

COUNTRY WOMEN'S ASSOCIATION OF N.S.W.

SUBMISSION ON "IMPACT OF COMPETITION POLICY REFORMS
ON RURAL AND REGIONAL AUSTRALIA"

Although many of the major concerns and recommendations have repeatedly been acknowledged in numerous submissions by the different parties, we feel there are some areas which must be addressed more closely.

In acknowledging that this Draft Report has been prepared by the Productivity Commission, this in itself immediately places emphasis on economic viability, and although as a nation we must continue to strive to achieve economic viability, government must recognise that we, all Australians, don't live in an economy, we live in a society.

Many of the proposed reforms equate change with reform and therefore, reform must obviously be for the better. Economic rationalism does not take into account social impact.

Although many short term impacts have been highlighted, the longer term impacts on communities, regions and in fact, the whole of Australia, have not been acknowledged, nor has there been any attempt to address the inequities. In the Overview, it was interesting to note that the "Commission had travelled widely in rural and regional (country) Australia, holding discussions with almost 1000 people from all walks of life". It is our view that 1000 people from throughout all of rural and regional Australia hardly constitutes a fair cross-section of views, even though the Commission felt it had "travelled widely". It is also interesting to note that the Commission's task is not to promote NCP, but to investigate the effects of NCP on people, businesses and communities, especially in country Australia. This statement alone implies that NCP is now, and will continue to be implemented by government, regardless of the impact on rural and regional Australia.

In relation to population change it was stated that of 578 towns with a population of between 1000 and 20,000 in 1986, almost half grew by more than 10 per cent in the decade to 1996, of which most of this growth was in coastal towns. Whilst coastal towns are considered country, they certainly are not rural. With increasing unemployment, particularly in rural Australia, it is far more likely for families to choose to live in coastal areas where services are much more readily available and consequently lifestyle is a premium consideration.

Small towns are "withering" but not necessarily in population, but in service availability. For many families moving is just not an option.

Although there is evidence of improved productivity from NCP reforms which has led to reductions in costs and prices across most infrastructure services, including electricity, gas, rail, ports and telecommunications, many of the benefits derived from competition in these areas has benefited the business sector as the benefits have not been passed on to the consumer.

Service quality is questionable in rural areas. In North Western N.S.W., some communities or individual consumers have had to wait in excess of 10 days for repairs to be carried out by Telstra. Many of the individual consumers in this situation are extremely isolated and have come to rely heavily on the provision of telecommunications. Crediting an account does not correct the problem.

This is a prime example of competition policy failing miserably in its commitment to rural Australians. Even though since January 1998 minimum service standards were introduced, these standards vary by geographic area. We must question why? Surely all Australians deserve equality of services.

Once again, under the Terms of Reference – Background, it is stated "the Government wishes to ensure that the benefits of increased competition in the economy flow to all Australians, including those living in rural and regional Australia, and that the implementation of competition policy promotes efficiency, economic growth and community welfare", yet under the heading "Jobs in Country Australia", it is stated that overall the effects of bank branch closures are to be transitional, although (in combination with other factors) they may contribute to the decline of some small towns.

It has also been stated the deregulation of the Petroleum industry is intended to increase competition and benefit motorists and that this has already happened with the advent of independent petrol retailers such as Woolworths. Prices once again in North Western N.S.W. have not decreased, but have remained the same.

Although governments have at their disposal policy instruments to mitigate the adverse effects of some reforms on some country communities, it has also been stated that generally available measures such as social welfare payments, job placement services and general support for (re)training will be sufficient to manage the adjustment burden. It is time for governments to recognise that social security payments, job placement services and support for (re)training is not a viable option in many instances. Social security payments hardly compensate for full-time employment and much higher income support, job placement services cannot place people in positions if work is just not available, and finally (re)training for many persons, particularly those in the older age bracket is just not viable.

