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SENATE

SELECT COMMITTEE ON SOCIO-ECONOMIC
CONSEQUENCES OF THE NATIONAL COMPETITION
POLICY

**Reference: Socio-economic consequences of the national competition
policy**

MONDAY, 2 AUGUST 1999

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SENATE
SELECT COMMITTEE ON THE SOCIO-ECONOMIC CONSEQUENCES OF THE
NATIONAL COMPETITION POLICY

Monday, 2 August 1999

Members: Senator Quirke (*Chair*), Senators Coonan, Lightfoot, McGauran, Mackay and Murray

Senators in attendance: Senators Lightfoot, Quirke

Terms of reference for the inquiry:

To inquire into and report on the National Competition Policy, including:

- (a) its socio-economic consequences, including benefits and costs, on:
 - (i) unemployment,
 - (ii) changed working conditions,
 - (iii) social welfare,
 - (iv) equity,
 - (v) social dislocation, and
 - (vi) environmental impacts;
- (b) the impact on urban and rural and regional communities;
- (c) its relationship with other micro-economic reform policies; and
- (d) clarification of the definition of public interest and its role in the National Competition process.

WITNESSES

CAICA, Mr Paul, National Secretary, United Firefighters Union of Australia	624
JOLLEY, Ms Gwyneth Margaret, Senior Research Officer, South Australian Community Health Research Unit	603
PEATE, Mr Russell John, Chief Executive Officer, District Council of Grant	636
PEGLER, Mr Donald William, Chairman, District Council of Grant	636
RANKIN, Mr Christopher James, Executive Officer, Newsagents Association of South Australia	584
WAMSLEY, Dr John William, Managing Director, Earth Sanctuaries Ltd	610

Committee commenced 9.14 a.m.

CHAIR—Welcome, everyone. Firstly, I am sorry we are little late in starting. Adelaide traffic can be difficult from time to time. I welcome everyone to this public hearing of the Senate Select Committee on the Socio-Economic Consequences of National Competition Policy. The terms of reference agreed by the Senate require the committee to inquire into a report on national competition policy, including (a) its socio-economic consequences, including benefits and costs to unemployment, to working conditions, to social welfare, equity, social dislocation and the environment; (b) its impact on urban, rural and regional communities; (c) its relationship with other micro-economic reform policies; and, (d) clarification of the definition of public interest.

The committee is required to present its report on the first sitting day of October 1999. Before we commence taking evidence, let me place on record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee and evidence which is given before it. Parliamentary privilege, for those who have not appeared before a committee, means special rights and immunities attached to parliament or its members and others necessary for the discharge of the functions of the parliament without obstruction and without fear of prosecution. Any act by any person which operates to the disadvantage of a witness on account of evidence given by him or her before a Senate committee or any other committee of the Senate is treated as a breach of privilege, and so you are protected accordingly.

[9.16 a.m.]

RANKIN, Mr Christopher James, Executive Officer, Newsagents Association of South Australia

CHAIR—Welcome. We do prefer that all evidence to the committee be given in public, but should you at any stage wish to give part of your evidence or answers to specific questions in private, you may apply to do so and the committee will consider your request. I now invite you to make a brief opening statement and, at the conclusion of your remarks, I will invite committee members to ask you questions.

Mr Rankin—The initial reason for the Newsagents Association's involvement in this inquiry was the result of our involvement as an association in the two most recent inquiries in which we made submissions: in particular, in South Australia the retail shop trading hours inquiry and, at the federal level, a review of sections 51(2) and 51(3) of the Trade Practices Act.

