snowy Scheme may have either no or negative economic value and the Murray Darling would prefer the Scheme to store its water. The Scheme was designed with some

pump storage capability and when appropriate does pump during the middle of the night so that it can 'recycle' some of its water. BSDWG also notes that the discussion on page 65 makes no mention of the economic and social value of restoring a more acceptable flow regime to the Snowy River in Southern NSW and Eastern Victoria.

AIR TRANSPORT

As we discussed in our earlier submissions Air Transport is very important to the people who live in Regional, Rural and Remote Australia and to the larger industries located there. In some areas the 'Fly in Fly out' approach has increased the size of passenger aircraft making reasonably regular visits to a Region. Since they are frequently certificated for Charter Operations there can be problems in making empty seats available for other than emergency travel. The contrast between even a 10 Seat Titan (which many senior Commonwealth and State Public Servants refused to fly in during the Pilot's strike) and a BAe 146 or an F27 is obvious to the most uninformed or insensitive traveller and is particularly important in those large areas of Australia where scheduled public transport by road or rail is not available and the only option may be a taxi.

ROAD AND RAIL

From BSDWG's perspective the views which the Commission expresses on Road and Rail Transport in Regional and Rural seem to overlook the major changes which have occurred to road and rail infrastructure since the mid 1970's. The understandable pressure on Rail Passenger, Freight and Raw Material Transport services provided by Commonwealth and State Departments and Statutory Authorities to be regularly reviewed from a 'user pays' 'cost recovery' perspective and the reluctance, since the 'Green Dog' Road Freight Baricades to apply similar principles to Road Passenger, Freight and Raw Material Transport in Metropolitan, Regional and Rural Australia has led to major distortions in the availability, standard and use of road and rail infrastructure.

In the mid 1970's W.A. was spending significant capital on sealing the Eyre Highway towards the S.A. Border. S.A. was energetically sealing the Highway towards the Victorian Border etc.. The Commonwealth Parliament's 1974 decision to pass legislation to support the of a 'National Highway Network' envisaged a 'Dust Free, Virtually Flood Free' network connecting all Capital Cities including Hobart and Darwin. Although it was initially envisaged that the network would take 20 years to complete additional funds ensured completion by 1988. To a limited extent the Rail links between Capital Cities, not including Hobart and Darwin have improved and the work towards Standard Gauge links, initiated in the 1960's due to The Hon. W.C.Wentworth's interest and powers of persuasion, has progressed.

The development of Australian Railways, other than Commonwealth Railways, was essentially on

a 'hub and spoke' basis from all State Capital Cities and Darwin. Main lines were generally supported by a network of Branch lines. Although there had been reductions of passenger and freight services on these lines since the 1960's the pace of termination of services and formal (or informal) branch line abandonment accelerated from the early 1980's.

When the Commission visited Cooma they would have noticed the rail line on either side of the Monaro Highway, the service closed about 10 years ago. When the Commission visited Bega earlier this year those members of the party who sat on the right hand side of the Coach would have noticed the rail line from Cooma via Nimitabel to Bomballa which was closed earlier. On the same visit the Commission would have noticed the major rehabilitation work on the approach to the Brown Mountain section of the Snowy Mountains Highway.

In its submission to the IPART inquiry on NSW Countrylink Road and Rail Services BSDWG drew attention to the revised pattern of Heavy Truck Operations from the far South Coast of NSW and Victoria to Sydney. The preferred route from Eden is now through South Pambula, via the Merimbula bypass and then through Bega (or Wolumla and Candelo), Bemboka, Nimitabel and Polo Flat before joining the Cooma to Canberra Road. The preferred route from the Victorian Coast is through Bombala to Nimitabel and beyond. In that submission BSDWG also drew attention to the effect of these Operations on the level of night time traffic noise in the various towns and villages along the route. Although the IPART review started more than 2 years ago no timing has yet been announced for the issue of the report and recommendations.

In the intervening period the condition of the Highway fabric in both Bega Valley and Cooma Monaro Shires has deteriorated quite markedly and rehabilitation work has been, and still is, underway in both Shires. Since the start of 1998 notes kept by Mr Halton on each trip between Cooma and Merimbula via either Bega or Candello indicate that on 80% of those trips rehabilitation work was being undertaken.

Similar 'evidence' of the costs being incurred as a result of the transfer of Freight from Rail to Road is available throughout Australia yet trucking operations are not required to make a contribution to the cost of road construction and maintenance.

On page 157 the Commission concludes that 'Rail reforms have produced significant benefits for users of rail services, particularly users in country Australia,.....'. In part this conclusion appears to be based on comments made elsewhere in the report, such as the statements on page 155 that 'Costs per net kilometre of freight have declined by 25% (over the last ten years)....' 'rail freight accounts for 55% of all freight carried in non-urban areas.' and '70% of grain production and 80% of coal production is transported by rail.' BSDWG is unable to assess the significance of this type of data without knowing whether it refers to Private and Publicly owned Railways; Whether 'Costs' does not mean 'Price' and does include all track and vehicle costs; Whether

'freight' includes raw materials and is the comparison based on value, Tonnes or Tonne Kms. what is the basis for comparisons involving grain and coal and why is there no reference to Coastal Shipping.

BSDWG has similar concerns about the road/rail comparison presented at Fig. 3.14 attributed to the BTE. It is not clear why a comparison based on Melbourne to Sydney is of particular relevance although we agree that the high grade dual carriage way together with the strategic positioning of Roadside Service Centres has contributed to the growth in the use of the Hume Highway by private cars, coaches and a variety of types of freight transport. What it does not appear to have contributed to is economy and social structure of the Cities, Towns and Villages located close to new alignment of the Highway. For the purposes of the present inquiry a comparison of road and rail from Dubbo, Orange and Bathurst to Sydney and from Sale to Melbourne might have been more informative.

Finally it should be remembered that in terms of passenger kms. travelled the ranking of road and rail for serious accidents and fatalities is (worst to best) private car, bus/coach and passenger train, while for environmental pollution in terms of freight tonnes km moved the ranking is heavy truck, light truck and freight train. Visual pollution, length and width of right of way, related to frequency of movement is usually reported as Major Highway, Highway, Twin track railway, Single track railway.

