



Impact of Competition Policy Reforms on Rural and Regional Australia.

Response to Draft Report by Berrigan Shire
Council.

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- Berrigan Shire Council welcomes the opportunity to review the Draft Report “Impact of Competition Policy Reforms on Rural and Regional Australia”.
- Berrigan Shire Council is situated on the New South Wales/Victorian border and covers an area of 2050km², comprising a population of 8,300 and representing the four towns of Barooga, Berrigan, Finley and Tocumwal.
- The significance of the title of the Report is noted as the impacts of the policy upon Regional and Rural Australia are likely to be different.
- Whilst Berrigan Shire Council will only be directly affected by the Policy in specific areas the community of Berrigan Shire Council will be greatly affected by the Policy.
- Berrigan Shire Council also has some concerns with differing implementation of the Policy in Victoria and New South Wales which will see structural anomalies promoted. That is, a significant business in Victoria has a turnover of \$10m whilst in New South Wales a significant business has a turnover of \$2m. Why, if this is a National Policy, do these variances exist and what is to be done about the structural distortions that this will produce?
- One of the major results of application of the Policy that will affect the community of Berrigan Shire Council is the cost and availability of water supplies.
- Berrigan Shire Council is extremely concerned that the application of the Policy will significantly increase the cost of water for no other reason than a change philosophy.

- The effect of increase in water prices does not only affect direct consumers. Clearly it also affects the whole of the local/regional economy in that any general reduction in farm incomes results in a multiplied down turn in the local economy. The ability of producers to pass on international price increases is unknown, however it is anticipated that at best, Australia's competitiveness will be reduced. These implications do not appear to have been considered.
- This type of issue is not specific to the area of Berrigan Shire Council but is generic.
- The issues of full cost attribution and by implication full cost recovery through pricing will have a significant impact on the will and ability of Australia to take on major infrastructure projects into the future. Would the environment proposed by the National Competition Policy have produced projects like the Snowy Mountains, irrigation schemes, public transport systems etc. This appears unlikely. Is it not fair to also consider the environmental and social agendas as well as the competition agenda?
- Will the National Competition Policy produce a nett benefit to Australian citizens? This question is difficult to answer in the positive when costs are increased, international competitiveness is reduced and local and regional economies are reduced.
- Will the tax burden upon individuals and Companies be reduced as a result of the Policy or will costs increase and tax remain as is?
- If full cost recovery is supported then surely taxes should be reduced.

- An ironic example of the application of the policy will be seen in the saleyards industry.

Quite clearly saleyards are commercial operations with all except two in Australia being controlled by the public sector.

We have the farcical situation where a whole industry must realign its thinking and operation to benefit a very small minority. It would surely make more sense to change two saleyards than an entire industry.

- A major implication of the National Competition Policy is that the results are measured in terms of individual organisations performance, not the overall community benefit or lack of benefit. An example of this, the restructuring of the electricity industry. In Berrigan Shire Council's case, electricity has at best remained the same whilst Berrigan township lost 15 families which is clearly a nett loss both in terms of the economy and skills.
- The loss of local employment and industry also creates a wealth of underutilised infrastructure. This infrastructure is required to be duplicated where these people relocate to. This cost needs to be included in cost/benefit assessments.
- The National Competition Policy has been unfairly blamed for causing rural decline. Whilst this is clearly not the case, it is certainly not helping to arrest rural decline.
- In New South Wales, Councils like Berrigan are facing considerable direct costs as are its community members through increased costs. Why isn't Local Government in this State provided compensation as it is in other States?