The causes of our concern in the case of the South Australian trading hours inquiry stem from what we perceive to be a lack of time to prepare and submit submissions to the inquiry; the lack of transparency of the review; the lack of disclosure of information and submissions made to the inquiry and the information flowing from the government department responsible for the review; the inability of any party to review or rebut any submission or overcome outcome from that review; the fact that there was no public announcement about the inquiry outcome until seven months after the last submissions were made; that the responsible minister, having consulted with cabinet, simply pronounced the government's intention to change trading hours—in his own words, 'having reviewed all of the submissions and consulted widely'—that, regardless of the view of the Newsagents Association of South Australia of the outcome of the review, none of the issues above seem to have met the requirements set down in their own terms of reference to that inquiry; and, finally, at the time of the announcement of the inquiry, Mr Samuel, the President of the National Competition Council, felt comfortable to speak publicly about South Australia's need for deregulation in its shopping trading hours and to say that the failure to do so may result in substantial reductions in competition payments to the state government. He was obviously comfortable in pre-empting the outcomes of the inquiry. More recently, Mr Samuel has made it clear he is still not happy with the outcomes of the inquiry or its implementation, that he expects further actions by 31 December this year, and that the council may seek an annual reduction in national competition payments to South Australia. I draw the committee's attention in particular to an article in the *Advertiser* published on 27 July—front-page plus page 6.

In the case of the federal inquiry into sections 51(2) and 51(3) of the Trade Practices Act—in such an important matter, with less than two weeks to go—none of the major industry groups, professional and state government bodies that the Newsagents Association contacted because it felt they may have made a submission had any idea the inquiry was under way. How can the public sentiment be measured in an inquiry when many of the groups said to reflect those interests do not know the inquiry exists? The only department that had any idea that the review was under way was the Office of the Premier and Cabinet,

which authorised the review. But that same department was unsure if they or any other department would make any submission to the inquiry.

Since that time, and in part as a result of our experience in making submissions to the government, the Newsagents Association has grown concerned that the instruments of government charged to effect the findings of the recommendations of the National Competition Policy report—that is, the Hilmer report—may be failing. The association's experience has been that the review process has not been as transparent, inclusive and intellectually rigorous as first proposed by the Hilmer report.

The imperative of the inquiry seems to be driven by the government or government authorities to obtain an outcome at the end of the review that can be easily rationalised into some simplistic, econometric model, something akin to: 'Deregulation is the answer. Now what is the question?' The authorities responsible for undertaking reviews or monitoring their outcomes appear to be more concerned about measures of their own activity than they are about the long-term impacts and outcomes on the public interest. These same authorities seem to be comfortable in the position in national competition policies to be able to reverse the onus of proof when it comes to the maintenance of regulation and display a preference for deferring to some other world, laissez-faire approach and faith in market forces of the importance of efficiency and competition, defined in the loosest liberal terms, to validate their activities. The association believes that, all too often, the review of historic market efficiencies at the micro level is rewarded by unwinding of regulation at the macro level, without any forecasting or subsequent review to see the impacts on the wider economy that may result from such actions.

The association is keen to see the adoption of the public interest test, as outlined in the 1997 House of Representatives report *Cultivating competition*. The association is concerned that the application of national competition policy in the retailing sector follows that the main beneficiaries from such deregulation are the large companies with high levels of economies of scale who are very efficient users of labour. These companies benefit most from the unwinding of government legislation because of their size and structural efficiency. The outcome to the community is often a net loss in employment and an increase in the casualisation of the remaining work force. In the case of retail trading hour deregulation, the community now has the ability to shop over longer periods, often with less choice, having to travel longer distances to larger centres and often with no real benefit in the cost of goods.

In closing, I would like to quote a piece that I have recently read. It says:

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be exempt from any intellectual influences, are usually the slaves of some defunct economist.

That was a quote from a book called the *General Theory of Employment, Interest, and Money*, published in 1936 by a bloke called John Maynard Keynes. I do not necessarily give much credit to Keynes in economics, but I believe those words have a ring of truth to them when reviewing national competition policy applications in some of the recent reviews that the association has been involved in. I would like to thank the Senate committee for

allowing me time to present our findings and views, and I would be pleased to take any questions.

CHAIR—Let us strip some of this stuff away. You blokes have done pretty well, haven't you? You have been given exemptions from competition and all sorts of things like that.

Mr Rankin—I can only assume that you are referring to the recent trade practices review of newsagencies.

CHAIR—Yes.

Mr Rankin—You are from this state, I gather?

CHAIR—I am from this state, yes. It is a fair surmise.

