



NATIONAL RURAL  
HEALTH  
ALLIANCE INC.

**Submission to the  
REVIEW OF NATIONAL COMPETITION POLICY  
ARRANGEMENTS**

May 2004

TO: The Secretary,  
National Competition Policy Inquiry,  
Productivity Commission,  
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## Submission to the REVIEW OF NATIONAL COMPETITION POLICY ARRANGEMENTS

The National Rural Health Alliance is the peak non-government body concerned with rural and remote health issues in Australia. The Alliance is made up of 23 Member Bodies, each being a national body in its own right, representing health professionals, service providers and consumers. A list of the Alliance's Members and much other information about the organisation and its work is on its homepage at <http://www.ruralhealth.org.au>. The views expressed by the Alliance are not necessarily the views of each member organisation.

The National Rural Health Alliance exists because the health status of rural and remote Australians is substantially lower than that of those who live in metropolitan areas. The definitive work on this was the 1998 report by the Australian Institute of Health and Welfare, *Health in Rural and Remote Australia*. That report showed that death rates for males were around 6% higher in rural areas, and 22% higher in remote areas, than in metropolitan cities; the comparable figures for females were 4% and 24% respectively. The report showed that this inequality in health outcomes is due to *both* inequalities in access to health services *and* broader socio-economic inequalities. All the evidence published since that report has supported these findings.<sup>1</sup>

It is for this reason that the Alliance is concerned to ensure a balanced debate on all aspects of the rural and remote health problem, including proper recognition of the role of Indigenous health, health service professionals, rural and regional development issues, and broad socio-economic issues. As it is axiomatic that the rural and remote health challenge can only ever be met if there is, *inter alia*, rural development, the Alliance concerns itself with major economic policy issues that have an impact on rural development. This includes competition policy.

The Alliance provided a Submission to the previous Productivity Commission inquiry into National Competition Policy in 1999. That Submission is available at [http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/5\\_Compol.pdf](http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/5_Compol.pdf).

The Submission argued that competition policy could be a vehicle for the promotion of rural development. It argued that some aspects of existing competition policy can be considered to have this effect. If competition policy succeeds in its aims of improving overall national economic outcomes then, all other things being equal, this will have a positive health outcome.

However, competition policy can also act against rural development. In particular, if competition policy exacerbates the socio-economic inequalities that are one of the major causes of the rural health problem, then that would be a matter of direct concern to the Alliance.

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<sup>1</sup> See also *Rural, Regional and Remote Health: A Study on Mortality*, Rural Health Series No. 2, AIHW, Oct 2003.

The Alliance interprets the Commission's analysis from its previous inquiry as indicating that both of these effects had in fact occurred. From a health perspective, it is therefore unclear whether the balance of costs and benefits has been a positive one.

A decade's experience with National Competition Policy, and longer experience with micro-economic reform more generally, has served to clarify the earlier debates about the distributional impacts of these measures. Clearly, they enhance economic growth, as conventionally measured. Equally, they increase inequality – on any measure. The increasing dysfunctionality of Australia's largest city is a case in point – effective measures to re-distribute the benefits of economic growth back to rural and regional areas have an undeniable burden in reducing this dysfunctionality.

The Alliance advocates a more positive approach than simply the mitigation of adverse impacts. In the Alliance's view, competition policy should be recast into positive vehicles for the promotion of rural development. This does not mean that competition policy should be abandoned. Rather, it should be re-balanced to provide greater emphasis on those features that promote rural development, and less emphasis on those that have the opposite effect.

Other Alliance Submissions on similar themes have included to the:

- Senate inquiry into the Government's Tax Reform Package in February 1999 ([http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/5\\_Taxsub.pdf](http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/5_Taxsub.pdf));
- House of Representatives Inquiry into Infrastructure and the Development of Australia's Regional Areas in April 1999 (at [http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/5\\_Insub.pdf](http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/5_Insub.pdf));
- Senate Telecommunications Inquiry, October 2003 (<http://www.ruralhealth.org.au/nrhapublic/publicdocs/others/TelcomsPaperJuly03.doc>); and
- Department of Communications, Information Technology and the Arts Universal Service Obligation (USO) Review in February 2004 ([http://www.ruralhealth.org.au/nrhapublic/PublicDocs/Submissions/04\\_USOs submission.pdf](http://www.ruralhealth.org.au/nrhapublic/PublicDocs/Submissions/04_USOs submission.pdf))

In each case, the Alliance recognised the positive features of Government initiatives, such as the National Broadband Strategy, but advocated further measures to promote rural development. The Alliance's approach to rural development more generally was set out in its August 1998 *Blueprint for Rural Development* (available at <http://www.ruralhealth.org.au/nrhaPublic/publicdocs/RHIP/RHIP5.pdf>).

The Alliance recognises that there are some specific health issues arising from competition policy considerations, and offers the following comments.

In December 2001, the Alliance provided a Submission to the Review of the Impact of the Trade Practices Act on the Recruitment and Retention of Doctors in Regional and Rural Australia ([http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/03\\_Sub\\_Trade.Pdf](http://www.ruralhealth.org.au/nrhaPublic/publicdocs/Submissions/03_Sub_Trade.Pdf)). That Submission provided an overview of the issues in this complex area,

concluding that any exemption from the Trade Practices Act should be accompanied by safeguards.

Similarly, the Alliance is a supporter of the community pharmacy sector as a major deliverer of health services to the residents of rural and regional areas. The Alliance would be concerned if any competition policy initiative were to detract from this role.

The Alliance notes the Submission by the Alcohol and other Drugs Council of Australia advocating that liquor licensing be taken out of the scope of national competition policy on harm-minimisation grounds. The Alliance has considerable sympathy with this view and recommends that, in the absence of full exemption, then harm minimisation should be taken into account under public interest tests.

More broadly, the reality is that health care does not operate in a competitive market in which market forces determine supply and demand. Health is a right, and the community (and therefore government) has a responsibility to ensure that all its members have access to health and social services according to need. Health economics suggests that competition in the health system does not necessarily lead to optimal resource allocation, nor does it meet social needs.

In this context, the Alliance notes the Government's decision to allow chronically ill people who are being managed by their General Practitioner under an Enhanced Primary Care plan access to Medicare rebates for allied health services. While this announcement has generated some controversy, it has been broadly welcomed by the medical profession and by allied health practitioners. The Alliance has noted developments with nurse practitioners, and the Submission by The Australian College of Midwives and The Australian Nursing Council advocating extension of competition principles into nurse practitioner and related areas. Initiatives of this nature are particularly relevant to improving health service delivery to residents of rural and regional areas.

Finally, the Alliance obviously has a strong interest in the various aspects of ageing in regional and rural areas, including the immediate future for both the healthy aged and for aged care facilities. A wide range of services and good economic and social infrastructure will be needed to retain the healthy aged in non-metropolitan areas. It is to be hoped that the application of 'competitive neutrality' is not used or seen as a reason to allow such facilities to be run down or to preclude the financial support they will continue to require. The general point is even stronger for aged care facilities in rural areas, many of which are already under severe economic stress.<sup>2</sup> They face costs imposts and constraints on their revenue streams that are quite different from those in capital cities and without special support many of them would be unviable. Older Australians who want to stay in rural areas must be protected from the costs of general competition policy - of which their offspring and people in major centres will be the main beneficiaries.

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<sup>2</sup> see *Older People and Aged Care in Rural, Regional and Remote Australia*, A Discussion Paper, ACSA and NRHA, July 2004.