



## Mildura Rural City Council

File G50/0070/00 (03)  
6 November 1998

Impact of Competition Policy Reforms Inquiry  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Sir

### **IMPACT OF COMPETITION POLICY REFORMS ON RURAL & REGIONAL AUSTRALIA**

I present this submission to highlight some of the problems relating to the practice of competitive neutrality on a municipality such as the Mildura Rural City Council.

#### **CLASSIFICATION**

The Mildura Rural City Council is unique in Victoria, and is only copied in a few centres across Australia. To classify Mildura as rural or regional or metropolitan does not work. The Mildura City is a large population area servicing a vast area. The closest major cities are Bendigo (400km), Adelaide (395 klms) and Broken Hill in the north (300km). The importance to the area is huge with only small regional towns or cities being located within this area. Mildura city is the central point, with comparisons only being in other states, eg Alice Springs.

The affect of competition policy on an area such as Mildura creates much greater effects than a metropolitan area.

#### **SOCIAL IMPACT**

The social impact of competition policy does not take into account the closely knit communities that exist in rural and regional Australia. The isolation has prompted a much greater community involvement in local issues and activities than would otherwise occur in the metropolitan area.

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Some major points affecting the social status of the small communities are:

- ❖ Local providers may lose a contract with prospects limited in seeking work and remaining in the area
- ❖ Contracts awarded outside the area lose local ownership
- ❖ Loss of volunteerism
- ❖ Decline of small towns
- ❖ Social sector is a large employer in regional Australia
- ❖ Changes in pricing structures mean that employing of casuals is greater than permanent staff and apprentices
- ❖ Training is occurring in large cities or by the use of communication links which does not have that local human context
- ❖ Concern is on costs and not the social impact of the local community

### **LOCAL COMPETITION**

Because of the size of the population base, local competition for local government services is usually non-existent. For local businesses where the market in local and overseas, further constraints are evident. Issues to consider are:

- ❖ Mildura is on the border of Victoria, NSW and SA, and interstate policies are different
- ❖ Grapes grown in the area are sent to nine companies which control 91% of the grapes grown
- ❖ Water control is different in each state
- ❖ Businesses are family orientated and the impact of tendering has a direct affect
- ❖ Have to tender items where there is a known quality or familiarity eg hamburger centres or flower stalls
- ❖ Competition occurs with a neighbour rather than pooling resources to meet head on competition from overseas
- ❖ Multiple agencies end up selling products instead of a single representative body
- ❖ The competition policy in some industries forces division
- ❖ The imposition of international practices on local government services

- ❖ To be competitive overseas, local level collusion must occur but is contrary to TPA
- ❖ Local agencies retain profits in area and reinvest back into local projects

## **CONCLUSION**

Because of the special factors that affect the Mildura region, there needs to be a local allowance or a disability factor which should be incorporated into the assessment process when considering competitive neutrality

Yours faithfully

A handwritten signature in black ink, appearing to read "David Clarke". The signature is written in a cursive style with a large initial "D" and "C".

**DAVID CLARKE**  
**DIRECTOR FINANCIAL SERVICES**