

## **SUBMISSION TO PRODUCTIVITY COMMISSION**

### **REVIEW OF NATIONAL COMPETITION POLICY ARRANGEMENTS**

#### **FROM**

#### **GULF SAVANNAH DEVELOPMENT INC.**

Gulf Savannah Development Inc represents the shires of Carpentaria, Croydon and Etheridge. The following comments on the National Competition Policy from the Shires relate to the impact of the National Competition Policy on rural, remote regions. While the NCP may have produced benefits in the form of a reduction in electricity and telecommunications costs these benefits are more marked in metropolitan areas. The following comments are submitted:

- Competition theory assumes a robust private sector capable of delivering a broad range of products and services in a cost effective manner. In many parts of rural and remote Australia, such a robust private sector does not exist. In the case of the Gulf region, the bulk of businesses are classed as small to micro with little competitive advantage on a global scale.
- Consequently, implementation of competition policy in remote regions has resulted in minimal, if any, benefits. In some cases, it has led to significant disadvantages through the loss of services and of social capital.
- Even where no major disadvantages have been identified, national competition policy has imposed a significant burden of compliance without any compensating gains for our communities.
- Remote regions have benefited from falling prices and wider availability of telecommunications services. However, this appears to be in spite of NCP rather than because of it. Some of the falling prices must be attributed to competition, but the improvement in remote services (and some restructuring of prices) is due mainly to Networking the Nation and the political will to gain public acceptance for the privatization of Telstra.
- The competitive pressures tend to encourage the concentration of capital investment in the more lucrative markets (i.e. the most densely populated areas). This is a major deterrent to investment in remote areas and the Gulf region continues to struggle to encourage investment industry.
- Although the NCP may have resulted in technical efficiency gains in the metropolitan areas, the inability of deregulated economies and markets to

adequately deal with economic externalities has distorted resource allocations to the detriment of the most remote and disadvantaged regions. The national economy has been growing strongly, but the benefits of growth are not being equitably distributed.

- Shires comment that the NCP creates a time consuming and costly exercise in accounting, which for small shires less involved in larger contracts amounts to a wastage of effort. While it is not mandatory for small shires to adopt NCP most have done so in order to access the NCP incentive funding. There should be no requirement for shires, particularly of rural, remote areas, to adopt NCP.