



## OFFICE OF THE MAYOR

AJM.GD

30 November 1998

Mr John Cosgrove  
Presiding Commissioner  
Impact of Competition Policy Reforms Inquiry  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Sir

### **Impact Of Competition Policy Reforms On Rural And Regional Australia**

Thank you for the opportunity to provide comment on the impact of Competition Policy Reforms on rural and regional Australia. Being the regional capital of North Queensland, the City of Townsville plays an important role in the economic and social development of both the North and North West of the State. Its extensive port facilities support the major export industries of mining and agriculture. Townsville is also a regional centre for government administration, education, research and national defence. The City of Townsville is therefore very keen to be part of any deliberations on the impact of Competition Policy Reforms on regional Australia.

In respect to its own business activities, the Council has commercialised its water, sewerage and waste management services and implemented competitive neutrality reforms to other business activities.

### **National Competition Reform – Water and Waste Water**

Townsville City Council can be said to be a reluctant partner in the competition reform process when it comes to essential services. It is felt that community funded and controlled assets are being hijacked by ideology. While Council is meeting the challenge of implementing in-house efficiencies to its business enterprises and adopting greater transparency in pricing, it questions whether further competition reform to important public services such as water and waste water will lead to a more cost efficient and quality delivery system in the longer term.

The major elements of Competition Policy Reforms impacting on local government are:

- Extension of the Trade Practices Act to limit anti-competitive behaviour such as price fixing, market sharing and exclusive dealings;

- Legislative review and where necessary, reform of local laws which restrict competition such as imposing unnecessary costs, penalties, restrictions or barriers to business; and
- Competitive neutrality to remove the benefits and costs of government ownership and control of businesses.

Future elements that will impact on local government are third party access for competitors to Council infrastructure, and price oversight to prevent misuse of monopoly powers. A third party access regime will be applied to local government either via the Trade Practices Act (Commonwealth regime) or via the Queensland Competition Authority Act (State regime).

Unlike local government in other States, Queensland local governments are directly responsible for the delivery of water supply and waste water services. Allowing third party access to these local schemes is something my Council has great concern with. Council is of the opinion that the cost efficient and high quality service provided by local governments in respect to these services will be jeopardised in what will become a price driven market. Potential new entrants will be keen to participate in the more profitable end of the market, and less keen to enter the less profitable parts of the markets. Allowing competition under such circumstances would be against the overall public interest.

In respect to Townsville's water and waste water services, a cross subsidy exists from industry to residential consumers. With the introduction of third party access, it is likely that such cross subsidy would be removed leaving the bulk of the population paying increased charges. Community service obligations such as discounts or rebates to groups such as pensioners and sporting clubs are a means by which local governments can seek to achieve desired policy objectives such as social equity. Under open competition the continuation of such policies is difficult unless, for example, the cross subsidy in the water charge from the industrial sector is simply levied under a different guise in the general rate. Current environmental and lifestyle policies pursued through the water supply regime such as 'greening of Townsville' and city beautification may also be put in jeopardy in a strictly price competitive market.

Anecdotal evidence appears to be already surfacing, both in Australia and New Zealand, that where public monopoly goods such as electricity and water have been fully deregulated, the quality of the service and employment had declined. My Council would therefore like to see more research on the impact of opening up public sector monopoly infrastructure to third party access before going down this path any further or without contrasting such a reform mechanism against other alternatives such as benchmarking, prices oversight, best practice techniques and so on.

While my Council notes that the actions it has taken to commercialise its significant business activities is designed, in theory, to improve economic efficiency, it is not supporting further competition reform at this stage. Council considers that in the small market in which its water and waste water operate, quality of service will deteriorate. As well the isolated efficiency gains in the commercial areas need to be contrasted against the one off and ongoing cost of increased internal costs of administration and governance arising from the purchaser provider split, the fragmentation of corporate goals and efficiencies and the general disruption to business and activities.

## **Reform of Commonwealth and State Government monopolies**

For rural and regional Queensland, competition reform has largely been measured in terms of the employment impact and quality of service issues. While reform of the telecommunication, electricity, postal, and transport industries may have brought about efficiency gains at a national level, comments at the rural and regional level suggest that the restructuring of these industries has had a negative impact on regional areas with loss of jobs and loss of quality services. Closure of railway stations, works depots, post offices, have had a major impact on employment in rural areas and subsequently local access to such services has declined. In particular, deregulation has been the bride of centralisation at the expense of regional Australia.

The focus of large public corporations is on meeting international best practice benchmarks in the delivery of their services. What happens when people lose jobs, when schools close down, when services are transferred to regional centres, is no longer the problem of purely commercially focused public corporations. National Competition Policy has simply freed them from the need to have a social conscious in areas where alternate sources of supply for essential services don't exist. The social implications of competition policy reform therefore have not been adequately addressed within the reform process. There is no evidence that Commonwealth or State programs have filled any void, particularly in respect to employment creation, which is the primary concern.

The promise that micro-economic reform will lead to higher living standards for all, via lower prices or higher activity and employment levels, has therefore not happened at this point in time in rural or regional Queensland and my Council is hopeful that the Commission's Inquiry and the Senate Select Committee Inquiry will be able to address these issues.

I am enclosing a copy of Townsville City Council's Submission to the Senate Select Committee on Socio – Economic Consequences of the National Competition Policy, which was prepared in partnership with the North Queensland Community Services Coalition. This submission particularly addresses the impact of competition reform on community service delivery.