TELECOMMUNICATIONS

In 1989/90 6% of Australian Households did not have a telephone, the comparable figure for 1975/76 was 40%.

In March 1976 Telecom Australia published 'Telecom 2000' 'An Exploration of the Long-Term Development of Telecommunications in Australia' a copy of the press release issued by the then Chairman is attached for ready reference. The report was given a wide circulation including all members of both Houses of the Commonwealth Parliament and all Departments and most Agencies.

The contents page of the report, which is also attached, shows that considerable attention was given to Social and Economic Futures as well as to issues relating to Technological change. Not only did 'Telecom 2000' cover most of service changes which have been introduced in the last decade but it had a major influence on the Commission's Corporate Objectives and Commitments.

For example the Commission's 1987 Annual Report records on page 5

Services:

The meeting of customer needs for up to date, affordable, efficient communications throughout Australia is Telecom's paramount commitment.

In meeting this commitment, it is Telecom's objective to-

- +provide every household with the opportunity to obtain a telephone at an affordable price
- +maintain a level, range and high quality of telecommunications services which will assist

Australian industry and commerce to remain internationally competitive
+ensure that the benefits of technological developments are made available as widely as possible
+aim for maximum reliability and security of telecommunications services
+maintain an adequate flow of information to customers regarding the provision, use and maintenance of services.

Prices:

Telecom accepts the social responsibility to price services at an affordable level so that telecommunications services are available nationwide. Telecom is committed to pass on to customers, wherever possible, the savings achievable through the use of new and more efficient technologies and increased operational efficiency in the provision of communications services.

Employment:

Telecom is strongly committed to the development of employment opportunities for Australians in telecommunications. The ability to continue the gainful employment of a very large staff in Telecom has been in major measure the result of the demand for services generated by the introduction of new technology and improvements in the operating efficiency of the enterprise.

In 1989/90 Telecom completed more than 706000 new connections more than twice the 335000 new connections completed in 1975/76. During the same period Telecom was actively involved in the early development of the optical fibre network (the initial Melbourne - Canberra - Sydney trunk was completed in 1986/87), the Digital Radio Concentrator System for use in sparsely populated areas in 'outback Australia, Cellular Mobile Telephone Services (CMTS), Trunk Digital Radio Systems, Integrated Services Digital Networks and a wide variety of customer hardware, including digital push button telephones and mobile phones (over the last 10 years the volume of a mobile phone has reduced by a factor of 25 and its mass by a factor of 10).

During the 1990's there has been a significant reduction in Telecom/Domestic Telstra staffing, a reduced emphasis on the provision and maintenance of services in Regional, Rural and Remote Australia and as noted in Submission 210, with Telstra, price discrimination against what the Productivity Commission calls 'country Australia'.

LOCATION OF THE PRINCIPAL POWER STATIONS 1993

The location of the principal power stations in Australia and their generating capacities are as follows

NEW SOUTH WALES					
Eraring	2640	660x4	Steam	Western side of Lake Macquarie near Newcastle	1984
Bayswater	2640	660x4	Steam	Near Liddell Power Station	1985
Liddell	2000	500x4	Steam	In the Hunter Valley, near Singleton	1971
Vales Point B	1320	660x2	Steam	On Lake Macquarie near Newcastle	1978
Wallerawang C	1000	500x2	Steam	Near Lithgow	1976
Mt Piper	660	660x1	Steam	Near Lithgow	1992
Munmorah	600	300x2	Steam	On Lake Munmorah, 50km South of Newcastle	1967
Shoalhaven	240	40x2	Hydro	Near Nowra	1977
		80x2			
Northern	100	25x4	Gas Turbine	Near Eraring Power Station	1982
Koombangan	95	25x1	Gas Turbine	Grafton	1982
		23.4x3			
Broken Hill	50	25x2	Gas Turbine	Broken Hill	1989
Hunter Valley	50	25x2	Gas Turbine	Near Liddell Power Station	1988
Warragamba	50	50x1	Hydro	65km west of Sydney	1959
Hume (NSW share 50%)	25	25x1	Hydro	Hume Weir, Albury	1957
Burninjuck/Keepit/	20	Various	Hydro	Various	1938/60
Brown Mountain					
VICTORIA					
Loy Yang A	2000	500X4	Steam	165km east of Melbourne	1984/7
Hazelwood	1600	200X8	Steam	153km east of Melbourne	1984/71
Yallourn 'W'	1450	350X2	Steam	140km east of Melbourne	1973/75
		375X2			1981/82
		500X2			1993
Loy Yang B	1000		Steam	165km east of Melbourne	
(Mission Energy Holdings)					
Newport D	500	500X1	Steam	6km south-west of Melbourne	1980
JeeralanG	466	56.5X4	Gas Turbine	157km east of Melbourne	1979
		80X3			1980
Morwell	170	20X1	Steam	150km east of Melbourne	1958
		30X3			1958/59
		60X1			1962
Anglesea (Alcoa Aust. Ltd.)	150	150X1	Steam	100km south-west of Melbourne	1969
Dartmouth	150	150X1	Hydro	Dartmouth	1980
Eildon	120	60X2	Hydro	Eildon	1956/57
McKay Creek	96	16X6	Hydro	Kiewa	1960
West Kiewa	61.6	15.4X4	Hydro	Kiewa	1955/58
	26	13X2	Hydro	Kiewa	1944/45
	9.2	4.6X2	Hydro	Kiewa	1928
Lower Rubicon	2.7	2.7X1	Hydro	Rubicon	1928
Royston	0.8	0.8X1	Hydro	Rubicon	1928
Rubicon Falls	0.3	0.3X1	Hydro	Rubicon	1926
Cairn Curran	2	2.0X1	Hydro	Cairn Curran	1960
QUEENSLAND					
Gladstone*	1664	275X6	Steam	Gladstone	1976/82
		14X1	Gas Turbine		1976
Tarong	1415	350X4	Steam	Near Nanango, 140 km northwest of Brisbane	1984/86
		15X1	Gas Turbine		1983
Swanbank	840	120X4	Steam	40km west of Brisbane adjacent to Ipswich	1966/73
		66X5	Steam		
		30X1			
Callide 'B'	700	350X2	Steam	110km South of Rockhampton	1969
Wivenhoe	500	250X2	Hydro	Brisbane River, 30 km. north of Ipswich	1988/89
			Pump Storage		1984
Stanwell	350	350X1	Steam	28km west of Rockhampton	1993
Kareeya	72	18X4	Hydro	Cairns region, Tully Falls	1957/59
Middle Ridge	60	60X1	Gas Turbine	Near Toowoomba	1970
Barron Gorge	60	30X2	Hydro	Cairns region, Barron Gorge	1963
Mackay	34	17X2	Gas Turbine	Mackay	1976/77
Rockhampton	25	25X1	Gas Turbine	Rockhampton	1967
Tarong	15	15X1	Gas Turbine	Tarong	1983
	159		Steam	Mt Isa	

