



Our Ref: 08-011D:BBS

Your Ref:

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9 November 1998

Mr D Dwyer  
Senior Research Economist  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Mr Dwyer

### **PRODUCTIVITY COMMISSION INQUIRY - NCP**

I refer to the meeting of members of the Commission and councillors and staff on 6 October 1998 and would like to express my appreciation for the opportunity to meet to discuss the current inquiry.

As you are aware a number of issues were raised at that time and I will comment, briefly, on each of the matters discussed:-

1. Those present at the discussion accepted the role of the Commission Inquiry in assessing the effects, whether they be good or bad, of NCP on regional and rural Australia and what other influences, if any, may also impact on these communities.
2. It is understood that the extension of the application of the Trade Practices Act is being considered to unincorporated groups and there was some concern as to the benefits of this action, particularly given the wide nature of such bodies, although there was some support for professional organisations, all be them unincorporated, to be subject to the Act.
3. Councillors and staff expressed some concerns in relation to the privatisation of certain service industries, particularly monopolies such as electricity and water and instanced a number of recent occasions where such public utilities had failed for one reason or another.

The inference being that this may be a result of financial cutbacks as a result of privatisation.

4. The impact of NCP on Government monopolies such as Telstra and Australia Post was also discussed in some detail and instances were quoted where Telstra, in particular, appeared to be receiving criticism for a cutback of services in regional Australia, whilst concentrating more resources on the densely populated urban areas.

Although Australia Post has not progressed to the same stage as Telstra there were some concerns at the implications of a fee for service approach by Australia Post and the significant disparity that would then occur Nationwide in relation to the services offered by that Agency.

5. Competitive Neutrality - there was some concern that the aim of NCP to provide greater competition, and thus a more vibrant economy, may not necessarily be the outcomes of the process. This is so particularly in instances where private enterprise simply grows to become a monopoly within itself, to the exclusion of a number of other small business competitors.

Instances quoted were the retail grocery industry within Australia and the market dominance by the large chains such as Woolworths and Coles.

6. The banking industry was also discussed and whilst recent changes are not necessarily a result of the introduction of NCP the industry, despite competition from within, has not increased services to regional Australia in any way whatsoever. In many instances, particularly within Tasmania services have been withdrawn to the chagrin of many small local rural communities.

Although electronic banking has been provided, in some cases, this is still of little assistance to retail operators who have large weekly cash amounts to bank and must resort to the use of private and somewhat costly security conveyancing firms.

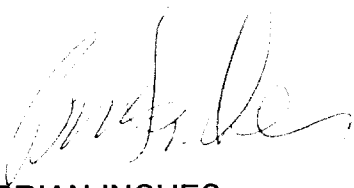
7. Further discussion occurred in relation to the State Governments NCP guidelines for activities such as water and sewerage to be automatically assessed as public trading activities.

Admittedly this is still subject to a public benefits test, however in many instances water or sewerage activities of Local Government within Tasmania are relatively minor compared to the overall organisational responsibility and should not, therefore, be considered as a prima-facie requirement for corporatisation.



I trust these comments will be of some assistance in the Commission's deliberations, however if you require further comment on any issue please do not hesitate to contact me.

Yours faithfully



**BRIAN INCHES**  
**GENERAL MANAGER**