Mr Rankin—The national competition policy review into authorised newsagencies was finalised in November of last year after an appeal. The applications apply to New South Wales, Queensland and Victoria. They do not apply to Western Australia and South Australia. They particularly do not apply because there are no exemptions required. The industry in South Australia was deregulated for the most part in 1988. The only authorisation that continues to apply is an interim one, which affects home delivery. It does not extend to retail or retail exclusivity. If that is what you are inferring, it is probably misguided.

CHAIR—Actually, I am leading up to the theory. That is one of the reasons you do not want shopping hours changed, isn't it?

Mr Rankin—No, not at all. Many of our newsagencies trade seven days now. Effectively, our concern, as it relates to shop trading hours, is that the only inquiry that we are aware of that has ever been held in front of a panel in a completely open manner by an industrial court was the one that took place in south-east Queensland. I think one took place in late 1998 and was subsequently appealed. The end result was that there was no justification for the continued extension of shop trading hours by an independent panel.

It seems to us that in the area of national competition policy there is not the sort of transparency that we would expect. Please do not be misled. The Newsagents Association of South Australia is a strong supporter of the Hilmer report. Our argument is that they do not do it well enough. It is not intellectually rigorous and it is far from being transparent. The application that we were most concerned about was the retail shop trading hours. That was not because of the outcome; it was the process that we were concerned about. To this day, we still do not know what anyone else had to do when they made their own submissions. Most of us had 14 working days in which to make a submission. None of us has any idea what the other has said. Peak industry bodies that are on exactly the other side of the spectrum to ourselves, who want completely open and unrestricted trading hours, have the same complaint. It was an outrageous review.

CHAIR—You are talking about the South Australian one?

Mr Rankin—Yes, I am. But it is driven by national competition policy—that is what I assume. It is not something done in isolation.

CHAIR—I think it is probably driven by people who want the shops open. But, at the end of the day, how many of your newsagents would be open seven days a week?

Mr Rankin—I would be generalising but I would suggest to you that in a metropolitan area it would be something in the order of 30 per cent of our retail sites.

CHAIR—It would be fair to say that a number of them are open on Sundays; is that right?

Mr Rankin—Yes, quite. They make their own choice in that respect—if they are not constrained by shopping centres in which they reside.

CHAIR—And it would be fair to say, too, that quite a number of them are open beyond 5.30 or 6 o'clock at night?

Mr Rankin—No, most of them would be unlikely to be open much past six, with the possible exception of holiday areas, such as Jetty Road, Glenelg, for example, which quite often in the summer period would stay open until nine.

CHAIR—So they are already open longer hours than the shops here in South Australia?

Mr Rankin—They are open longer than certainly the supermarkets in South Australia. Supermarkets and department stores in the main and suburban shopping centres are the only ones that are constrained by shop trading hours, as it is at the moment.

CHAIR—It would be fair to say, though, that your members are probably somewhat fearful of the larger conglomerates that would be selling the sorts of products that newsagents would be selling in direct competition with newsagents when in fact, currently, the newsagents are protected?

Mr Rankin—No, I think there is a common misconception. I do not know whether it applies in other states, but the adoption of supermarkets as direct retail outlets for publications in particular—which tend to be our core product—has been in place in South Australia and I think Western Australia for probably something in the order of 20 years. They tend to have the highest volume sellers and the most popular titles—particularly aligned with their product—on display, either in sections within the supermarket or at the point of sale, at the checkouts. You will also note that in those sorts of shopping centres, the largest and most successful newsagents are either directly opposite or adjacent to those same checkouts. So it is a question of complementing, not competing.

There are defined markets that we see, and it would be oversimplistic to suggest that if a supermarket sells one more we will sell one less. That has never been our policy here in South Australia, because it is clearly not correct. It is a different market and one that should not be seen as competing with your own. If you adopt that attitude in small business, you are really on the wrong foot; you are driving through the rear vision mirror, effectively. You are

so scared of the bigger shadow that you will never advance at all. As a specialist retailer, you have got the capacity to offer personalised service and width of range, which the supermarket clearly does not have. That is not the issue at all. As I said, the association, in its application to the review on shop trading hours, had its own view and ran its own argument. That is really not our concern; it was the concern that whether we liked the outcome or not, we felt the process that led up to it was just sadly lacking.