SOUTH AUSTRALIA					
Torrens Island 'B'	800	200X4	Steam	16km north-west of Adelaide	1977
Northern Units 1&2	500	250X2	Steam	5km south of Port Augusta	1985
Torrens Island 'A'	480	120X4	Steam	16km north-west of Adelaide	1967
Thomas Playford 'B'	240	60X4	Steam	5km south of Port Augusta	1960
Dry Creek	153	52X3	Gas Turbine	9km north of Adelaide	1973
Mintaro	90	90X1	Gas Turbine	110km north of Adelaide	1984
Snuggery	75	25X3	Gas Turbine	400km south-east of Adelaide	1978
Whyalla(BHP Co. Ltd.)	60	Various	Steam	Whyalla	1941
Port Lincoln	9	4X1	Steam/Diesel	Port Lincoln	1934
WESTERN AUSTRALIA					
Muja	1040	200X2	Steam	209km south-east of Perth	1985/86
		200X2	Steam		1981
		60X4	Steam		1965
Kwinana	901	200X2	Steam	32km south of Perth	1976
		21X1	Gas Turbine		1972
		120X4	Steam		1970
Pinjar	380	37X2	Gas Turbine	35km north of Perth	1990/92
		36X5	Gas Turbine		
		116X1	Gas Turbine		
Bunbury	120	30X4	Steam	181km south of Perth	1957
Mungarra	112	37X2	Gas Turbine	60km east of Geraldton	1990/91
		38X1	Gas Turbine		1990/91
Kalgoorlie	62	25X1	Gas Turbine	596km east of Perth	1984/90
		37X1	Gas Turbine		
Geraldton	21	21X1	Gas Turbine	483km north of Perth	1973
Wellington Dam	2	2X1	Hydro	200km south-east of Perth	1992
TASMANIA					
Gordon	432	144X3	Hydro	Gordon River	1978
Poatina	300	50X5	Hydro	Central Plateau Area	1964
Bell Bay	240	120X2	Steam	Bell Bay	1971
Reece	231	115.6X2	Hydro	Pieman River	1966
John Butters	144	144X1	Hydro	King River	1992
Tungatinah	125	25X5	Hydro	Central Plateau Area	1953
Tarraleah	90	15X6	Hydro	Central Plateau Area	1938
Cethana	85	85X1	Hydro	Forth River	1971
Liapootah	83.7	27.9X3	Hydro	Central Plateau Area	1960
Trevallyn	80	20X4	Hydro	Launceston	1955
Bastyan	79.9	79.9X1	Hydro	Pieman River	1983
Mackintosh	79.9	79.9X1	Hydro	Murchison River	1982
Devils Gate	60	60X1	Hydro	Forth River	1969
Lemonthyme	51	51X1	Hydro	Forth River	1969
Catagunya	48	24X2	Hydro	Central Plateau Area	1962
Fisher	43.2	43.2X1	Hydro	Fisher River, tributary of Mersey River	1973
Meadowbank	40	40X1	Hydro	Lower Derwent	1967
Wayatinah	38.3	12.75X3	Hydro	Central Plateau Area	1957
Lake	32.4	32.4X1	Hydro	Central Plateau Area	1956
Wilm.	30.6	30.6X1	Hydro	Forth River	1971
Repulse	28	28X1	Hydro	Lower Derwent	1968
Palcoona	28	28X1	Hydro	Forth River	1972
Waddamana 'B'	24	12X2	Hydro	Central Plateau Area	1944
Chuny	17	17X1	Hydro	Lower Derwent	1968
Buller's Gorge	12.2	12.2X1	Hydro	Central Plateau Area	1951
Rowallan	10.4	10.4X1	Hydro	Mersey River	1968
SNOWY MOUNTAINS					
Tumut 3	1500	250X6	Hydro	Talbingo	1972
Murray 1	950	95X10	Hydro	Khancoban	1966
Murray 2	550	137.5X4	Hydro	Khancoban	1968
Tumut 1	320	80X4	Hydro	Cabramurra	1959
Tumut 2	280	70X4	Hydro	Cabramurra	1961
Blowering	80	80X1	Hydro	Blowering	1971
Jindabyne	63.9	31.9X2	Hydro/Pumping	Jindabyne	1955
Guthega	60	30X2	Hydro	Guthega	
NORTHERN TERRITORY					
Channel Island	190	31.6X5	Gas Turbine/		1986
		32X1	Combined Cycle/		
			Darwin		1986
Alice Springs Old	58	2.25X2	Diesel/	Alice Springs	1991/92
and		11.7X1	Dual Fuel/		1988
			Gas Turbine/		1987

		0.865X1			1965
		1.1X2			1963
Katherine Old and Katherine New	31	2.25X1	Diesel/ Gas Turbine	Katherine	1991
		6.5X3			1987
		1.7X1			1987
		0.9X6			1982
		2.0X1			1976
Berrimah	30	15X2	Gas Turbine	Darwin	1979
Tennant Creek	18	2.25X2	Diesel/ Gas Turbine	Tennant Creek	1992
		4.1X1			1987
		1.56X6			1975
Pine Creek	15	2.5X6	Gas Turbine	90km north of Katherine	1989
Yulara	8	1.1X2	Dual Fuel	450km south-east of Alice Springs and 20km from Ayers Rock	1989
		1.4X2			1986
		0.65X4			1982



News Copy

"TELECOM 2000"

Mr. R.D. Somervaille, Chairman of Telecom Australia, today released a report on likely trends in telecommunications developments in the remaining quarter of this century. The report is known as Telecom 2000.

