

District Council of

**Grant**



**IMPACT OF  
COMPETITION POLICY  
REFORMS ON RURAL  
AND REGIONAL  
AUSTRALIA**

**Submitted by  
District Council of Grant**

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## IMPACT OF COMPETITION POLICY REFORMS ON RURAL AND REGIONAL AUSTRALIA

The District Council of Grant is a rural Council surrounding Mount Gambier in the South East of South Australia. The District is 188,000 hectares in area, and is a major primary producing region for South Australia. Primary production includes dairy farming, prime lamb production, potato production, sheep farming, forestry plantations, viticulture and other horticultural pursuits.

Consequently, the District Council of Grant is able to comment on the impact of Competition Policy Reforms on Regional and Rural Australia. Whilst empirical research on the impact of the National Competition Policy has not been able to be undertaken, there is a dearth of anecdotal evidence that there is significant effect on the District and the South East Region.

Salient points to be taken into account as part of Policy determination by the Federal Government encompass the following :-

- Non-Metropolitan Australia accounts for 35% of the workforce, but is home to 42% of the unemployed.
- A comparison of the income of **all** Federal Electorates indicates that of the 40 poorest electorates, 36 are rural or provincial. Of the 40 wealthiest electorates, only two are rural; Kalgoorlie in Western Australia, and Macarthur in the Southern Highlands of New South Wales.
- Under previous Labor governments (Hawke and Keating), more than 19,500 state government jobs were lost in country New South Wales alone, including 10,200 on the railways and 4,000 in regional electricity generation.
- In South Australia, the provincial cities of Port Pirie, Port Augusta, Whyalla, Port Lincoln, Murray Bridge and Mount Gambier together lost more than 2,500 government jobs from 1991 - 1996 (Source :- South Australia Centre for Economic Studies).
- Attachment 1 indicates the categories and numbers of jobs lost in regional Australia since 1996. Attachment 2 indicates the level of unemployment in Capital cities as opposed to the rest of the States.
- From 1993 - 1998, 481 non-metropolitan bank branches shut with the loss of about 10,000 jobs.
- Since the election of the Federal Coalition Government, 86,000 Commonwealth Public Servant jobs have been cut, many of them in regional Australia. This includes the closure of 14 Regional Taxation Offices, and 125 non-capital city Commonwealth Employment Service offices.
- Since April 1996, 2226 Telstra jobs have been cut in rural Australia.
- At least 66,000 have gone from the railways in the past 20 years mostly in rural areas, leaving towns traditionally devoted to the operation of railways economically devastated.

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- The Federal Government late last year privatised Australian National Railways, with the loss of about 1,000 jobs.
- Source of Information :- Australian Bureau of Statistics and Weekend Australian, September 26 - 27, 1998.

The President of the Australian Local Government Association, John Campbell says "There are a whole lot of economic development ideas on the shelves that are ready to roll with just a bit of funding. We still have the problems of government offices regionalising and closing down the smaller offices. There doesn't seem to be any letting up".

A recent report (Jobs South East - Strategic Regional Plan) commissioned by the South East Area Consulting Committee (SA), undertaken by consultants and finalised in August 1998 states :

"Loss of services has a major effect on regional economies :

"In one of the three areas we examined in detail we found that closures led to a 5% decline in population and loss of income of more than 8%. Our modeling indicates that the flow-on effects of economic shocks of this scale are significant, more than doubling the number of employment positions lost within five years". Jobs in our Regions : Building on the Small Business Base.

Human Rights Commissioner Chris Sidoti has recently travelled to regional, rural and remote Australia and held public meetings. During his consultations, "people have spoken repeatedly about their concerns for telephone, postal and banking services".

There is no doubt that the National Competition Policy has led to the privatisation of some public services, with concomitant restructuring and down-sizing of organisations in an effort to reduce costs and increase market share within a competitive environment. Rural and regional Australia have suffered serious deleterious effects as a result of the National Competition Policy.