CHAIR—There was virtually no change, though, if I remember rightly. It was only an extension from 6 to 7 o'clock each week night.

Mr Rankin—The minister has made it very clear that the current government would like to see a progressive unwinding of those shop trading hours. That is another issue for another time and, I am assuming, another review. All we are asking is that it be a little more transparent this time. We are not at all convinced that there was enormous support for change in any of the applications and submissions made to the inquiry. As far as we are aware, there has not yet been a survey in South Australia that, when asked the question, 'Are you satisfied with the current shop trading hours?' has come out with a response of less than 80 per cent support for the maintenance of current trading arrangements. It is a fairly populist theory that, at the end of the day, if we had complete deregulation of shopping hours, we would all be better off. It does not necessarily follow. The findings of the only independent inquiry in south-east Queensland clearly showed a net loss of employment.

CHAIR—What is your attitude or that of your association to the opening up of, say, supermarkets on a Sunday?

Mr Rankin—The current status does not restrict you as a supermarket in opening on Sundays as long as you are of a particular physical size. In other words, it constrains you to physical space; it does not restrain you in any other manner. The result is that there are Coles stores and Bi-Lo stores at the moment that do open Sundays. There is one around the corner from me—I live at Glenelg. One trades from 6 o'clock in the morning until 11 o'clock at night, seven days a week, 365 days a year. They are not constrained from opening. It is to do with the space that they occupy, the argument running that it gives an opportunity for the smaller player to offer a specialised service after hours or over extended hours. That might be a logic that is lost on some people, and there have been criticisms of it, but that is the way it operates.

CHAIR—Let us flesh that out a bit. You are saying that you are happy—and I presume by that you mean your association is happy—with the current arrangements where you have 7-Eleven stores and the smaller seven-day supermarkets open. But I gather you were not very happy about the idea of deregulation and allowing the larger supermarkets to open.

Mr Rankin—No. We would see that, if we follow the experience of other states, the end result of that may be a diminution in smaller independent supermarkets, because the economies of scale that benefit from extended trading are most beneficial to larger stores with better economies of scale and a more efficient use of their labour. The big supermarkets are extremely good at that. The net result is that you lose range, choice and price. Historically, South Australia has had the lowest grocery prices of anywhere in Australia. Why is that? We are one of the furthest from the markets. We have a reasonably low

population, so we do not have the economies of scale that would come from servicing a place like Sydney, for example. We have the most restricted trading hours. We have the highest proportion of independent supermarket chains, and we have the lowest prices. Why is it the reverse in Sydney? Historically, they have had the highest supermarket prices. They have the highest population and the best economies of scale. They are the closest and most centralised to most of the distribution warehousing, and they have the least choice. They have the lowest proportion of independent stores of anywhere in Australia.

CHAIR—They have the least choice in terms of the shops where they shop but, in terms of the variety of product available, it could be argued that—at least on a Sunday—some of these states have a greater range of product available.

Mr Rankin—That could be argued. I could not make that statement, because I do not really know. My understanding is that the national chains distribute nationally, so their range of product is reasonably similar from state to state and city to city. I go back to the work by Dr Baker and others. They have done studies over 15 years in places like Sydney, Melbourne and Adelaide. In places like Sydney, you have two choices if you want to do supermarket shopping: you can either go to Coles, or you can go to Woolworths. And guess what? You cannot go to them at the same spot. There is no localised competition. In Adelaide, there are still eight major locations where you can go to a Woolworths here or a Coles there. I think there is one in Sydney. For the rest of them, you have to hop in your car and drive down the street. How can a consumer compare if he literally has to hotfoot it from one spot to the others to check price and choice? There is no price and choice.

There has been lots of work done on this, and we are probably straying from the point a bit, but it does not mean more choice. Extended trading hours and the holistic results that come from freedom for competition do not necessarily mean more choice, and it is just oversimplistic to suggest that they do, because the results show quite the reverse, as we see it. From the little bit of work that we have done—we are only a small organisation and there are lots of academics who have done a lot more work on it—it does not necessarily follow.