Mr. Somervaille described the report as an exploration of alternatives - not a blue print for detailed planning but rather an exposure of possible economic, technological and social developments and the effect that these will have on the availability and demand for telecommunications services in Australia in the next 25 years.

"It is appropriate that the report should be released at this time" Mr. Somervaille said. "This week we are paying tribute to the invention of the telephone by Alexander Graham Bell 100 years ago, an invention that brought a new dimension to business and social life in the 20th Century. New developments will bring even greater changes in the years ahead".

At present there is a telephone in 6 out of every 10 homes in Australia. "We expect usage to increase", Mr. Somervaille said, "until by the year 2000 there will be a telephone in virtually every home".

The present telecommunications network in Australia represents a national asset of about \$4,000 M. It ranks among the world's best and carries a wide range of traffic - the spoken and printed word, data of many kinds, aural and visual images.

The report points out that this network has the capacity to handle many types of subscribers' services and recommends that Telecom Australia give priority to establishing services that will improve the utilisation of the network. Services such as facsimile, mobile radio and extended telex and data services are expected to be in high demand in the next decade or so, and can be handled by the existing network.

Live visual services such as videophone require an expensive wide band network. Because of the high cost, demand for this type of service will be slower to develop and may appear initially as private networks within large business organisations.

Micro miniaturisation, computers, glass fibre optics and satellites will all play a role in the network of the future and these advanced techniques are expected to keep the costs of new services to acceptable limits. The Commission has been actively investigating all of these techniques and the Report recommends increased activity in some of them.

The report was prepared by a small inter-disciplinary team within Telecom Australia. During their studies the team had substantial discussions with many organisations and many individuals, and commissioned research in universities and by private consultants.

Telecommunications developments have major implications in such areas as education, transport, urban planning and in accepted patterns of work and leisure. The team found widespread interest in the utility of new and improved services, and in some cases there was concern about their possible effects.

A complex interaction was found between the expressed telecommunication needs of society and information about the particular types of services available or in prospect. The report recommends open planning to permit a free exchange of information and views between users and providers. Realistic field trials are also believed to be necessary to give experience on which to base conclusions about unfamiliar services.

'It is impossible to be sure about the way society will use telecommunications in 25 years or even less', Mr. Somerville said. 'We must plan flexibly so that we are able to respond quickly to new and changed needs'.

Many of the conclusions and recommendations in the report are matters which will be the subject of future policy decisions by Telecom Australia itself. Others are more wide ranging and could be considered contentious by some.

"The report is being made public so that further debate and discussion can take place before firm conclusions are reached", Mr. Somerville said.

Comment is invited on any of the matters dealt with in the report. So that they may be properly considered, comments should reach Telecom Australia before 30th September, 1976. Copies of the report may be obtained from:

The Manager,
National Telecommunications Planning Branch,
Telecom Australia,
199 William Street,
Melbourne, Vic. 3000.

and comments should be sent to this address.

EMBARGO

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contains chapters corresponding to each of
the subject areas summarised in Part A.

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Additional Comments on Cost/Price Changes, Service Quality and the question of Reasonable Access

In Submission 205 BSDWG made a number of comments and provided real data relating to Cost/Price changes which are relevant to the Commission's inquiry into Regional and Rural Issues. In this submission BSDWG concentrates on other issues which arise as a result of information provided and views expressed in the draft report.

ELECTRICITY

The table on page xxxiii appears to be based on information provided in the Productivity Commission's earlier report Ref. 1998g. Although the draft report claims that in NSW there has been a 23% reduction in real (inflation adjusted) prices to all customers. In fact Ref. 1998g acknowledges that the Commission made no attempt to include data relating to 21 distributors in Regional and Rural NSW. If the Commission wishes to include NSW in its final report it will need to revisit data relating to those distributors and differentiate between Metropolitan and other markets.

As the Commission would be aware the NSW Ministry of Energy and Utilities has recently started to advertise the availability from 1 July 1999 of a single retailer contract option for consumers with an over 100 megawatt-hour per year requirement at at least two premises in NSW and an annual purchase of more than \$100 000 in NSW. The advertisement makes no reference to the possibility of aggregating purchases in NSW with those in other States and the ACT. A copy is attached for ready reference.

BSDWG has seen no recent reference to an up-to-date estimate as to the likely timing of a competitive retail market for domestic consumers.

MILK

The Merimbula News Weekly dated June 9 1999 carried an article about retail milk prices which does not appear to have been covered in the Metropolitan Broad Sheets. Follow up inquiries established that it was based on surveys undertaken on behalf of the NSW Dairy Corporation

NSW Dairy Corporation appear to have commissioned surveys in both September 1998 and March 1999. The later covered 300 retail outlets across NSW, 2/3 in Newcastle, Sydney and Wollongong with the remaining 1/3 in 'regional' areas. Information provided with respect to both surveys is attached.

BSDWG notes that although transport costs might be expected to influence retail prices the data

provided by these surveys does not support that view.

PETROL

The draft report refers at pages xxxvii and 289/90 to deregulation of the petroleum industry and the expectation that this may increase competition and benefit motorists. The draft report refers specifically to Woolworth's Petrol Plus initiative but did not refer to the advice in Submission 205 that Woolworth's had received permission to offer Canberra customers a 2cent discount in Cooma whilst denying Merimbula customers the same discount in Cooma. That issue has now been compounded since Canberra customers can now access discounts of 2, 4 or 6cents in Cooma.

