

SHIRE OF JERRAMUNGUP

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ALL COMMUNICATIONS TO BE ADDRESSED TO THE CHIEF EXECUTIVE OFFICER
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21 June 1999

YOUR REF:
OUR REF:
ENQUIRIES:

MNB:MKM 4.42
Mr Brown

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

Dear Sir/Madam

DRAFT REPORT - IMPACT OF COMPETITION POLICY REFORMS ON RURAL AND REGIONAL AUSTRALIA

Thank you for forwarding to Council a copy of the above report following our submission to your inquiry, and discussions in Perth in October 1998.

Regretfully we have been unable to spend enough time studying your draft report and preparing our response. Our comments on your draft report will therefore be fairly brief,

It is fair to say that information contained in the Draft report has clarified many issues on the subject of National Competition Policy. The report also paints a fairly grim picture of the future of many inland rural communities.

Set out, hereunder, are our comments on the draft report. At the end of these comments is comment on the specific recommendations your report makes: -

Rural and Regional Australia

The term "rural and regional" Australia would probably mean different things to different people, depending on where they come from.

Everyone is aware that Western Australia comprises about one third of the area of Australia but only has about 10% of the national population. A large proportion of West Australians live in the Perth metropolitan area, leaving one third of the area of this State occupied by a few hundred thousand people.

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In New South Wales regional Australia would be identified by locations such as Newcastle, Wollongong, Tamworth, Armidale etc and rural Australia as areas such as Parkes, Forbes, Gunnedah etc.

In Western Australia regional centres or areas would be: -

Kalgoorlie-Boulder	30,000 people
Albany	27,000 people
Bunbury	28,000 people
Geraldton	23,000 people

Rural Western Australia would probably be the balance of the State outside the Perth metropolitan area and outside the cities listed above.

The point being that rural and regional Western Australia comprise much smaller "community units" than most areas in the other States of Australia.

It is believed that smaller "community units" cost a lot more to maintain in terms of various infrastructure, compared to larger regional "community units".

There is obviously an optimum size for a regional community when it becomes more or less self sufficient and can live off its' own growth. This is likely to occur in only a few regional locations in Western Australia.

Comment on Recommendations Contained in Draft Report

All governments should review in the year 2000 the information they provide about their National Competition Policy undertakings with a view to ensuring that it is: -

- ***accurate in terms of both its content and relationship to other policies.***
- ***Is publicly available and is provided to those implementing National Competition Policy reforms in a readily accessible form.***

This recommendation is supported. Discussions with various members of State Parliament have indicated that some members have no understanding of the National Competition Policy. Until it is understood at this level it is hard to expect widespread community understanding.

A high level of public education on the positive aspects of National Competition Policy need to be implemented.

All governments should publish and publicise guidelines which: -

- ***outline the purpose and scope of the 'public interest' provisions of the Competition Principles Agreement; and***
- ***provide guidance on how the provisions should be interpreted and applied.***

In the event that a common set of basic principles for application of the public interest test is developed jointly by governments, these also should be published and disseminated widely.

This recommendation is supported. There is a lot of misunderstanding on the use of the "public interest" provisions.

If a common set of basic principles for application of the public interest test is developed jointly by governments, they should not only be published and disseminated widely, but must be set out in a clear and concise manner.

Governments should require major legislation review panels to ensure that their reports go further than simply determining compliance or otherwise with National Competition Policy principles. Reviews should be based on genuine public input, be conducted in a transparent manner and inform interested parties why and how reform, or maintenance of the status quo, will lead to superior outcomes and performance.

This recommendation is supported. This information should be presented in a manner that is easily and clearly understood.

In the case of reviews of anti-competitive legislation, which may have significant impacts extending across jurisdictions, the benefits and costs should be weighed in terms of the interests of Australians as a whole.

This recommendation is supported, however areas where there are likely to be no benefits or significant disadvantage should also be identified.

The National Competition Council should no longer be asked to conduct legislation reviews.

This recommendation is supported

There should be no across-the-board extension of the National Competition Policy target dates.

This recommendation is supported to some degree.

CoA G should give consideration to the formal extension of the rural water reform timetable for implementation of the water property rights and water allocation requirements.

Council has no firm opinion on this matter.

If governments consider that specific adjustment assistance is warranted to address any large regionally concentrated costs, such assistance should: -

- *facilitate, rather than hinder, the necessary change.*
- *be targeted to those groups where adjustment pressures are most acutely felt.*
- *be transparent, simple and of limited duration.*
- *be compatible with general safety net arrangements*

This recommendation is supported.

Governments should rely principally on generally available assistance measures to help people adversely affected by National Competition Policy reforms.

This recommendation is generally supported.

Requests for Information

In the "Overview" of the Draft Report "Impact of Competition Policy Reforms on Rural and Regional Australia" there was a section listing various issues that the Commission was seeking further information and comment.

Comment is set out hereunder on the following issues: -

- (a) The current and potential impacts of Road Transport reforms on country Australia: -

Council generally supports road transport reform in Australia, however at a local level there is concern that the benefits of road transport reform will be diminished without increased investment in this area in road infrastructure.

- (b) The efficiency and the costs and benefits of FBT concessions and income tax zone rebates, including the extent of which they overcome disadvantages: -

Fringe benefits tax is a tax on rural and remote area employers who in order to attract and retain staff have to provide non-cash incentives such as low rental housing, private use of motor vehicles etc.

In our case, this area is not subject to tax zone rebates but there is some locational disadvantage in living here due to the higher cost of most items, such as fuel, gas and food etc.

Council is not keen to assist its employees to avoid income tax, and the non-cash benefits it provides are provided purely to attract and retain suitable staff.

Council believes that FBT reductions or exemptions should be granted to employers in isolated rural and remote areas.

The sensible use of FBT Concessions and tax zone rebates could be used to adjust the disadvantages of living in rural and remote locations.

I hope these brief comments are of some assistance.

Yours sincerely

M N BROWN
CHIEF EXECUTIVE OFFICER