Senator LIGHTFOOT—Mr Rankin, you were concerned in your submission that there was no transparency. Were you referring to the South Australian report?

Mr Rankin—Very much so. Our only experiences are from South Australia, and it is no reflection on the review of sections 51(2) and 51(3) of the Trade Practices Act, which was quite transparent. There were working papers produced, there was a final outcome which was subsequently published, and there was time for comment and reflection.

In the South Australian inquiry—which is why we are here today—there was none of that. Nobody knows to this day who made submissions, how many were made, what the content was, what the general review was, and whether there was any opportunity to rebut any of the comments made by others. It was simply, ‘We make an announcement in March, we close off submissions in April, then we make you wait until November, and then we make an announcement that, using the wisdom of Solomon—

Senator LIGHTFOOT—So when you were referring to ‘less than two weeks to go’, you were referring to the South Australian report, were you?

Mr Rankin—Yes, very much so.

Senator LIGHTFOOT—It was difficult to tell which government you were referring to on some occasions.

Mr Rankin—Our main concern with the federal inquiry—and bear in mind that we have made only three submissions in the space of four or five years on these issues—was that, while it was a wonderful inquiry, nobody seemed to know anything about it.

Senator LIGHTFOOT—Was there any occasion when you were referring to the Senate NCP committee?

Mr Rankin—No. Our concern with the federal national competition inquiry was that nobody seemed to know anything about it. There is no criticism at all of the operation, and the outcomes are irrelevant for the purposes of this discussion. Our concern there was: how can you possibly have a good inquiry if nobody knows about it? Perhaps that is more to do with mechanics.

Senator LIGHTFOOT—It was probably advertised in newspapers, but, although your members have a lot to do with newspapers, perhaps they did not read them.

Mr Rankin—Yes, that is quite true, but it just seems strange to me that not one single body had any idea it was even on. And I am talking about the Law Society, the CPAs—there is a list in my submission. There are about 15 of them that I rang to ask, ‘Do you know anything about this inquiry?’ With two weeks to go, no-one knew anything. I found that extraordinary. You are quite correct: when I questioned staff at the federal level they said, ‘Oh, yes, it was advertised twice in a national paper.’ Maybe that is not it.

Senator LIGHTFOOT—You could hardly plead you did not have access to the print media.

Mr Rankin—No, we certainly have that.

Senator LIGHTFOOT—Just let me change tack slightly. Do you compete in any way with the *Adelaide Advertiser*, being the only significant daily, if not the only daily, in South Australia?

Mr Rankin—No. Our market is quite segmented. Most of the people who throw papers over the fences, for example, do not have—

Senator LIGHTFOOT—Are you talking about any newspaper now or the *Adelaide Advertiser*?

Mr Rankin—Any newspaper at all. They would act for the *Adelaide Advertiser*, the John Fairfax Group and a whole lot of interstate papers, but effectively News Corporation has no competition on a daily paper basis in this town.

Senator LIGHTFOOT—That includes the Sunday paper as well?

Mr Rankin—Yes, the *Sunday Mail* is owned by the same group. Weekend publications is another division of News Ltd.

Senator LIGHTFOOT—So the Adelaide *Advertiser* does not home deliver?

Mr Rankin—Yes, we home deliver. Our agents—

Senator LIGHTFOOT—But the Adelaide *Advertiser* itself does not home deliver?

Mr Rankin—No, not at all.

Senator LIGHTFOOT—Do you have an exclusivity agreement with the Adelaide *Advertiser*, or an understanding?

Mr Rankin—No, we had an authorisation because it was considered to be exclusive—

Senator LIGHTFOOT—Are they referred to as ‘authorised newsagents’?

Mr Rankin—That is right—authorised newsagents: the fellow who throws it over the fence and who, in our case, does not usually have a retail operation of his own.

Senator LIGHTFOOT—But it is quite possible that some would have retail operations as well as the throwing over the fence physical action.

Mr Rankin—Yes, in the country more often than not; in the city, it is very rare. There are 130-odd retail outlets in Adelaide and I think about only nine of them have home delivery rounds attached to them.

Senator LIGHTFOOT—Do you represent those people too?

