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SHIRE OF JERRAMUNGUP

VASEY STREET, JERRAMUNGUP

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14 September 1998

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

Dear Sir/Madam

Submission

Introduction

The Shire of Jerramungup is located on the southeast coast of Western Australia, some 440 kilometres from Perth, 310 kilometres west of Esperance and some 180 kilometres east of Albany.

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The Shire covers an area of 6,540 kilometres and has a permanent population of some 1,400 people. Main towns in the Shire are Jerramungup and Bremer Bay. The town of Bremer Bay is located on the south coast and is a popular holiday destination. Bremer Bay is 100 kilometres from Jerramungup.

The Shire maintains a road network of some 1,100 kilometres of which all is unsealed except for one rural road of 33 kilometres and town streets, which are generally sealed. National Highway No. 1 travels through this Shire.

Major industries in the Shire are agriculture (various grain production, wool and cattle), fishing and tourism. Other industries that are developing are tree growing, potato production, trial viticulture and land based abalone production.

Most residents in this Shire have access to a telephone, electricity and a television service via satellite. Town residents also have access to scheme water and sewerage schemes (limited in Jerramungup). There is no mobile telephone service in this area.

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Residents have access to education facilities to year 10 in Jerramungup only. There are primary schools at Bremer Bay and Gairdner. Mail and banking services are limited. Generally there is the usual range of small businesses that are expected in small rural towns in Western Australia.

Council has serious concerns about the effect on rural areas arising from National Competition Policy.

National Competition Policy

We are told that the National Competition Policy aims to promote forces that increase efficiency and community welfare while recognising other social goals.

We are also told that "Competition Policy is not about the pursuit of competition for its own sake. Rather, it seeks to facilitate effective competition in the interests of economic efficiency while accommodating situations where competition does not achieve economic efficiency or conflicts with other social objectives.

This Council is obliged to and is complying with National Competition Policy guidelines and we are always looking at ways to carry out works and services in a more efficient and effective manner.

Council is looking to contracting out more services and introducing economic reforms into its' work practices. We are however conscious of the social responsibilities we have to our communities.

Competitive Neutrality

Competitive Neutrality is a central part of National Competition Policy. It means that any business activity of a government agency must compete with private firms without any advantages or disadvantages.

Council is concerned that this principle shows no recognition that government business enterprises should serve public policy and are subject to positive forces of regulation such as equal opportunity, privacy or freedom of information.

Competitive Neutrality does not accept the governments' obligation to provide universal access to essential services and provide certain customer service obligations on the basis of equity.

Access

The Access Regime allows businesses to obtain access to the services of certain essential facilities of national significance, which are natural monopolies, such as electricity grids, railway networks, satellite systems or gas pipelines.

Environmental issues such as whether cheaper electricity prices lead to greater consumption have not been addressed.

Concerns of the Effect of National Competition Policy

The National Competition Policy framework puts a heavy bias in favour of privatisation, lowest cost tendering of services and contracting out of employment.

National Competition Policy does not force these things but faced with competitive neutrality and access regime many government business enterprises have no choice. The result is:-

It is more likely that low standard work or the use of low quality materials will occur. There is less job security as contract work increases. Many "assets" owned by the community have been sold. (Telstra, Bankwest, Hospitals etc and possibly Westrail). Cheapest not always the best for the task!

Some examples of the effect of National Competition Policy

- (a) Council maintains three television satellite-rebroadcasting sites in this Shire. With the change to digital transmission the ABC has opted to use one satellite and our commercial TV channel, GWN, has opted to use another satellite. Prior to the change to digital both TV Stations used the same satellite.

The use of different satellites required Council to provide three additional satellite dishes as well as three new decoders. A subsidy from the federal government was provided to assist with these costs. The subsidy we believe was provided from funds received from the sale of Telstra.

WIN Television has been awarded a license and will be transmitting TV to rural areas early in 1999. They could well use a third satellite requiring another satellite dish again.

If the government had insisted that the two present and third TV operator all use the same satellite, considerable saving would have been achieved by the Government itself and all residents covered by the rural/remote television service.

- (b) During recent discussions with the Regional manager of Main Roads, Albany, Council was advised that all works in their Narrogin and Albany Divisions will be put out on one tender covering a period of ten years.

The present contractors are Perth based and all their plant and labour is brought in from outside the Great Southern Region. The Great Southern region

has a population of 53,000 people and covers an area of 52,200 kilometres .

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When we talk about "Contracting Out" there has been an assumption that the small locally based contractor may benefit, however to date the small contract is still missing out.

(c) Access to Mobile Telephone Services:

Unfortunately our residents do not have access to a mobile phone network. We are told that there would be insufficient telephone calls on the mobile network to enable a return on the capital cost of providing this service.

Many residents have a mobile phone and many others would purchase one if access to the Mobile Phone Network was available. Many tourists and business people travelling through this area also have a mobile phone.

Farmers in this Shire would carry a mobile phone with them when working alone and at isolated locations on their properties. A mobile phone would improve farm safety.

I am told that a recent survey indicated that the majority of rural residents were opposed to the sale of Telstra and they are concerned that Telstra is no longer accountable for their level of service.

As Telstra is "profit" orientated it appears not to be interested in providing improved communication services as part of its "community services obligations".

Does Telstra still have a "community service obligation"?

(d) Centralisation of Various Essential Services:

Development of this area has occurred since the 1950's so our towns are not as old as many country areas in Western Australia.

Many rural towns have suffered losses of population due to the withdrawal of various local staff or their relocation to "regional centres". Examples include Railways, Telstra, Electricity, Water Authority etc.

The above, together with the recent closure of many branches of various Banks and the threatened closure of Post Offices leave rural residents cynical about Government decentralisation policies.

In Bremer Bay banking services are virtually non-existent.