The report also refers P290 to its meetings in Albany and Bega where concerns related to 'shadow pricing' were expressed. In both cases local supplies can be accessed from bulk product delivered by Coastal Shipping to terminals in Albany and Eden. In the case of the Eden terminal it does appear to affect the retail price in Eden, South Pambula, Pambula, Pambula Beach, Merimbula, Turra Beach and Tathra. During the focus group discussion in Bega the reluctance of Petrol Stations to prominently display the price of petrol may have been mentioned to the Commission.

In a recent press release the NSW Minister for Fair Trading has referred to a recent survey undertaken by his Department which ranks Broken Hill (82.7cents), Bega (81.3cents) and Batemans Bay (79.9cents) as the most expensive in NSW for a litre of petrol.

Submission 205 referred to an earlier study by the Chairman of the Independent Pricing and Regularity Tribunal. In the light of the general level of interest in this issue BSDWG asked Mr Halton to monitor prices at the Petrol Stations he usually buys Petrol from in Hughes ACT, Merimbula and Sydney(Canterbury Road).

He has now provided the following data on price per litre

Hughes 73.9 (27 May), 69.9 (31), 68.9/73.9 (1 June), 72.9 (2), 72.9 (3), 71.9 (4), 70.9 (5), 70.9 (7), 69.9 (10), 73.9 (17), 72.9 (18), 71.9 (19), 71.9 (21), 74.9 (22), 74.9/71.5 (23), 73.9 (30), 73.9 (1 July), 73.9 (2), 72.9 (3), 72.9 (4), 72.9 (5), 72.9/75.9 (6), 75.9 (7), 74.9 (8), 74.9 (14), 74.9 (15), 71.9 (16)

Merimbula 80.9 (27 May), 80.9 (30), 79.9 (10 June), 79.9 (12), 79.9 (16), 79.9 (8 July), 79.9 (9), 79.9 (10), 79.9 (11), 79.9 (12), 79.9 (13)

Sydney 64.7 (23 June), 64.7 (28)

The price range in Hughes was 7cents and in Merimbula 1cent. Mr Halton advises that during the first 6 months of 1999 the price in Sydney did not exceed 66.7 on any day he travelled along the Canterbury Road. There is little evidence that recent Government initiatives have, so far, led to changes in petrol prices in Regional and Rural Australia. It is however clear that they have lead to a reduction in the price differential between leaded and unleaded petrol, which may slow down the removal of older, less environmentally friendly, cars.

TELECOMMUNICATIONS

On page xxxiii the draft report quotes a reduction in the price of STD calls between 1991/92 and 1996/97 of 25%. It also refers to a 30% reduction in Telstra's retail call prices over the same period. There is no indication whether these reductions account for inflation or apply to Metropolitan/Metropolitan Metropolitan/Non Metropolitan or Non Metropolitan/Non Metropolitan calls.

BSDWG has been unable to verify these claims but is aware that between 1975/76 and 1989/90 the cost of a Telecom STD maximum distance 3 minute call fell from \$2.70 to \$1.72. During the same period the cost of a local call rose from 9 cents to 21 cents. Submission 210 makes additional comments relating to the cost of Telecommunications outside the Metropolitan Centres and the level of price discrimination which is now practised by Telstra.

One of the members BSDWG has been able to locate a small number of Telecom Bills which can be used to compare then year prices with those introduced by Telstra last January:

12 May 1991 7.27 pm Sydney-Bowral 2mins 12 sec. price 44cents	1999 price 51cents
31 May 1995 2.20 pm Canberra-Merrimbula 51 sec. price 41cents	1999 price 40 cents
6 July 1995 11.11 pm Canberra-Merimbula 18mins 30 sec. price \$2.66	1999 price \$2.79
25 July 1995 5.16 pm Canberra-Cooma 15mins 46 sec price \$5.38	1999 price \$3.47

WATER/SEWERAGE

On page xxxiii the draft report refers to a real reduction of 30% in water prices for metropolitan customers in NSW between 1991/92 and 19996/97. Data for metropolitan consumers in Victoria and Tasmania is also provided. Even if the data relates to water and sewerage we do not understand its relevance to a report on Regional and Rural Australia.

It is, however, relevant to point out that in the Commissions earlier report Ref. 1998g there was no data on cost/prices for NSW water authorities other than the Sydney Water Corporation and the Hunter Water Corporation. Irrespective of the choice between the Commission's definition of country Australia and BSDWG's Regional and Rural the performance of Local Government Trading Enterprises appears to have been neglected as has the contribution which some Local Government's are required to make to Metropolitan Authorities who extract water without payment.

The data which is presented in Submission 205 remains relevant to both these issues. Sydney Water is understood to retain its interest in an additional catchment south of the existing Shoalhaven catchment. We look forward to the application of the full range of economic, environmental and social cost benefit analysis

which the Commission's draft report suggests is an essential part of National Competition Policy being undertaken and considered by the NCC. An appropriate C.S.O. can then be provided by the State to the Shire, and subsequently reimbursed by Sydney consumers, if the additional catchment needed.

Issues relating to Service Quality and the question of Reasonable Access are discussed in various sections of the report.

The histograms presented on page xxxv illustrate the difficulty of taking information from a number of different sources and quoting it without careful reference to the context. At the bottom of page xxxiv the report refers to the connection service for new country customers, without explaining whether or not country has the same meaning as country Australia, and on the following page refers to urban, rural and remote. The Commission might wish to consider recommending use of more consistent language in dealing with issues relating to services to consumers.

One omission from the various references to service quality is the question of coping with major failures. In 1998 Victoria experienced a failure in the provision of the States Gas Supply from the Bass Strait fields and earlier in the year Queensland had a significant failure in Electricity Supply. In New Zealand Auckland experienced major electricity distribution difficulties and in England the West Riding of Yorkshire had water rationing because of extremely high water losses in the pipe network. Several of these failures have, at least in part, been attributed to economy measures introduced to meet competitive pressures. The Commission's views should be included in its final report.