Mr Rankin—Yes.

Senator LIGHTFOOT—You represent people right across the spectrum of newsagents.

Mr Rankin—Yes, the broad spectrum.

Senator LIGHTFOOT—So a newsagent is still defined as someone who throws a newspaper over the fence?

Mr Rankin—Yes, he can be but more often than not in this town he is referred to the fellow that is on the street corner that has his retail shop, and he has no exclusivity at all.

Senator LIGHTFOOT—What about the little fellow that just has a little half a metre by half a metre stand who always has my sympathy on a winter morning?

Mr Rankin—There are about only three news stalls left in Adelaide because they have been determined not to be terribly economically viable.

Senator LIGHTFOOT—Who determined that?

Mr Rankin—The market basically.

Senator LIGHTFOOT—So the vendor determined it?

Mr Rankin—Yes. There is just no money in them anymore.

Senator LIGHTFOOT—Do you represent those people?

Mr Rankin—Yes, we do. If you are talking about the news vendor as in the little fellow with his barrow on the corner, yes, we represent them as well because they are actually employed by the fellow in the CBD, in particular, these four agents that home deliver into that area. They have venues for people standing on the street corner selling papers for them.

Senator LIGHTFOOT—Does he or she buy them directly from the *Advertiser*?

Mr Rankin—Yes.

Senator LIGHTFOOT—Is there any restriction on anyone, subject to amount, buying newspapers directly from the *Advertiser*?

Mr Rankin—It would depend. Are you now talking about them buying for the purposes of resale?

Senator LIGHTFOOT—Yes.

Mr Rankin—With home delivery they would have substantial constraint. The *Advertiser* would say, ‘Unless you have a territory in which you service as our own agent, we wouldn’t be happy to sell bulk papers for you to re-deliver all around Adelaide.’

Senator LIGHTFOOT—What about a mining company that wished to buy newspapers for their distribution at their mining company or at their canteen? Could they buy them in your experience?

Mr Rankin—The canteen operator could buy them. If the canteen operator was a retailer—in other words, they are just a retail shop effectively; their canteen is a mixed business that happens to sell cakes as well as newspapers—there would be no difficulty as long as they met the normal account requirements and the *Advertiser* determined that, because their products are on a sale or return basis, selling into that market would effect more sales for them and not cost them any losses.

Senator LIGHTFOOT—So there are no restrictions on anyone with a retail outlet of any kind obtaining newspapers from the *Advertiser* for resale?

Mr Rankin—No. There is enormous constraint for anyone at a retail outlet buying for redistribution. That is not their defined role according to the *Advertiser*. If they wish to buy for their retail outlet to sell within the four walls of their retail outlet, they are quite entitled

to do so. If they wish to sell for redistribution—in other words, they wish to use their retail site to redistribute product at homes, for example—they would be substantially constrained by the *Advertiser* because it would not fit in with their own distribution patterns.

Senator LIGHTFOOT—In your view, is that good or bad for the industry?

Mr Rankin—I think from the point of view of industry it is probably quite good.

Senator LIGHTFOOT—Do you think that is a contravention of the Trade Practices Act?

Mr Rankin—No, I do not because it is not an exclusive arrangement.

Senator LIGHTFOOT—So you are someone who is familiar with the Trade Practices Act of 1974.

Mr Rankin—Reasonably.

Senator LIGHTFOOT—And you are quite confident that that sort of restriction placed on the distribution of a product does not contravene the act?

Mr Rankin—No, I could not say with absolute certainty, but I am assuming that if it is an industry practice that has been reviewed by the Trade Practices Act and initially was given authorisation—is this in the redistribution you are talking about now?

Senator LIGHTFOOT—Just in the distribution outside the four walls, as you referred to, the retail establishment.

Mr Rankin—Yes. Originally it would have been in breach because it required an authorisation up until at least the 1990s, but subject to the new contracts being issued now, because there is an interim authorisation in South Australia because we are not party to the review as it is taking place on the eastern seaboard, those vertical agreements for distribution to a territory will not be in breach of the act.

