

IMPACT OF COMPETITION POLICY REFORMS ON RURAL AND REGIONAL AUSTRALIA

Submission prepared and presented by the Bass Coast Shire Council

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The Bass Coast Shire Council is a local government authority constituted on 2 December, 1994 under the Local Government Act in the State of Victoria. The Shire comprises an area of 850 square kilometres in the south-western sector of Gippsland. The Shire encompasses substantial lengths of the coastline of Westernport Bay, Phillip Island and Bass Strait. The Shire's economy is based predominantly on agriculture (dairy and beef), retailing and tourism. The Shire has a small but solid manufacturing base and is enjoying steady population growth due to its proximity to the Melbourne metropolis and its destination as a tourism and holiday resort.

The Council as a Victorian public body has been directly impacted by the National Competition Policy and its application to public bodies within the State of Victoria. In addition the Council as the governing body of its Shire has observed the impact that National Competition Policy has had in a broad community sense within its municipality.

The Council's submission will offer comments responding to each of the terms of reference provided for the Committee.

1. The effect of competition policy on the structure, competitiveness and regulation of industries and markets supplying, and supplied by, rural and regional Australia.

- ◆ Impact of removal of industry protection and regulation on regional industry within the Shire has been minimal as few industries had been developed to take advantage of particular incentives.
- ◆ Structural reform of many public sector services and agencies through outsourcing and downsizing has resulted in the reduction or withdrawal of a physical presence in many regional centres with its consequential job losses and in many cases, service reductions. This has resulted in increased telecommunications and transport costs.

2. The economic and social effects of the reforms on rural and regional Australia and the wider Australian economy.

- ◆ Employment loss as a result of competition reform has resulted in negative economic and social outcomes for many communities.
 - The absence of alternative employment has forced retrenched workers/young people to relocate to larger centres to seek work.
 - Fewer regional jobs and a reduced regional workforce results in the erosion of a communities social capital.

- ◆ Competitive tendering in the Bass Coast Shire has resulted in:
 - positive outcomes as services are now specified, monitored and better managed. As a result they are more efficient and effective.
 - negative outcomes where initial transaction costs outweighed any cost savings and where process resulted in outsourcing and local job loss.
- 3. Differences between regional and metropolitan Australia in the nature and operation of major markets and any effects of competition policy reforms.**
- ◆ Metropolitan markets are of a sufficient size to be accessible, informed and competitive.
- ◆ Many rural and regional markets, particularly those in remote areas suffer from the absence of real competition.
- ◆ Many markets in those industry sectors traditionally enjoying public monopolies are immature and will require some time to develop.
- 4. Measures to facilitate the flow of benefits (or to reduce transitional costs or negative impacts) to rural and regional Australia from the reforms**
- ◆ Local communities be compensated for impact of competition reforms through a share of National Competition Policy Dividend being distributed to local government.
- ◆ Recognition of community service obligations of government business undertakings to ensure uniform service standards across Australia.