One of the issues which impacts on the question of Reasonable Access is Horizontal Fiscal Equity and at page 314 the draft report uses reasonable access to a hospital with appropriate facilities and surgical programs to illustrate the dilemma. It seems quite clear that the Commonwealth have failed to adequately address the issue in Metropolitan Areas and that Major Hospitals are located where large populations were centred 50 or more years ago rather than close to current centres of population. The resources of both skilled staff and facilities prove very difficult to move and considerable distortions in service access. To people living in Regional and Rural Australia the facilities and skilled staff have frequently been moved with no apparent consideration of social and environmental issues and what is seen as a narrow economic focus. To take a simple example the Medical Profession applies considerable pressure to ensure that deliveries after first pregnancies take place in a fully equipped Hospital. In the case of couples living in, say, Moruya a 2.5 to 3 hour journey to Canberra is required and this is sometimes rehearsed more than once to ensure that the driver is familiar with the road, including Clyde Mountain, by day and night. In the 1960's Soberman advocated a reciprocal test of 'reasonable access' which if

applied to the present example would involve the Commission forming a view as to whether a fully equipped Hospital in Moruya would constitute reasonable access for patients living in the ACT.

The Power of Choice



Do you have at least two premises in NSW each using over 100 megawatt-hours (about \$10,000) of electricity a year?

Do you also purchase more than \$100,000 of electricity per annum for all your premises in NSW?

...if your answer is "Yes" to both questions...

**...find out NOW if you can choose
your electricity retailer...**

...by aggregating your over 100 megawatt-hour premises in a single contract from 1 July 1999.

Please contact:
your electricity retailer of choice, or
the NSW Ministry of Energy and Utilities:
Website: <http://www.doe.nsw.gov.au>
Freecall Information
& FaxBack Service: 1800 671 650



THE NEW SOUTH WALES GOVERNMENT

DETAILED BREAKDOWN OF MARCH 1999 SURVEY ON WHOLEMILK PRICES

<u>Pack size</u>	<u>Super-markets</u>	<u>Secondary s/markets</u>	<u>Take-away</u>	<u>Local stores</u>	<u>Service stations</u>	<u>Metro region</u>	<u>Country region</u>	<u>State average</u>
300ml	Generic	53c	n/a	n/a	n/a	53c	51c	53c
300ml	Branded	53c	55c	56c	58c	55c	57c	55c
600ml	Generic	n/a	n/a	n/a	n/a	78c	78c	78c
600ml	Branded	80c	84c	84c	85c	83c	83c	83c
1litre	Generic	\$1.20	n/a	n/a	n/a	\$1.21	\$1.20	\$1.21
1litre	Branded	\$1.22	\$1.25	\$1.24	\$1.24	\$1.23	\$1.24	\$1.23
2litre	Generic	\$2.41	n/a	n/a	n/a	\$2.37	\$2.32	\$2.35
2litre	Branded	\$2.42	\$2.41	\$2.41	\$2.49	\$2.42	\$2.43	\$2.43
3litre	Generic	\$3.63	n/a	n/a	n/a	\$3.63	\$3.56	\$3.57
3litre	Branded	\$3.64	\$3.65	\$3.65	\$3.65	\$3.64	\$3.63	\$3.64

Survey carried out by TMD Approach on behalf of the NSW Dairy Corporation.
 Figures provided for release on 1st June, 1999.

SURVEY RESULTS ON THE RETAIL PRICE OF MILK IN NSW

<u>Pack size</u>	<u>Pre-Deregulation</u>		<u>Post-Deregulation</u>			
	<u>Generic</u>	<u>Branded</u>	<u>September 1998</u>		<u>March 1999</u>	
300ml	n/a	50c	<u>Generic</u> 49.9c	<u>Branded</u> 50.79c	<u>Generic</u> 53c	<u>Branded</u> 55c
600ml	n/a	76c	75.89c	78.21c	78c	83c
1litre	\$1.12	\$1.16	\$1.15	\$1.19	\$1.21	\$1.23
2litre	\$2.23	\$2.32	\$2.24	\$2.34	\$2.35	\$2.42
3litre	n/a	\$3.48	\$3.39	\$3.45	\$3.57	\$3.64

Survey carried out by TMD Approach on behalf of the NSW Dairy Corporation.
 Figures provided for release on 1st June, 1999.

Community Service Obligations

Throughout the draft report there are references to Community Service Obligations (CSO). For example on pages xxxii, 81, 89, 90, 99, 246 and 316. There is occasional acknowledgement that CSO can occur in metropolitan areas and on page 346 a specific reference to public transport in urban areas but the overall impression left by the report is that CSO are provided by Metropolitan tax payers to residents of Regional and Rural Australia.

BSDWG agrees with the view expressed on page 81 that 'it is difficult to sustain an argument that cross-subsidies should remain hidden, with the result that the community does not have the information available to ascertain whether cross-subsidies are in the public interest'. It therefore seems reasonable for the draft report to highlight on page 246 the \$72M provided to the South Australian Water Corporation and on page 248 the \$182M provided to the West Australian Water Corporation. Conversely it seems equally unreasonable to fail to refer to the provision of domestic water from a Shire to a Metropolitan Water Authority and the provision of water (domestic and irrigation) from a Shire to the Commonwealth NSW and Victoria for electricity generation and to NSW, Victoria and S.A. for irrigation purposes even though examples had been included in Submission 205.

Submission 205 also drew attention to the lack of a cost recovery strategy for the use of Australia's Road network by Freight and Bulk Road Transport, Public Passenger Transport and Private Transport. Not only does this mean that cross subsidies do remain hidden but it also has led and still leads to misallocation of resources and inappropriate/inefficient use of road transport affecting economic, social and environmental priorities.

Not only did the Commission decide that the issue warrants less than 2 lines of text on page 145 but a similar approach seems to be taken by the NCC. The only reference in their 1997/98 annual report is '...reforms are focussing on matters such as national licensing requirements for heavy vehicle operators, road pricing and vehicle standards.' and there is an even briefer reference in Edition 10 of NCC Update which dealt with 'Australian Road Reform'.

