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Submission Administrator
Productivity Commission

Find enclosed my brief submission compiled since the Launceston hearing on Monday 5th July 1999.

Thank you for your consideration.

Yours faithfully

Anne Taylor

National Competition Policy Review

History

1989 New Zealand

- privatised/sold GBEs, (railways, electricity)
- introduced competition strategies
- removed most tariffs, protection & subsidies for agricultural producers & their products

1993 Hilmer Report

1995 COAG agreed on National Competition Policy

- All private & public sector businesses to comply with restrictive trade practice provisions of Trade Practices Act 1974
- ACCC - Australian Competition & Consumer Commission established

The changes due to NCP are like a pendulum swing from one basic frame work or set of rules to another. Many people still are not familiar with the new set of rules.

These changes have had various results, not all being what the academic Hilmer expected.

There is a need for a public education program, as to

the aims

expected outcomes,

the results of NCP = the good & the bad, the short & long term

the individuals rights how the system works.

New Zealand

1995 on a visit to the South Island, noticed large areas, especially hill country, covered in weeds (broom, gorse & briar). In 1989 & subsequent years, farmers had experienced great financial distress due to the overnight removal of subsidies & tariffs protecting the prices for agricultural products. Hence the farmers rationalised their expenditure & ceased weed control programs, hence removing a portion of area of land from production.

Electricity

Positive results

- Hydro / Aurora Energy no longer an arrogant dictator, but has only reduced its level of dictatorship. The cultural change within the organization is not complete
- Domestic hot water now able to be produced by a combination of energy mediums eg electricity boosters where water mostly heated by solar/wood fire
- Pole renewal for private line owners, by private supplier & installer
- Excess privately generated electricity can be sold to Aurora or other customer & distributed via existing transmission structures. There is one publically applauded incidence of this in Tasmania

Anticipated Improvements

- **More efficiencies in structural component costs**
eg. galvanised cross arms could be recycled by regalvanising when lines are reconstructed
This is not happening June 1999.

Aurora has a policy of only using brand new components, & discards used components, without assessing functionality & recyclability. Some discards are sold at auction, lots disappear.

- **Tendering process be more transparent**

eg. Personal experience..

Applied to construct new powerline to a new dam to run pump for Pivot irrigator.

Design of the line by Aurora personnel with some consultation with customer Construction tender arranged & selected by Aurora personnel. Customer has never seen the submitted tender documents & therefore not given the opportunity to choose on all merits. (service, quality, time frame, price, communication skills)

Normal Commercial Practice

Normal commercial practice is for payment 30 days after construction, at the worst, a deposit, with balance paid after satisfactory completion. Aurora ordered customer to pay all construction costs up front, = at least 6 weeks in advance, thus customer is disempowered. Customer unable to control quality & timing of construction.

Negatives

Increased cost to remote consumers

When full cost recovery principles are applied to supply & transmission of electricity the Remote & Rural customer will pay more per kilowatt, unless CSO are applied.

However if the cost becomes prohibitive, other methods of obtaining electricity will be utilized. eg

RAPS (remote area power systems = solar, wind, deisel, gas & wood fired) RAPS technology is constantly improving **Lack of Compensation to landowners for Transend structures** Farming & forestry practices compromised/restricted by theses structures. eg. Tree planting & irrigated crops restricted or eliminated in vicinity of structures. **Increased incidence of power blackouts** Many people feel there have been more interruptions to power supply experienced through out Tasmania in the passed couple of years. This may be due to NCI? or to cost cutting by a minimum maintenance program, & now many structures have "worn out before replacement. **Slower response time**, to power interruption callouts Previous to a call centre for interruption notification being established, notification was made directly to the local repair crew who had intimate local knowledge of the area Response time is slower as.. crews get lost have further to travel lack intimate knowledge of structures Suggest when it is an isolated interruption that designated repair crew should discuss directions with person notifying of the interruption. It is common knowledge that Aurora Energy & the Hydro have never had maps showing location of Low Voltage powerlines (public & private) & their transformers.

Water

Positives

- **Transfer of water rights**
Allows unused rights to be utilised, by those in need,.
- **Independent Arbitrator**
To resolve disputes between neighbours/district & down stream users, for fair & equitable availability, at all times, including in drought
To maintain healthy rivers, & prevent draining of waterways
- Maintain & improve quality (reduce polution, sustain environmental flows, prevent over allocation)
Drinking quality water is possible for each household, by allowing rain collection into tanks, & educating the public to be responsible for their own quality. It is not difficult to filter, boil & refrigerate water.
In 1999 this is not allowable in all urban areas, possibly due to Local government wanting maximum usage & cost recovery rate, of their reticulated water schemes

Concern

- **Another impost to Farmers**

Farmers are unable to pass on increased costs of production

- **Lack of competition of Water Management**

Fees charged to farmers & other water users will explode if managed only by a single bureaucratic department. Needs to be a strategy system set up for checks & balances where consumers/farmers can contribute to management process & maintain fees to a minimum. It is feared that the bureaucraties will not contain costs. Only 2% of Tasmanian water is used by farmers for irrigation, yet it is rumoured that the government expects to recover the large percentage of water management costs from the farmers. **Lack of Consultation of traditional users** People with local & historical knowledge of local waterways, their seasonal flows & climatic variants, should be consulted before broad sweeping standards are legislated. **Farm dam construction applications & regulation** If removed from the current state wide administration body, costs to the user & landowner will be increase, It has been proposed that administration be transferred to Local Municipal Councils, who do not have expertise & standards will not be consistent state wide. **Changes to prescriptive rights** Water users with prescriptive rights have spent capital, budgeted & made constructions based on their historical & traditional documented rights. Most have never been charged a fee for water. Fear their available volumes will be reduced.

Negative

Cannot be documented, as the legislation is still passing through the parliamentary system & has not been ratified.

Competition

Competition is healthy. It ensures that only the efficient & fit & healthy survive. It generates initiative, creativity, experimentation & innovation, as does financial distress..

In its extreme competition will result in monopolies.

Laws of supply & demand reign supreme.

Competition between two or more providers of services or products works to keep low prices & high standard of service, in a large population community. In low population areas (rural & remote) it is not viable for even one provider to maintain a service

However despite a rigid adherence to competition being good for the economy there are many people & communities who do not survive or prosper.

It is vital that CSOs are maintained.

Rural & remote communities are low on population and high on distance. Factors limiting effective competition.

Businesses, in rural & remote areas are based on primary production (agriculture, mining, forestry) & eco-tourism.

Agriculture is very familiar with competition. Production is directly determined by the weather. ie agriculture is competing with climatic conditions. Prices for agricultural products are determined by the law of supply & demand, mostly global. Farmers are constant bed fellows with risk, & constantly compete with risk to survive.

Suggestions to

improve Productivity

Telecommunications to be equally available to all persons living in Australia.

Equal access to internet, will enable many businesses to be conducted from the home office, where ever it may be

Education of public on Risk management

Business management
Internet Technology
Competition policy

These comments have been compiled when the author was on a family holiday.
It is due to inclement weather forcing cancellation of outdoor activities & providing the opportunity to sit & write.

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CV:

Chair person Tasmanian Rural Women's Advisory Group	1998
Physiotherapist	29 years
Co-manager of Mixed Farming Business	25 years
Presented paper on Electricity Industry Reforms @ Australian Farm Management Society Conference	1996