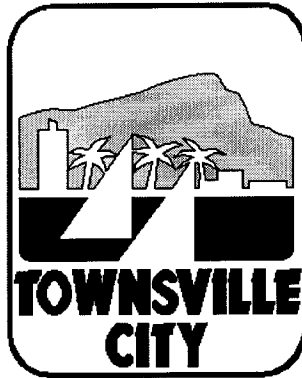
Council looks forward to being kept informed on the Commission's findings and to receiving a copy of the draft report.

Kind regards

Yours sincerely



**TONY MOONEY**  
**MAYOR OF THE CITY OF TOWNSVILLE**



**Submission by**

**Townsville City Council**

**to the Senate Select Committee on the  
Socio – Economic Consequences of the  
National Competition Policy**

**Prepared in partnership with the  
North Queensland Community Services Coalition**

**October 1998**

**SUBMISSION BY TOWNSVILLE CITY COUNCIL TO THE  
SENATE SELECT COMMITTEE ON THE SOCIO - ECONOMIC  
CONSEQUENCES OF THE NATIONAL COMPETITION POLICY**

**Prepared in partnership with the  
North Queensland Community Services Coalition**

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## **Introduction**

This submission to the Senate Select Committee on the Socio – Economic Consequences of the National Competition Policy has been prepared by staff of Townsville City Council, in partnership with the North Queensland Community Services Coalition.

**Townsville City Council (TCC)** is a large local government in the north east of Queensland. Council has an extensive experience in the delivery of community services, especially for elderly people, people with disabilities and children. In addition, Council takes a strong role in community development and planning, and in social planning.

**The North Queensland Community Services Coalition (NQCSC)** began in 1996, at the time when the COAG (Council of Australian Government) reforms were announced and briefing sessions were being held around Australia. People from local organisations met to discuss the new policies that were being introduced and their possible impacts, particularly in the northern Queensland region with its urban and rural areas. As a result of these discussions, approximately 16 agencies decided to form a coalition or loose network, which was open to anyone who was interested in the future development of service delivery in North Queensland.

### **Information for the report has come from the following sources:**

- minutes of meetings and forums of the NQCSC
- discussions with members of the NQCSC
- discussions with staff of TCC
- consultation with community services organisations in North Queensland (1997)
- consultation with children's services and families (1997/ 1998)
- previous reports prepared by TCC Community and Cultural Services Department
- literature search.

It is noted that National Competition Policy is part of a range of actions by government which are intertwined, so it is not always possible to definitively isolate which consequences result for the application of NCP itself, and which flow from other related policies and actions of government. These include:

- competitive tendering of services
- micro economic reform
- reduction of government funding in some areas of social welfare (particularly experienced in Queensland)
- greater emphasis on accountability in a narrow sense, and without commitment of resources to facilitate accountability
- a tendency to fund one – off projects that bring short term political gains, often at the expense of ongoing needs
- withdrawal of support from community sector peak bodies and advocacy agencies, effectively silencing public debate on policy.

Our concern in this submission is to report the impacts of the broad approach of which National Competition Policy is a keystone.

### **(i) Unemployment and (ii) Changed working conditions**

The main impacts of National Competition Policy on employment opportunities and labour market programs in the Townsville Region have mainly been seen in:

- high levels of unemployment
- reduced employment opportunities
- reduced training opportunities
- a more punitive approach to unemployed persons
- poorer services and less assistance for unemployed persons
- negative consequences for people with disabilities
- stress on full-time employees

#### **1. High Levels of Unemployment**

National Competition Policy is contributing to unacceptably high levels of unemployment in the Townsville Region. The unemployment rate for the Local Labour Market Area of Townsville East<sup>1</sup>, for example, has peaked at 10.8% in March 1996, at 10.4% in March 1997 and 11.0% in March 1998 (DEETYA Small Area Labour Market Reports, March Quarters, 1996, 1997 and 1998). During this period, the number of unemployed people has risen from 3,928 to 4,819 persons. Townsville West<sup>2</sup> has experienced an increase from 3,134 to 3,575 unemployed persons in the same period, and currently has an unemployment rate of 9.2% (March 1998). While there are seasonal fluctuations, since 1993, the unemployment rates in the Townsville areas have generally moved from being lower to higher than national averages.

It must be noted that published levels of unemployment are conservative estimates of the numbers of people who are without work, as this data does not include those who have given up hope of finding employment, as well as those who are working less hours than they need.

There are particular groups within the Townsville and Northern Region who are more severely effected by increasing levels of unemployment. These groups include young people, Aboriginal and Torres Strait Islander communities, single parents and people from non - English speaking backgrounds.

Unemployment levels also vary across suburbs in the Townsville Region and contribute to the decline of local areas, as more limited purchasing power effects local

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<sup>1</sup> Townsville East Local Labour Market includes Burdekin Shire, City, Thuringowa C (65% Part B), Currajong, Gulliver, Murray, Hermit Park, Hyde Park-Mysterton, Magnetic Island, North Ward-Castle Hill, Oonoonba-Idalia-Cluden, Pallarenda-Shelley Beach, Pimlico, Railway Estate, Rosslea, Rowes Bay-Belgian Gardens, South Townsville, Stuart-Roseneath, West End, Townsville C Bal.)