Governments must also acknowledge that with the decline of services in rural and regional Australia, employment options within that community are not available which consequently requires families to sell their homes and move to another area. Whilst this is certainly an option, one must question who will buy the homes when employment is no longer available, and if the homes are sold, they are usually sold well below the real value which restricts families purchasing another home in the short term.

For communities dependent on agricultural commodities as their direct income or as indirect income i.e. farm workers, it is significant to note that the ratio of costs of production relative to the prices received by farmers for their output was four times higher in the 1950's than it is today. Consequently, the term "get big, or get out" in relation to farming and Australia's dependence on international trade has seen the decline of the smaller farms and the increase in larger farm holdings. This will undoubtedly continue to snowball, until eventually the "family farm" will no longer exist. It is increasingly apparent that Australia's farming enterprises are becoming more corporatised, although this is not necessarily directly as a result of NCP.

The reduction in government assistance to farming and other industries has compounded the inability of many industries to survive. Although most Australians would agree that competition policy is essential if as a nation we are to survive as an economic entity in international markets, it is also imperative that government accepts and responds responsibly to the effects NCP will have on rural and regional Australia. Government must assist the rural communities affected directly by NCP through consultation, alternative income generation and economic assistance in the short term. There is an obvious lack of understanding by governments, both past and present, during periods of drought, enterprise development, diversification, landcare development etc., that rural industries require monetary assistance in the form of grants, not loans as the ability of that business to repay a loan or to even qualify for a loan is not understood. Whilst governments cannot be everything to everyone, comprehension of actual reality is severely lacking.

In relation to Water Trading, the Victorian Government stated moving water to users who value it more highly has the capacity to make new developments possible without the need to construct new dams. Although we agree that our river systems must be managed more efficiently in relation to water allocation and environmental and ecological sustainability, we do not agree with the concept of water trading as put by the Victorian Government.

Water Trading or the selling of water/irrigation allocation licences from one river system to another will eventually result once again in the over allocation of water from one system and consequently the decline of water quality. Australia must begin to value water more highly, rather than continue to take from the environment without thought of the long term effects. We do agree that the allocation of water licences should be linked from state to state where river systems are linked.

As country Australia relies heavily on Road Transport, governments, both State and Federal must ensure sufficient funding is made available for both the upgrading and maintenance of all state and national roads. Many country roads are poorly maintained and governments must be made more aware of the importance of country/rural road grids, not only as a means of transport of goods, but also as a means of communication and interaction.

Following the corporatisation of Australia Post in 1989 all Australians expected services to be at the very least maintained, if not improved. Express Mail, supposedly ensures delivery in some cases overnight for which the consumer pays. The assurance of overnight delivery cannot be adhered to and consequently the consumer has paid for a service which cannot be delivered. Government must be the "watchdog" to ensure services to which a provider has made a commitment are maintained.

The deregulation of Statutory Marketing Authorities must be investigated much more closely. Since the deregulation of retail milk prices it became obvious that NCP and deregulation are not always for the best. Before further deregulation were to occur in any area, there must be full consultation with the vendors and the consumers. Deregulation should not be taken for granted by government.

Deregulation of Retail Trading Hours has been of benefit to many rural communities, although some smaller retail businesses may have been disadvantaged. We feel the majority of Australians have benefited from the introduction of extended hours of retail trading, these hours also particularly benefit part-time workers and shift workers.

In summation, whilst there have been and are benefits to the community from the NCP, it is apparent that rural Australia, as opposed to regional Australia has not been able to capitalise to the same degree and ultimately has lost in many areas, particularly in the quality of services. The loss of employment prospects, and ultimately population in rural communities is a great concern. It is unfortunate that this Draft Report did not distinguish between rural and regional Australia as rural Australia is being, and will continue to be affected more dramatically by NCP than regional Australia.

Should there be a "winner", it will obviously be regional Australia as business enterprises will only establish in larger more economically viable communities, rather than communities reliant on agriculture and with high unemployment rates. It is essential that government acknowledges the problems facing rural communities and ensures support is made available.