Page 1 of the then Australian Department of Transport's Annual Report for 1978-79 records that '...an increasing emphasis is being placed on productivity improvement,and -in the case of government-greater attention to cost recovery (based on the user pays principle).s On page 4 under the heading 'Development of Modes - Land' the report records:

' Following highway blockades by long distance owner-drivers to bring attention to conditions in the industry, transport Ministers met in Melbourne on 7 April and reached agreement on a number of points

which facilitated cessation of the blockades. These included replacement of road maintenance charges by an alternative system, raising of the gross vehicle limit to 38 tonnes, investigation of a possible arbitration system for settling owner-driver rates and conditions, investigation of a road hauliers' advisory service and a study by the Bureau of Economics (BTE) of the interaction of road, rail and sea freight rates. The BTE report, released on 30 June, covered the relationship between owner-drivers and freight forwarders and competition which is faced by the industry from other modes.'

The National Road Freight Industry Inquiry chaired by Tom May reported in May 1984, it recommended that full cost recovery in rail and road transport should be phased in over a specified period of time. The report estimated that if fuel, ownership and operation, sales taxes and customs duties and stamp duties were hypothecated as user charges road transport users would contribute \$1550M.

The Inter-State Commission's (last) report 'Road Use Charges and Vehicle Registration: A National Scheme' published in 1990 forms the basis for work undertaken during the 1990's. In summary more than 20 years after 'Green Dog' co-ordinated the 1978 blockades the user pays principle is not yet being observed. Working from present arrangements the Institution of Engineers Transport Task Force, chaired by the former chairman of the I.S.C. , estimates that the use of urban private passenger vehicles will double in the next 20 years and the freight task in Cities will increase 4 fold.

One measure of the level of cross subsidisation to Road Transport in Metropolitan areas is available from the patronage of Toll Ways. The M5 from the Hume National Highway to King Georges Road charges \$2.50 for private cars and \$5.50 for trucks.

As previously mentioned in Submission 205 BSDWG believes that both the Productivity Commission and the NCC should give no less attention to the level of CSO available to Road Users in Metropolitan Areas than is traditionally given to the level of CSO provided in Regional and Rural Australia.

Finally it needs to be remembered that the NSW Government makes arrangements to reimburse residents of NSW who have applied to become Cashback Account holders with either the M4 or M5 Motorways. They are entitled to claim a rebate only for trips made in NSW privately registered motor cars or motor cycles. Trips undertaken in vehicles which do not carry a NSW private registration (for example business and government cars) are rental cars or Vehicles registered in other States or Territories are not eligible. Reimbursement does not apply to trucks.

Not only does this scheme not apply to NSW motorists in Regional and Rural Areas who are

either unaware of the arrangement or who have not become a Cashback Account holder but it appears to discriminate against a broad class of motorist. As such it appears to be a CSO which has not been subject to appropriate public scrutiny nor, so far as BSDWG can establish, has it been subject to consideration by the NCC.

Further thoughts on national competition policy

Although the terms of reference for the Inquiry require the Commission to 'specifically report on:

- (b) the economic and social impacts on regional and rural Australia....
- (c) possible differences between regional and metropolitan Australia....and in the economic and social impacts of the reforms.....
- (d) any measures which should be taken to facilitate the flow of benefits (or to mitigate any transitional costs or negative impacts)....to residents and businesses in regional and rural Australia.'

the draft report concentrates on:

the economic impacts of (b) and (c)

responds to (d) by recommending on page xxxii that 'There should be no across-the-board extension of the NCP target dates.' although Recommendation 7 suggests that CoAG should give consideration to the formal extension of the rural water reform timetable.

Recommendations 8 and 9 do not respond to (d) by identifying any specific proposals relying instead on statements of general principles.

Although not reflected in any of the 'action' based recommendations it is clear that at many of the Commission's focus group meetings around Australia there were participants with an inadequate or distorted view of what constitutes National Competition Policy. Although the draft report indicates that when NCP was explained a lot of the concerns disappeared there is no reference to any follow up interviews to established whether participants were still satisfied or were now able to more effectively articulate their concerns. Similarly there appears to be no reference to the Commission using these meetings to establish what material is available, for example in public libraries, to allow members of the local community to become familiar both with the general concepts and with particular applications.

From BSDWG's own inquiries we have yet to find a public library in a Shire with a population of less than 10000 which has any published material. Even newsletters issued by the ACCC and NCC would help as would a current list of useful contact names and telephone numbers. Although most libraries have only 1 Internet Terminal with access time at \$6 an hour (the minimum fee is generally \$3) there does not appear to be any lists of what is available and how to access it. Bearing in mind that most Terminals are heavily booked for other than a break in the late morning Internet access is not

yet a realistic alternative to hard copy and a 13 or 1800 telephone number to access technical advice.

A related issue is the question of Competitive Neutrality (CN) and Competitive Tendering and Contracting (CTC). On page 275 the draft report quotes The Shire of Yarra Ranges as issuing road maintenance tenders for each of the two regions in the Shire. A number of examples of that nature would help the reader to evaluate how well, or badly, Local Government is adapting to the new regime. It would also assist in evaluating the reasonableness of the conclusion, P274, of the I.C.'s CTC report. Similarly examples of cases where the NCC has evaluated cases brought to its attention and either supported or objected to the Local Authorities approach would assist in assessing the Commission's view that a case has not been made for an across-the board extension of the NCP target dates in Regional and Rural Australia.

Even if the NCC sticks to the view, quoted on page 331, that when governments (which BSDWG understands to include local government) consider that phasing (extensions or delays) is necessary, they will need to submit a public benefit case then NCC should be asked to indicate how it proposes to evaluate such cases. In June and August 1996 both the President and Executive Director took the view that:

'The Council's assessment role does not extend to making judgements about the social objectives and policies of individual governments.'

The president went on to say '...governments have a sovereign right to determine their own social policies in relation to their jurisdictions. There is however, a presumption within the CPA that, in making decisions about whether reforms will be undertaken, governments will weigh the costs and benefits to the community.'