<sup>2</sup> Townsville West Local Area Labour Market includes Kelso, Kirwan, Thuringowa C Part A Bal. and 35% Part B, Aitkenvale, Cranbrook, Douglas, Garbutt, Heatley, Mt Louisa-Mt St John-Bohle, Mundingburra, Vincent

businesses. It must also be stressed that the remote areas of the Northern Region are reported to be particularly feeling the impact of National Competition Policy in the more limited employment opportunities available.

## **2. Reduced Employment Opportunities**

The North Queensland Yearbook 1995/6 reports only slight increases in the number of job advertisements in the Northern Region in line with state and national trends. Indicators suggest that business confidence and investment remains subdued in the region and is insufficient to offset declining sectors such as residential construction (North Queensland Yearbook 1995/6, p120).

One of the key areas in which National Competition Policy is having a negative impact is in public sector activity. Public administration, defence and community services are the dominant economic sector in the Northern Region. Townsville is the administrative centre for the public sector, a major base for the Defence Forces and the location of the University.

The proportional contribution of public administration to the Gross Regional Product has declined since 1986/7. While this is partly due to the expansion of other sectors, reductions in public sector activity, public administration staff and offices is having a detrimental effect. It must be stressed that reductions in public sector activities have a flow-on effect that contributes to a more general economic decline.

Cutbacks to tertiary education funds are also strongly felt in Townsville as expenditure by the University is an important source of revenue for many local businesses. Cuts in Federal funding have reduced the universities' operating grants by more than 5% over 3 years. These cuts, along with static enrolment patterns, have led James Cook University to implement a targeted voluntary separation scheme and other budget cuts. The effect of these measures is illustrated by the downturn in staff numbers.

## **3. Reduced Training Opportunities**

The North Queensland Yearbook 1995/6 reports that, while the demand for skilled workers continues to increase, the demand for semi-skilled workers is relatively stable and there is an on-going surplus of people in unskilled occupations in the Northern Region.

There is an urgent need for retraining programs for unskilled workers as well as training programs for young people who are about to enter the workforce. Re/training programs must include a range of potential employment areas and be effective. Concerns have been raised by local youth workers about the limited range of current training options (with many courses available in the hospitality industry), as well as the limited training component in projects funded under the recent Work for the Dole Scheme. Local youth workers report a need for literacy and numeracy programs for young job seekers which is also not being met by current programs.



As reported by the Australian Council Of Social Service (Jobs Pack, November 1997), in its first Budget, the current Federal Government cut employment programs by \$1.8 billion. ACOSS has estimated that the number of unemployed persons who will be assisted will fall by 34.5% and that only 1 in 4 long term unemployed people will have access to any intensive assistance.

Combined with cuts to University funding, severe reductions in training programs is cause for great concern. A skilled workforce is not only essential for international competitiveness, but also an important and positive way of tackling unemployment.

#### **4. A More Punitive Approach to Unemployed Persons**

A further concern amongst community service organisations has been the increasingly punitive approach to unemployed persons. The recently introduced Work for the Dole Scheme, for example, interprets unemployment benefits as an income which should be earned, rather than compensation from the state for inefficiencies in the labour market or necessary income support while a person seeks work.

Other measures being introduced by the Federal Government indicate a harsh and punitive approach to unemployed persons. These measures include, for example:

- tighter checks on whether unemployed persons are actively seeking work
- longer waiting periods when people first apply for unemployment benefits
- longer waiting periods if people move to low employment areas
- longer periods off benefits for non-compliance
- abolition of payments to assist people with the costs of starting a new job
- tightening of pension/allowance earnings credit
- tightening of eligibility for the Disability Support Pension, and,
- cuts to ATSIC and other programs specifically for Aboriginal people.

#### **5. Poorer Services and Less Assistance for Unemployed Persons**

Concerns about the changes to the operation of the Department of Social Security and Commonwealth Employment Service include:

##### **Long delays in receiving assistance:**

The new Centrelink or one stop shop is only providing limited assistance with job seeking, with unemployed persons being referred to private or community employment services. Due to the limited resources, it is estimated by ACOSS that three quarters of currently unemployed persons will have to wait for 1 to 3 years before receiving assistance. Some employers (for example, Woolworths) have found the new systems for employment through the Jobs Network too expensive, and have by-passed them.

##### **Focus on low quality, short term outcomes:**

The competitive tendering process and structuring of subsidies appears to be leading providers to focus on short term outcomes rather than working with people towards improving their longer term employment prospects. There is concern that the more vulnerable groups such as Aboriginal and Torres Strait Islanders people, people with disabilities and people living in remote areas, will receive little assistance.

**Long delays in responding:**

With the introduction of the new Centrelink service, youth workers have reported long telephone queues and operators with inadequate skills in customer relations.

**Limited consumer protection mechanisms:**

There is concern that consumers will not have adequate protection or avenues for ensuring that they receive a reasonable service.

**6. Negative consequences for people with disabilities**

Employment agencies for people with disabilities report that increased accountability in terms of obtaining longer term employment outcomes for their clients is positive. However, the down side is that these outcomes may be achieved by taking easier to place, more employable people, at the expense of those who are more challenging.

Previous programs for employment of people with disabilities gave more emphasis to processes and the steps along the way to becoming employable, including the development of self esteem and confidence. The emphasis now is on getting and retaining the job. It is considered that for some people, building confidence is a legitimate goal in itself regardless of employment outcomes. Limited part time employment of eight hours per week is not considered as employment; this does not recognise that for some people, even a small number of hours a week may bring significant personal benefits. There may be an incorrect assumption that people “grow out of” disabilities. For people with mental illness, there is no recognition of the episodic and cyclical nature of the disability.

