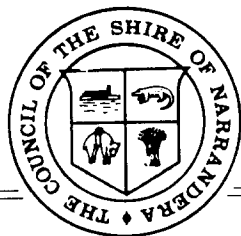


TELEPHONE
(02) 6959 2277
FAX (02) 6959 1884



Narrandera Shire Council

All Communications to be
Addressed to the General Manager

141 East Street
~~PO BOX 22~~
NARRANDERA, N.S.W. 2700

Ref: KPS: N0700
Contact Person for Enquiries:

Kevin Scully

FAXED
2/2/99

2 February 1999

Productivity Commission
PO Box 80
Belconnen ACT 2616

Fax No: 02 62403311

Dear Sir

Inquiry into Impact of Competition Policy Reforms on Rural and Regional Australia

Council welcomes the opportunity to make this submission to the Inquiry.

Narrandera is in the Riverina / MIA district of south western NSW. A one hour drive to the east is the regional centre of Wagga Wagga and a similar distance to the west is the city of Griffith. The township is located on the junction of two national highways - the Newell and the Sturt.

In the 1996 census the Narrandera Shire recorded a population of 7,141 persons, with just under 5,000 of those persons residing in the main township of Narrandera.

In the period since the mid 1980's Narrandera, in common with many other rural towns, has suffered a significant loss in its employment base principally because of the policies of successive Federal and State Governments of both political persuasions. Where once Telstra's workforce numbered over eighty there are now less than ten, and where once the railways employed in excess of sixty persons there are now but a handful.

Education, health, and electricity have also been gradually and progressively cut by a series of decisions designed to centralise some services, eliminate other services, all with a view to reducing overheads. The Australian postal service, which is generally regarded as reliable and efficient, is now to be subject to further competition. On the surface it sounds reasonable but upon closer inspection it feared by many that rural Australia will again be the big loser with Post Offices closing down and services lost. Of course time will tell whether these fears are justified

but past experiences suggests they are. Unfortunately, once jobs and services go, they do not come back.

Health

Over recent months the town has been engaged in a struggle to retain its hospital services at an acceptable level. The Greater Murray Area Health Service proposed to downgrade the hospital by closing its high dependency unit and closing its children's ward. Documents obtained under the Freedom of Information Act show that this decision was based upon "efficiency gain". The proposal was developed by persons who did not reside in the town, had no connection to the town, and were only ever at the hospital during 9 to 5 business hours. Incredibly, a SWOT analysis of the proposal by management failed to identify any weakness in a proposal to close the hospital's children's ward. This proposal typifies the problem confronting small rural towns. Decisions are being made by people trained in the philosophy of economic rationalism, who are unable to recognise that this urban economic model cannot be applied in a wholesale fashion to smaller country communities.

To voice their opposition to the proposal by Greater Murray Area Health Service over 600 persons attended a Public Meeting in Narrandera on 30 November last year. During the public meeting numerous speakers highlighted the impact upon the economic development of the town. The effect is twofold - firstly in attracting and retaining General Practitioners to work in the town, and secondly the resultant difficulty with attracting new industry and professionally qualified people to move to Narrandera. When such people consider where to locate a business or accept an offer of employment the question of health care will be a strong consideration.

Electricity

Over recent years the electricity industry has undergone restructuring with local suppliers amalgamated into larger corporations. It would appear to be just a matter of time before the industry is privatised. This Shire is now serviced by Great Southern Energy. During the past few months there has been a large number of occasions when power has been cut to this Shire. Council is concerned that this is occurring with increasing frequency, and that it is having a serious impact on households and businesses.

While Council acknowledges that the summer months mark the traditional storm period for this area, it would appear that the number of power failures is at an all time high. Certainly that is the perception amongst many councillors, staff, and members of the community. There is concern that the loss of power at these times is a result not so much of the storms themselves, but has been brought about by a failure to carry out appropriate preventative maintenance work on the lines. In the past such maintenance work has obviously served to minimise interruptions to power. However, with the introduction in recent years of new work practices and staffing arrangements based upon national competition policy principles, it is suggested that this standard has not been maintained to an acceptable level.

On the one hand there is the downsizing of the workforce and the impact the loss of jobs has on the town. Equally, with fewer staff in Narrandera there is also a reduction in services for the town as work practices change and standards are lowered.

Rice Industry

A media release from the Minister for Agriculture and Minister for Land and Water Conservation, Richard Amery of 1 February 1999 raises the issue of competition policy on the rice industry. A copy of the full media release is attached, but several excerpts are worth highlighting:

Minister for Agriculture and Minister for Land and Water Conservation Richard Amery today challenged the Howard Government to state once and for all whether it would penalise the Carr Government for refusing to subject rice producers to competition policy in the domestic market.

“The Federal Coalition Government had threatened to dock NSW \$10 million annually if the Carr Government did not remove the vesting arrangements in the domestic rice market by January 31,” said Mr Amery.