BSDWG cannot understand how the NCC can evaluate a public benefit case if it does not regard its role as including taking a view on the costs and benefits to the community of both social and environmental considerations. Nevertheless it does appear from the range of skills and experience available within the Commission and amongst its Officers that the NCC is not well equipped to assess the impact of such issues in Regional and Rural Australia. For ready reference Section 5C of Submission 205 is attached.

A similar issue is raised by the treatment in the Commission's draft report of the 'public interest' and, in particular, what is said on pages 74 and 75. It seems to BSDWG that this relies quite heavily on the NCC's January 1999 paper Some Impacts on Society and the Economy and on Appendix 1 to that document. In Submission 205 we pointed out the Clause 1(3) of the CPA places a number of obligations on Governments and their agencies and that the obligation imposed by Clause 1(3) (d)-(j) is 'shall', not 'may', take into account. Once again what is required is much broader than a consideration of economic issues.

We suspect that these considerations may have had some influence on the outcome of the NSW rice review

reported on page 184 and have therefore suggested some additional recommendations for the Commission's consideration. They can be found in the first section of this Submission.

Attachment C PRESENT COMPOSITION OF KEY COMMONWEALTH NCP
REGULATORY AND POLICY REVIEW BODIES

1. National Competition Council June 1998

Hilmer Recommendation Page 319:

The Council would comprise a full-time chairperson and up to four members (some of whom may be part-time) who would be selected for their knowledge of, or experience in, industry, commerce, economics, law or administration. Appointing members of high calibre and independence would clearly be the top priority.

NCC Annual Report Page 306:

5 Councillors including the President are all part time
4 are described as Company Directors including 3 who are also described as Consultants
2 have Legal Qualifications, 1 graduated as an Engineer and is also a MBA, 1 has a PhD in Economics and a Dip Ed and 1 has a BA Hons.
At present 1 is a resident of Melbourne, 2 Sydney, 1 Perth and 1 Brisbane. None appear to have lived/worked outside a Capital City other than when undertaking Post Graduate studies at James Cook, Harvard and Stanford Universities.

2 Australian Competition and Consumer Commission June 1998

Hilmer Recommendation (for ACC) Page 339:

The Commission comprise a Chairperson and such number of other members as are from time to time appointed with knowledge of, or experience in, industry, commerce, economics, law or administration appointed by the Commonwealth Government in consultation with State and Territory Governments.

ACCC Annual Report Page xiii:

The Commission comprises six full-time Commissioners including a Chairperson and a Deputy Chairperson and seven part-time Associate Commissioners. There are also seven ex-officio members.

Prior to becoming full time statutory office holders 2 held University appointments, 1 was employed by a large multinational public company developing and producing hardware and software for the data processing industry and had worked for that company in Japan, U.K. and U.S.A. as well as Australia, 2 were members of the Commonwealth Public Service and 1 was employed by a Commonwealth Telecommunications Statutory Authority. 1 is a resident of

Melbourne and 5 appear to be resident in the A.C.T.

One Commissioner has degrees in Law and Economics, 3 have Legal Qualifications, 1 is an Economist and 1 obtained an MBA after initially qualifying as a Mathematician. Before taking up these positions it seems clear that one or more Commissioner had worked in Cambridge(U.K.) Perth and Sydney and had studied at Duke, Queensland and Stanford Universities.

Less detailed information is provided with respect to the (permanent) part time Commissioners.

It seems clear that 1 has degrees in Economics and Law, 2 are Economists, 3 have Legal Qualifications, 2 are Company Directors and 1 has initial and post graduate qualifications in Pharmacy. They are residents of Sydney, Brisbane, Adelaide and the A.C.T., 1 was previously a resident of Newcastle.

The ACCC decision making structure at page 241 and the organisational chart opposite page 1 suggests equal status for the Ex officio members. 3 have Legal Qualifications, 3 are Economists and 1 initially graduated with a B.Eng(Mining) and has post graduate qualifications in business administration and resource economics. They are residents of Sydney, Melbourne, Brisbane, Hobart and the A.C.T., 1 was previously a resident of Wollongong.

3 Productivity Commission at 30 June 1998.

Although the structure and qualifications of the (then) Industry Commission are not discussed explicitly in the Hilmer Report the thrust of the report suggests that it was assuming a similar approach to that which it proposed for the ACC.

PC Annual Report Page 41:

There are 5 Full Time Commissioners and 2 (permanent) Part Time Commissioners.

Of the 5 Full Time Commissioners 4 have Economics Qualifications, 1 has Forestry and Economics Qualifications. Before taking up their full time appointments 2 held academic appointments (1 is on secondment) 1 was a Commonwealth Public Servant serving as an Executive Director of the World Bank, 1 was the Assistant Director General Center for International Forestry Research, Bogor, Indonesia and 1 was a Consultant. In addition to the A.C.T. Commissioners have lived and worked in Melbourne, Bogor, Geneva, London and Washington. Commissioners have studied at U.B.C. Vancouver and the University of London (L.S.E.).

1 of the (permanent) Part Time Commissioners has Economic Qualifications, 1 has Urban Geography and Economics Qualifications. In addition to their work with the Commission they have Academic Appointments, hold positions as Company Directors and Consultants and 1 has

earlier public service experience with the Commonwealth and both the A.C.T. and N.T.. 1 studied at the University of London (L.S.E.).

	NCC	ACCC				IC		
		a	b	c	d	a	b	c
Industry	1	1		2		1		
Commerce	3	1		1				
Economics	1	2		3	4	5		2
Law	2	4		4	3			
Administration	2	1			1			
Other	1	1		1	1			
<hr/>								
A.C.T.		5	2	1	2	5	3	1
Melbourne	1	1	2		1			
Sydney	2		2	3	2		2	
Brisbane	1			1	1			
Perth	1			1				
Adelaide				1				1
Hobart					1			
Darwin								
Previously resident in:								
Other Cities (NSW)					1		1	
Other Cities								
Towns etc								

Column a indicates the present location of Full Time Commissioners. Column b indicates the location of their previous residence in Australia.

Columns c and d relate to Permanent Part Time Commissioners and Ex Officio Members