**7. Stress on full-time employees**

Ironically, in this time of high unemployment, some people who are in work are working longer hours, not all of them paid. This impacts on family life and family responsibilities towards children, aging relatives, and people with disabilities.

### **(iii) Social welfare**

National Competition Policy is mainly impacting on community services through its strategies of reducing public funds for community services and placing greater demands upon those agencies which it funds. These demands are being experienced, for example, in areas such as accountability (including data collection and evaluation), and in processes such as the negotiation of service agreements. The tendering of community services has begun in a limited way at the local level.

With the broader impacts of National Competition Policy in areas such as employment and housing, community services are also facing an increased demand from consumers for assistance. These combined forces are placing considerable, and in some cases, intolerable pressure on many workers and organisations.

#### **1. Increasing Demand for Community Services**

*The Report on the Consultation with Community Service Organisations: Current Issues*, carried out by the North Queensland Community Services Coalition and the Community and Cultural Services Department of Townsville City Council (November 1997), outlines the results of a survey to which responses were received from 33 agencies in the Townsville Region and surrounds.

This survey strongly reinforced that "Community service organisations are faced with greater numbers of consumers and consumers with more intensive needs seeking assistance, as well as increasing expectations from funding bodies. Community service organisations are being placed under extreme stress as they attempt to work in an environment of reduced services with greater demands being placed upon them by both their consumers and funding bodies".

Agencies reported that isolation and loneliness, and the breakdown of family relationships are the main personal or relationship issues being confronted by consumers.

The main needs in relation to practical resources are:

- more affordable and appropriate housing
- more adequate income security
- employment, and,
- better public transport.

The opportunities for adequate housing and employment were seen as becoming far more limited. There is great concern amongst community organisations in relation to the severe cutbacks in funding for affordable housing, as well as in training and employment support programs.

The need for information about available resources, more influence in decisions which effect ones life and more involvement in community life are also seen as

important issues. This relates to a more recently recognised need to respect the rights and dignity of the individual, within the context of strengthening the role of the community and families.

There are many gaps in community services identified throughout the Northern Region across a range of categories and for various target groups. Many of these gaps relate to the above needs of consumers for counselling and support as well as practical assistance or options in areas such as housing and health services. The need for outreach services in a range of areas was clearly identified.

## **2. Reduced Funds for Community Services**

In the above survey, 14 of the 33 respondents (42%) report reductions or the threat of reduced funding. Two projects or services have been cut completely and another 6 are under review or about to be defunded.

The reductions in services for Aboriginal and Torres Strait Islander communities have been very noticeable in the Townsville Region. All the available information points to these communities as being highly disadvantaged and in great need of expanded rather than reduced services. Issues of concern to Aboriginal and Torres Strait Islander people are very important for our region. According to the 1996 Census, Aboriginal and Torres Strait Islander people make up 4.5% of our regional population (although perceptions locally are that these communities are underrepresented). The percentage of Aboriginal and Torres Strait Islander people in Queensland is 2.8%, and Australia as a whole is 2%.

## **3. Increased Demand for Data**

There is considerable concern by local community organisations about the following aspects of the changing government expectations of the activities of agencies in data collection:

- increasing expectations of agencies to collect client data, both with and without informed consent of clients;
- questions of what the data means and the uses to which it is being put (there need to be clear benefits as it takes resources and is often difficult to do);
- increasing encroachment on the privacy of individuals;
- issue of confidentiality (as a professional ethic);
- increasing ability of governments to track clients (with the potential of refusing service if the individual has “used up their points”);
- issue of informed consent by consumers (the degree to which people understand the implications, and whether they believe that they need to agree to obtain services);
- clients may assume that the data they provide stays within the agency (not necessarily the case);
- data is difficult to collect and adds further stress when people are in a crisis;

- in the case of the Women’s Shelter, where confidentiality is extremely important, there are concerns that the data may identify the person;
- in the case of rural services, there are particular difficulties in data collection;
- there are variations between the accountability requirements and data collection systems of different government departments which means setting up different systems.

Concerns about data collection in the private sector have also been raised. For example, housing workers have grounds for believing that real estate agents have access to a Real Estate Institute of Queensland “blacklist” of tenants who are subsequently being denied housing. It was also reported that real estate agents are requesting bank statements from people to prove that they have a regular income.

#### **4. Respecting the Role and Contribution of Community Based Organisations**

Community agencies identified many strengths which such organisations bring to the services they provide, with dedicated and skilled staff being the most reported strength. Concern with consumer and community outcomes, along with agencies not being motivated by profit, were the most important strengths relating to the value base of community services. The two main reported strengths relating to service provision are the links organisations have with other services and the quality of services provided.

It should be noted that some areas where agencies could learn from the private sector were identified. These areas include strategic planning, utilising technology and marketing.

#### **An example of partnership with community organisations**

##### **Twenty Year History of Family Emergency Accommodation Townsville Inc.**

This organisational history, recently completed by the Community and Cultural Services Department of Townsville City Council, strongly reinforces the achievements of a community based organisation acting in partnership with government.

