

Shire of Dandaragan

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Your Ref:

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5TH November 1998

The Secretary
Productivity Commission Inquiry into the
Impact of Competition Policy Reforms on
Rural and Regional Australia
FAX:

Dear Sir/Madam

Re: Submission by the Shire of Dandaragan

It is fair to say that the introduction of the National Competition Policy was not "all bad". The basic tenet behind its introduction was "*to improve Australia's competitiveness internationally*" and with Western Australia being so export oriented and the value of our exports growing strongly it would be hard to find fault in that overall aim. The problem appears to lie not in the aim behind the policy but instead in how the policy was implemented.

The concept of introducing policies "uniformly" throughout Australia has always been fraught with danger. Australia is a large and diverse nation. Geographically, socially, economically and historically there are enormous differences to be found throughout the country. Australia is one of the most urbanised countries of the world and yet we have a myriad of very small communities throughout rural Australia. It is therefore perhaps hard to believe that any policy that affects our day to day lives could work equally well in our capital cities, large regional towns and small rural communities without that policy taking into account the, at times, dramatic differences faced by people living in those different areas.

Most people foresaw, and in fact welcomed, changes to the commercial environment that they believed would result in maximising investment and business opportunities throughout regional and rural Australia. But it has become clear that the implementation of the National Competition Policy is, at times adversely, affecting the activities of our local government authorities, provision of essential government services such as water, gas and power as well as the professions such as health. It is important to recognise that in the eyes of consumers (particularly regional and rural consumers) local government and other services are different from other things that we purchase and there are times when they need to be treated differently - this would appear to be one such time.

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- 2 -

There is a definite need to ensure that supporters of the National Competition Policy are aware that everyone in Australia does not have equal access to infrastructure, education, health and other essential services and that for the country to continue to develop government intervention is often required.


The banking industry and the "corporatisation" of the Commonwealth Employment Service are two examples of where services have been "opened up" to competition and this has resulted in rural and regional users losing access to both those services.

The questions of flexibility and efficiency must also be taken into account. As an example of the need for flexibility consider the great contrast in the markets for which local government provides services. The marketplace can have a dramatic effect on whether the service is a "community service obligation" or a "business activity". In metropolitan areas local government may undertake a business activity and therefore compete with private providers due to the size of the market. For example, the hiring of a hall or the provision of sporting facilities may fall within this category. But in our small communities there is never any competition. If local government does not provide the hall or the sporting facilities then they are not available, with the developmental consequences being felt by the whole community. In this scenario, these facilities are definitely a community service obligation. There must be sufficient flexibility built into the National Competition Policy to allow local government (and others) to examine their activities and to be able to deliver them in the most efficient way.

Local Government is not receiving sufficient guidance from Government on such issues as defining public interest. Moreover Local Government is being penalised by having to bear the full cost of implementing Government mandated reform.

In conclusion it would appear that local government in rural Western Australia is being forced to undertake this Government reform process where there are no direct benefits. It is a costly exercise to undertake the requirements of National Competition, however in the majority of cases there is no competition in the rural areas and local government must meet these additional costs for no return.

Yours faithfully,


B GOLDING
CHIEF EXECUTIVE OFFICER