“Early last month, I wrote to Mr Costello expressing our concern over his continued insistence in this matter. In particular we pointed out to him that the expectations raised by deregulation have not been realised in either the egg or milk markets”.

I am not sufficiently familiar with all of the facts to attest to the truth of everything in this media release. However, it is indicative of the type of decisions that are being made. These decisions have a serious impact upon producers and their wealth producing capacity. It would indeed be ironic if this matter was pursued to the detriment of rice producers given that the rice producing region of the MIA is one of Australia's true economic success stories.

Maiden Speech by the Federal Member for Riverina

I would like to quote from the maiden speech of the Federal Member for Riverina, Mrs Kay Hull delivered on 2 December 1998, as I believe it highlights many points that are common to towns across this region:

“The object of the national competition policy was initially to enhance the welfare of Australian's through the promotion of competition and fair trading, and the provision of consumer protection. Somehow, somewhere, something has been lost in this implementation process because the results most noticed have been unemployment, social dislocation, rural unrest and a seemingly unfair application of the act on some of our industries.

“The message has been one of economic rationalism. We are told, “Sell assets, shed debt, outsource and above all downsize, and the private sector jobs will come and economic growth will follow”. Unfortunately, with that process having been put into place, we are now faced with far more challenges to overcome. Our banks have gone, or are going. Our schools are closing. Our education, rail, taxation, electricity, and other government departments have disappeared from our regional towns.

“In the end it seems to us in rural communities that we appear to share a disproportionate burden from the implementation of national competition policy and that sometimes there is nothing rational about economic rationalism.”

Fewer Jobs and Fewer Services Kills Rural Australia

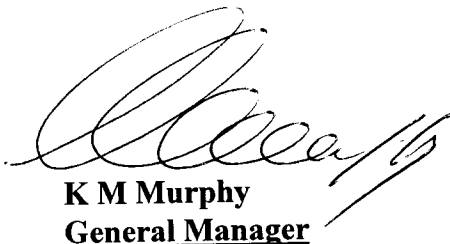
The census counts for the Shire between 1986 and 1991 recorded a population decline of over 3% for the period, largely reflecting the loss of public sector employment during that time. While the strength of the town is historically derived from the farming sector, the loss of public sector salaries nonetheless affects the remaining town businesses because it removes a regular and secure income source, and makes them more reliant on the success of the farming sector, which of course is seasonal and subject to fluctuating commodity prices. As income is lost to the town, and as services are withdrawn, there are less reasons for others to come and live here.

Narrandera is doing much to help turn the situation around. Thankfully the population between 1991 and 1996 remained steady. However, it seems that the energy of many people in rural Australia is being constantly turned towards fighting the decisions of government, decisions which take no account of rural economic factors, and the importance of maintaining a strong and viable rural economy.

In conclusion Council urges the Productivity Commission to recommend that national competition policy principles give greater credence to their social impact upon rural Australia.

Thank you for the opportunity to make this submission for the consideration of the Productivity Commission.

Yours sincerely



K M Murphy
General Manager



Minister for Agriculture
Minister for Land and Water Conservation

MEDIA RELEASE

1 FEBRUARY 1999

**HOWARD GOVERNMENT SHOULD COME CLEAN
ON RICE INDUSTRY: AMERY**

Minister for Agriculture and Minister for Land and Water Conservation Richard Amery today challenged the Howard Government to state once and for all whether it would penalise the Carr Government for refusing to subject rice producers to competition policy in the domestic market.

"The Federal Coalition Government had threatened to dock NSW \$10 million annually if the Carr Government did not remove the vesting arrangements in the domestic rice market by January 31," said Mr Amery.

"A day later, Federal Treasurer Peter Costello is still silent.

"I call on the Howard Government to make its position clear. The 2,500 NSW rice growers are hanging in the balance.

"What the ricegrowers do know is the Carr Government is committed to providing the best market conditions for their produce. We want to see them prosper and generate income for NSW and, in turn, create a healthy labour market."

Mr Amery said the Federal Government's position on the domestic rice deregulation issue had been vague at best.

"I received word from Mr Costello in December last year that he would establish a working party with representatives from the rice industry, the Commonwealth and the National Competition Council to look at the establishment of a single export desk.

"But he said this flexibility was only on the proviso that the Carr Government stated its intention to deregulate the domestic arrangements.

"Early last month, I wrote to Mr Costello expressing our concern over his continued insistence in this matter. In particular we pointed out to him that the expectations raised by deregulation have not been realised in either the egg or the milk markets.

"It would seem with the present evidence, that it would be risky to deregulate the rice industry."

Media contacts: Lisa McDermott 02 9372 0123 or 0411 021 412
Shoshana Lenthén 02 9372 0107 or 0411 280 600