This report details the dedicated involvement of a community in helping others in housing crisis. It outlines the many ways in which volunteers have contributed over twenty years, from cleaning demolition stock used as emergency housing, supporting families, data collection, office work to participation in the management committee.

A strong sense of community ownership and cooperation has been developed which has benefited homeless families and the community in many ways.

## 5. Childcare

The Council of Australian Governments (COAG) Review of Child Care did not require that the National Competition Policy (NCP) be applied to children's services. Nevertheless, the culture of competition, supported by the influence of private sector interest groups, has determined that government has structured funding in such a way that has effectively privatised the sector.

The childcare sector was one of the early community services sectors to feel the impact of National Competition Policy. Childcare had already been provided by the private sector before its adoption. The decision to extend Child Care Assistance to the commercial sector was framed in terms of the ability of government to meet the needs of working parents, and of equity between users of commercial and community based services. Access to Child Care Assistance has led to an unprecedented growth in the sector, as early administrative arrangements and levels of assistance made childcare appear to be a profitable business enterprise. The Commonwealth Government appeared powerless to ensure planned service provision in areas of need. Later tightening of administration, along with increased costs of service provision and lack of ability of childcare assistance to meet the real costs of service provision and oversupply made some areas unsustainable.

A recent study of children's services and parents in the Townsville Region concluded that:

- the greatest single issue facing services, and the impact of government policies most identified by parents and services, related to the costs of services;
- oversupply has impacted on affordability of childcare to families, and viability of services;
- the loss of the operational subsidy to community based care was seen as a threat to the viability of centres run by parent and not for profit community organisations;
- parents were experiencing stress through a closing off of options, with some identifying that they may have no choice but to give up using services, and to give up work, while others said they had no choice but to work;
- parents and services are concerned about the implications of increased costs on quality of care;
- parents and services are worried about the increase in unregulated informal care.

The last point reflects concern about quality and safety issues in private, unregulated care, as well as concern about the long term viability of formal services. It is ironic that the Queensland Child Care Act (1991), which set higher minimum standards for formal services, took away all regulation of informal care. This is not the case in other states, where there are some standards about informal care. The users of

childcare (small children) are very vulnerable as their parents often have little real choice of services.

For childcare services delivered by local government in Queensland, there has been an additional impact under NCP. They have been subject to review as Type 3 Activities of Council (the expenditure levels for Type 3 activities is only \$200,000 per annum). The Australian Local Government Association has criticised NCP for applying the reforms to “a range of quite small business activities” which have imposed disproportionate costs of implementation (ALGA, 1997).

#### **(iv) Impacts relating to public utilities and infrastructure**

Impacts of NCP on access to and reliability of public utilities in other states and overseas has been documented. Third party access to infrastructure, it is argued, does not necessarily improve economic efficiency or confer any advantage on the end consumer (King and Maddock, 1996). Martin (1993) refers to the “privatization of key utility services in the spiraling process of the transfer of power away from political control through the state to transnational corporations....enabling them to exercise ever – greater influence on world economic development and soak up an even greater share of its resources”.

In our region, the effects of the corporatisation of the electricity board are yet to be experienced. The main infrastructure impacts have been on public transport and public housing. Concerns are also raised about the longer term consequences of the private certification of building approvals.

##### **1. Public Transport**

Globalisation and economies of scale favour larger multi national corporations over smaller locally based companies. In the Townsville region, National Competition Policy appears to have impacted on the provision of transport services, through the tendering process resulting in a change in ownership of bus services. Services provided by two local bus companies have been replaced with the Sunbus service, a London based company which has successfully tendered in a number of major centres in Queensland. Accompanying the subsequent increases in fares has been the introduction of a substantial subsidy for pensioners by Townsville City Council.

While it may be acknowledged that some improvements have occurred with the new Sunbus service, for example, extended routes and hours of operation, there have also been many concerns raised by residents, local organisations and Townsville City Council.

Local residents in Garbutt, an inner urban suburb with a high proportion of older people on low incomes, have been particularly active in raising issues such as:

- rapid increases in fares;
- a reduction in local services in Garbutt (including early buses required to enable people to secure work);

- cuts to important routes, such as to the nearest shopping complex and medical services at Castletown;
- poor condition of the buses (including air conditioning systems not working, mechanical breakdowns and uncleanliness);
- delays in service;
- lack of customer service from some bus drivers.

While the campaign of the Garbutt residents (organised by the Garbutt Neighbourhood House during 1997) was successful in bringing about changes to the timetable and routes through their suburb, the company made cuts to services in other suburbs.

The Townsville Region Committee on the Ageing has recently summarised the key current concerns (meeting 6 July 1998) as follows:

- long waiting periods and delays between buses;
- no bus services on public holidays;
- no bus services to locations such as the Civic Theatre or to the northern beaches;
- the poor condition of the buses which appears to result in a high level of mechanical breakdowns;
- the inadequate level of cleanliness of the buses;
- limited bus routes and no linking or feeder services for those elderly people who live away from bus stops;
- the unsuitable location of some bus stops which require elderly people to cross dangerous roads (for example, Nathan Plaza, a major shopping centre);
- buses are not identified by colour which makes identification difficult for not only older people with visual impairments but also those from non-English speaking backgrounds and tourists;
- the bus service is not (in practice) accessible for people with disabilities;
- as elderly people often have difficulty boarding buses, modifications to buses and bus stops, and assistance from bus drivers, is needed.