It is considered that equity of access to State and Federal services has decreased with such services often being provided by the capital city. It is claimed that in an era of increasing technology, equal or even better service can be provided by utilising online data bases, voice mail, call centres, and other technology. There is no doubt that rural and regional Australians would disagree.

However, communication infrastructure with the same cost structures as capital cities has **not** been provided to rural and regional Australia. The paucity of service and tyranny of distance in rural and regional Australia has led to an ingrained cynicism of the continuing loss of services and a concomitant level of reduction of employment, particularly for youth in such areas. Unfortunately there needs to be a recognition that people in rural Australia require **physical** access to services.

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It is contended that service provision and equity of access to rural and regional Australia through telecommunications technology, voice electronic mail and other technological services provided is a misnomer. There **must** be a concerted and publicly recognised effort by Federal and State governments to subsidise the provision of adequate physical public services in rural Australia irrespective of any cost benefit analysis or financial disadvantages to performance measurement by central offices of both the private and public sector. Instead of community service obligations that some statutory and corporatised authorities meet, there **must** be rural and regional service obligations fully accounted for and recognised financially in Annual Reports. Therefore, it is proposed that the Government considers a Rural Service Obligation scheme which reflect the real need to provide the **same** standard of access to services in rural and regional Australia.

It is recognised that the globalisation of competition has led to the abolition of some tariffs in Australia. Rural and regional Australia must continue to be competitive. It is recognised that tariff reduction/abolition policy is a complex issue involving many commodities, trading partners and increasing trade in one commodity to the detriment of another. However, a clearly enumerated policy needs to be presented to outline the reasons for deregulation and tariff abolition. These policies which stem from national competition are **directly** affecting primary production and industry.

However, the National Competition Policy has **not** addressed the inequities and the lack of transport and communication infrastructure in rural and regional Australia. Whilst some action is being undertaken through the Regional Telecommunications Infrastructure Fund to correct this imbalance, cost structures for telecommunications and other infrastructure is **much greater** in these areas in comparison to capital cities. This leads to significant increased costs in business, industry and primary production in rural and regional Australia. The Chairman of the Centre for Agricultural and Regional Economics, Dr Roy Powell, has indicated that there must be intervention to counter those market forces. It is all very fine to ask Regional Australia to be global; you have to give them the tools to be global. They should not have to go begging to be able to connect to the Internet".

There is no doubt that Policy is not produced to ensure equity of access to services, transport and communications infrastructure. Without deliberate and concerted effort to subsidise these important wealth generating areas of Australia, then rural and regional Australia will continue to decline in population, services and output. Incentives and a rural service obligation must be provided in recognition of the important part that such areas play in the gross domestic product, balance of trade and economy of Australia.

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**ATTACHMENT 1**

Agriculture, forestry, fishing	10,500
Banks	4,800
Coalmining	3,800
Steelworks	2,750
Telstra	2,265
Meatworks	1,944
Clothing	1,044
Metalliferous mining	More than 900
Manufacturing	530

*Source : Australian Bureau of Statistics*

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**EMPLOYMENT**

**ATTACHMENT 2**

State	Capital City % unemployed March 96	Capital City % unemployed August 98	Rest of State % unemployed March 96	Rest of State % unemployed August 98
NSW	7.6	6.0 down 1.6	9.8	9.7 down 0.1
VICTORIA	9.1	7.2 down 1.9	8.5	9.9 up 1.4
QUEENSLAND	9.0	7.8 down 1.2	10.3	9.0 down 1.3
SOUTH AUSTRALIA	10.3	9.7 down 0.6	7.3	11.2 up 3.0
WESTERN AUSTRALIA	8.4	7.0 down 1.4	7.5	5.9 down 1.6
TASMANIA	9.4	10.3 up 0.9	11.2	12.4 up 1.2
ACT	8.5	6.3 down 2.2	-	-
NORTHERN TERRITORY	6.6 (all NT)	3.6 (all NT) down 3.0	-	-

Source : ABS