A comprehensive public transport study was carried out in 1992 by Townsville and Thuringowa Councils and Queensland Transport. Despite some changes, ongoing community consultations reveal that many of the fundamental problems remain.

## **2. Public Housing**



National Competition Policy has badly impacted on affordable and appropriate housing in the Townsville Region through:

- severe reductions in Commonwealth (and State) funds for housing assistance;
- pursuing a policy of progressively redirecting housing subsidies away from the public housing system towards private rental subsidies;
- increasing stringency in public housing guidelines (thus limiting access);
- privatisation of functions of the public housing system (for example, a pilot program in South East Queensland);
- increasing pressure being placed on community housing organisations for data collection and other accountability measures which are often inappropriate and not resourced;
- the beginning of the process of tendering out community housing projects.

The consequences in the Townsville Region are:

- increased housing needs and a growing inability of low income earners to access the most effective long term solution of public housing;
- continuing inadequacies being experienced by low income earners in receipt of subsidies in the private sector;
- continuing pressure being placed on the scarce resources of community organisations attempting to cope with increasing housing needs;
- decline in the quality of working relationships and partnerships between key players.

These impacts are discussed below:

#### **(a) Increased Housing Needs**

The need for affordable and appropriate housing is a key issue in the Townsville Region.

Analysis of statistical data and consultations with community organisations has consistently identified affordable and appropriate housing as being of critical social and economic importance. In particular, the following low income groups are seen to be in urgent need of housing assistance:

- Aboriginal and Torres Strait Islander communities
- single parent families
- young people (including students)
- people with disabilities (particularly people with psychiatric disabilities)
- older people.

Unemployment is a related key issue for the above groups, (with the exception of older people).

Community organisations in the Townsville Region report increasing numbers of low income earners seeking housing assistance. As in the past, home ownership continues to be well beyond the reach of most seeking assistance, and for many, the rent levels and initial establishment costs on the private rental market continue to be insurmountable barriers. Emergency housing and community managed housing programs in the Townsville Region are stretched.

Public housing, often the only realistic long term housing option for low income earners, is falling further behind in its ability to meet the level of need. Public housing in the Townsville Region is in short supply and applicants face long waiting periods. As at 31 May 1996, the waiting time for a one bedroom unit was estimated to be between 26 to 48 months (averaging at about 3 years), depending on the area selected. A two bedroom unit or house now has a waiting period between 15 to 40 months (Department of Public Works and Housing, May 1996).

Funds available for housing assistance under the Commonwealth State Housing Agreement (CSHA) has been steadily declining during the 1990s. For example, funding under the CSHA for rental housing and home purchase assistance and from surpluses on housing activities has declined from \$2,279 million in 1989/90 to \$1,922 million in 1994/5 (CSHA Annual Report 1994/5).

Annual additions to Australia's public housing stock have declined from 13,900 units at the beginning of the 1989, to 5,000 units in 1994/5. Funding of construction and purchase of dwellings declined in this period from \$992 million to \$819 million (National Shelter Treasury Submission Federal Budget 1997 - 98, page 8).

In 1996/7, Queensland suffered a reduction of approximately \$114 million in funding allocated for public housing in comparison to the previous year. With around 30,000 households on the waiting list, only 1,175 dwellings were to be acquired in the coming year, compared to 1,326 in 1995/6 (QCOSS Bulletin, September/October 1996, page 2). In 1997/8, an additional contribution was made by Queensland to the Commonwealth deficit (\$119 million), resulting in only 560 new dwellings (bringing the total dwellings available for allocation to 50,200).

Increasingly stringent guidelines to public housing are also a disincentive for low income earners in need of this option and portray a negative view of public tenants to the community.

These changes include the new rent formula increasing rents up to 25% of assessable income, tighter income limits, reference checks for new tenants, a probationary 6 month lease followed by a 12 month lease (then a 3 year lease) and reduced time for eviction due to rent arrears from 9 to 6 weeks. While the changes have been introduced from 18 October 1997 for new applicants only, interstate experience points to a likelihood that existing tenants may be included in time.

There is concern amongst local community housing organisations and public tenants that, in addition to the recent cutbacks to funding for public housing, these changes will not only reduce the circumstances of public tenants (many of whom may be considered to be already living below the poverty line) but will increase homelessness amongst those families and individuals who will be left without any real housing options.

### **(b) Continuing Inadequacies in the Private Rental Sector**

Subsidies to the private rental sector continue to be a poor solution to assisting low income earners with obtaining affordable and appropriate housing in the Townsville Region.

#### **Lack of impact on supply:**

The relatively high vacancy rates in the Townsville Region mean that private rental subsidies bring little potential benefit for the building and construction industry (hence employment) when compared with capital works for public housing.

#### **Meeting affordability benchmarks:**

Current recipients of rental subsidies through the Department of Social Security are still generally paying more than 30% of their income in rent. Throughout Australia, the 575,000 low income renters who are in the private rental market are poor after paying their housing costs and 425,000 of private renters (or 41%) who are currently receiving rent assistance pay more than 30% of their income in rent (submission to Inquiry into Housing Assistance, 1997).

The situation is estimated to be similar in Townsville Region. Data provided by ABS on weekly income and rent payments suggests that of those households in Townsville receiving less than \$400 per week in income (31% of the total households in rental accommodation, for whom data is available), over half (51%) are spending more than 25% of their income on rent. Of the households in Thuringowa receiving less than \$400 per week (27% of total households in rental accommodation), 46% are paying more than 25% of their income in rent. This data suggests that over 2,000 households in the Townsville Region, are living in rental accommodation which is not affordable in relation to their low income. These households would generally be struggling to meet other basic living costs.

#### **Discrimination and other barriers to access:**

Community housing organisations report that discrimination continues to be a serious barrier to access for low income earners. Discrimination continues to be practiced widely in the Townsville Region (as elsewhere), particularly against people from Aboriginal or Torres Strait Islander communities. Other groups who also experience discrimination from landlords and real estate agents include single parent families (headed by women), young people and people with disabilities.

#### **Lack of effectiveness - adequate standards:**

The information that is available suggests that at the lower end of the private rental market in Townsville, there is significant housing stock that is of an extremely poor quality. This type of housing includes dwellings that are structurally unsound, fire risks and/or that which do not include basic facilities. Research carried out by the

Australian Institute of Health and Welfare concluded that the housing problems experienced by private tenants in living in dwellings with structural problems (39%), over-crowded (10.5%) and without basic amenities (2.2%) were generally more widespread than for home owners, home buyers or public tenants.

**Lack of effectiveness - maintenance:**

As indicated by the statistics provided by the Tenancy Advice Service for the Townsville Region for 1993/4, ensuring the carrying out of repairs and maintenance by owners is one of the greatest difficulties faced by tenants in the private rental market. Rental subsidies are not ensuring an adequate standard of housing, as well as the regular carrying out of maintenance and repairs.

**Lack of effectiveness - security of tenure:**

Lack of security of tenure is a serious concern for individuals and families in the private rental market. Low income private renters are extremely mobile with 90% of this population having moved in the last five years, that is, at twice the rate for the Australian population (submission to Inquiry into Housing Assistance, 1997). The private rental market with its prime concern of housing as a form of investment for the owner has little incentive to offer security of tenure.

**Need for better tenancy legislation and monitoring:**

While some improvements have been made in the recent reform of residential tenancy legislation, there are still many areas where there is little protection for tenants, for example, rent levels, rent increases, security of tenure and discrimination. There is very little monitoring to ensure that properties that are let to people currently receiving rental assistance meet any type of minimum standards.

**(c) Increasing Pressures on Community Based Housing Programs**

Community housing organisations report concerns about the recent increase in government requirements, particularly reflected in the areas of data collection and evaluation. While the benefits to be gained from such processes are widely acknowledged, many are concerned about the constraints that must be taken into account when attempting to extend these processes.

As recorded by the president Doris Cornford of Family Emergency Accommodation Townsville, "the management committee (of FEAT) shares the concern of many in the community sector that the strategic planning and evaluation processes currently demanded by government, combined with the discrete program guidelines, strain the resources of smaller community organisations and do not necessarily lead to improved services for clients" (Keeping One Step Ahead, 1998).

It has recently been announced, in relation to a proposed boarding house project in Townsville, that tenders will be sought for its management. This project has had a long history during which the State Government has sought to locate or establish a suitable community based management committee (with the range of skills and resources required to effectively undertake the project). A committee was finally established and has been actively involved in designing and developing the proposed boarding house. Given the difficulties of attracting a suitable management committee

and the investment of resources to date, a tendering process under these circumstances appears to be a process of little value.

### **3. Private Certification of Building Approvals**

Certification of building works has been the province of local government. As a result of NCP, this function is now also open to private enterprise. The intention was to improve perceived inefficiencies in processing applications, and to make available a greater pool of certified building surveyors to the public and the industry.

Concerns expressed locally about this reform mainly include issues about accessibility for people with disabilities:

- How well the surveyors are kept up-to-date with information is dependent on their interest and the efficiency of the relevant advisory organisations.
- The public's access to free advice and information may be limited where there are no community service obligations by privately certified surveyors.
- Private surveyors may not readily promote accessibility, because the Disability Discrimination Act has not yet been interpreted into specific building legislation. If an accessible design is not profitable for a developer they may not want to change their plans, and the private surveyor may be under pressure not press the issue because this would put them at a difference with their client.
- Councils are more likely to be subject to actions under the disability legislation, and there is more pressure for Council surveyors to be advanced in their knowledge and compliance with the Disability Discrimination Act.
- The quality of work will not necessarily improve. It is hard to maintain quality control where legal action is the only proof of non-compliance by the surveyors.

### **4. Amendments to the Building Code of Australia (BCA96)**

The assumption implicit in the National Competition Policy that the private sector will promote public interest has been challenged by recent developments in the review of the Building Code for disability access. Amendments to BCA96 to ensure that the code includes provision for access to buildings and within buildings for people with disabilities have been in the process of draft for some time. The intention was that "the Building Code of Australia (BCA) may be referenced in an access standard under the Disability Discrimination Act (DDA)" (BCA 1997).

The proposed changes were subject to a regulatory impact process, which was to involve wide consultation and a detailed socio-economic cost benefit analysis. The Australian Building Codes Board was responsible for organising this process. The report presented covered only costs (not benefits), stating that changes would cost \$8 billion, without pointing out that this is for the whole of Australia, and over a twenty five year period, and that the costs for new buildings would be small. The resultant

fear created among building owners has resulted in a very watered down set of changes, covering only amendments to signage and wider door footprints.

### **(v) Equity and (vi) Social dislocation**

Writers such as Bettina Cass and Robert Theobald have discussed issues around social cohesion and building of social capital. From a more negative point of view, it may be demonstrated that equity and social dislocation are quite linked, in that if sections of the community, whether groups or individuals, are excluded this will bring negative social consequences for the whole society. As Sir William Deane, Governor General of Australia, has commented “the ultimate test of a democratic nation is how we treat our minorities and the most vulnerable members of our society”.

The Henderson Poverty Lines show that the proportion of people living in poverty has increased to one in three. Radio National Program Background Briefing defined poverty in terms of participation rather than income. This concept recognises the social dislocation caused by inequity.

Community services organisations in our region have identified isolation, loneliness and the breakdown of relationships as major main issues confronted by their clients (see section (iii) of this report). The two significant areas of negative social impact identified in this submission, are employment and housing. These are pivotal to a sense of worth, equitable access to resources, and a connection with society. The rate of youth unemployment, for example, is appalling and it may be no coincidence that so is the rate of youth suicide.

The National Mental Health Strategy is currently focusing on prevention of mental illness, through community education and promotion. It is our belief that the origins of the stress that causes mental illness may also be linked to fundamental, systemic issues. These include lack of access to employment (leading to feelings of personal worthlessness, lack of income, and reduction in social contacts) and lack of access to appropriate and affordable housing.

Opening community services to competition and the private sector may impact on another aspect of social cohesion. It has been identified by the Inquiry into the Competitive Tendering of Welfare Service Delivery report “What Price Competition?” that voluntary work is still very much a part of the community services sector, whether it is direct work, voluntary management committee membership, or fund raising. The value of the voluntary contribution has been in danger of being overlooked by Government in the move towards tendering of community services. Submissions to the recent Inquiry highlighted the contribution of volunteers. This has been estimated at a staggering figure of 50,000 people working 40 hours of unpaid work each week, every year.

Voluntary work benefits the community, but also benefits the person who volunteers in practical ways by leading to future employment, building skills and self esteem. Working with people is also enjoyable, and many people who do not have paid work for whatever reason value the opportunity to make a contribution to the community

which builds social cohesion. As the volunteers booklet of a community organisation in Townsville said, in 1979, volunteering is about “people participating, people developing, about community education, about caring, about social action – in fact the whole human adventure” (TCC history of Family Emergency Accommodation Townsville 1998).

### **(vii) Environmental impacts**

The bottom line accounting of NCP means the cheapest price for a specified outcome, which may well result in loss of, or significantly reduced, environmental quality aspects of tendering. This will require vigilance and detail in specification writing. Even with correct specification writing there may be an increased requirement to police versus self regulation (because of the potential for cutting corners to reduce costs associated with incorrect low bid). The tender assessment process must include a weighting for environmental harm (ie. assessment of submitted tenders which has criteria that compares their commitment to environmental protection and proven ability to implement/remediate). There could also be a tender assessment weighting for environmentally friendly resourcing/technology.

In-direct environmental impacts could include an increase in potential for conflict between departments/business units as the units work to take short term views and reduce the impost of environmental costings into work programs (eg. soil erosion mitigation). The potential impact of the Environmental Protection Act on business, through fines from environmental harm incidents, may not be well understood.

There is a need for NCP to incorporate Environmental Risk Management in allocation of funding resources. This should be based on potential to cause harm and allocation of resources to mitigation strategies.

NCP is not just affecting local government, but is also impacting on State Government through downsizing of departments. This is resulting in more responsibility being thrust onto local government for environmental protection and land protection.

### **(viii) The relative effect of the National Competition Policy on rural and urban communities**

Rural areas in our region have expressed concern about the reduction of services in rural towns, including banking and government services. This has a snowballing effect as people are forced to leave the area, and leads to other impacts such as the closure of schools.

### **(c) Clarification of the definition of public interest and its role in the National Competition process**

The guiding principle of public interest is “that competition, in general, will promote community welfare by increasing national income through encouraging improvements in efficiency” (NCC, 1996).

Firstly, the assumption of NCP that competition actually creates wealth and savings may be flawed (King and Maddock, 1996).

Secondly, if increased national wealth or increased wealth in a region results from National Competition Policy then it may only **potentially** benefit all residents in that area. This does not happen automatically unless social justice and equity are goals valued equally to the pursuit of national income.

Even when social goals are espoused, this does not preclude unanticipated and unintended consequences which disadvantage sections of the community.

The narrow view that we can have a policy of competition and then factor in community service obligations or a public benefit test to compensate people who are disadvantaged marginalises sections of the community.

## **Conclusion**

The Senate Select Committee, through this Inquiry, is attempting to determine if there are negative impacts of NCP, and if so, what they are. It is disturbing that this question has been raised so far into the reform process, and at a point where many of the changes will be difficult to reverse.

It is clear from our data collections and consultations that there have been severe negative local impacts from the current public policies of which National Competition policy is a cornerstone. These negative impacts have been reflected in both outcomes and processes in relation to community services.

Economic, social and environmental goals of communities are inextricably linked and must be balanced. The roles of different sectors in the community must also be allocated appropriately. As Mintzberg (1996) argues, "private sector values are now pervading all of society...if we are prone to scrutinizing what doesn't belong in government, shouldn't we be equally diligent in considering what doesn't belong in business?"

Underlying the linking of economic, social and environmental goals, is a process of cooperation and cohesion. As suggested in our local area, "National Competition Policy" should become "National Cooperation Policy".

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