Senator LIGHTFOOT—There is not likely to be a new satellite city in South Australia in the next couple of years, but what if there was? Could anyone then go to the Adelaide *Advertiser* and say, ‘I want to buy 1,000 newspapers a day for distribution in the new satellite city,’ and be satisfied that they would be able to get those newspapers, or would they go to an already authorised distributor of newspapers as a result of them being adjacent to that new proposed satellite city?

Mr Rankin—If there were a new satellite city, one would assume that it would be outside anyone’s existing service territories.

Senator LIGHTFOOT—It may be adjacent to one, or surrounding one.

Mr Rankin—It may well be, but that does not necessarily give any province for the person who is adjacent to have any extension of authority or distribution. The determination

of the *Adelaide Advertiser* as to who will act as their agent for the distribution of their product to homes would be determined by the *Advertiser*.

Senator LIGHTFOOT—But if the *Advertiser* determined that someone who was abutting or adjacent to that new satellite city were to get it exclusively, to the detriment of someone in the new satellite city who wanted to do home deliveries, wouldn't that be in contravention of the Trade Practices Act?

Mr Rankin—I wouldn't have thought so.

Senator LIGHTFOOT—You wouldn't have thought so?

Mr Rankin—No, I would not, as long as the *Advertiser* makes an independent and commercial decision as to how their product is to be best distributed, and bearing in mind that, if I distribute for the *Advertiser* here or in Crystal Brook or Murray Bridge, I do it for the same delivery fee and provide the same level of service as they do at Burnside. As long as the *Advertiser* makes a commercial decision as to who will represent them and distribute their product on their terms the best—make the best job of distributing their product to homes—it is a matter between the *Advertiser* and their agent.

Senator LIGHTFOOT—Do you think that should apply to any other product, or is that sort of deal something special that applies only to newspapers?

Mr Rankin—Perhaps newspapers and publications are a little different from a lot of other products because they are all supplied on a sale or return basis, in other words, if you do not sell it within the prescribed time the publisher is expected to take it back for a full credit. Therefore the onus on the publisher to make fairly exacting determinations as to what they believe the sales of their product will be in a particular area and by whom is probably more relevant than for a normal good that is sold onto the marketplace and, once having been sold, remains sold and has nothing to do with the person manufacturing it.

Senator LIGHTFOOT—What about bread, for instance? That has a very short shelf life and is often, if not always, associated with sale or return subject to not being sold. Do you think bakeries should have a similar advantage—that if a new area opens up only the bakery should decide who gets bread in that new area?

Mr Rankin—I do not know whether bread is on a sale or return basis, but I assume that it is if you say it is.

Senator LIGHTFOOT—Certainly some bakeries do put their bread in and if it is not sold it is returned.

Mr Rankin—I would still say that the only difference between the *Adelaide Advertiser* and bakeries is that bread is bread. Any number of bakeries can be set up; they can distribute and compete with one another.

Senator LIGHTFOOT—We are not talking about any number of bakeries. We are talking about a single bakery that is a popular bakery that perhaps has an exclusive

distribution of its bread in an area. Are you telling the committee, Mr Rankin, that it is okay for newspapers to be exclusively sold and worked out by the proprietors of the newspapers? I am asking about a similar situation where you have bread being distributed in an area. I am asking you whether you think those same rules that you are saying apply to newspapers should or should not apply to the distribution of bread.

Mr Rankin—Yes, I believe they should, because at the end of the day it is an agreement between the proprietor that manufactures the bread and the person who wishes to wholesale or distribute for him. If he chooses to have one distributor in a territory, so be it. The difference is that, in the real market, there are lots of bread manufacturers just like there are lots of juice manufacturers—for example, orange juice companies offer exclusive territories for the distribution of their product, as do bread bakers. The only difference is that if you cannot get an exclusive contract with a particular baker I suppose you can always go to another baker and service the same area with another product. We do not have another product. I cannot help that. It is with some regret that we have only the—

Senator LIGHTFOOT—You have the *Australian* and the *Australian Financial Review*.

Mr Rankin—The practical reality, though, is that effectively we do not have another daily paper that competes in this town, unlike we do in Sydney and Melbourne.

Senator LIGHTFOOT—That is true. You do have the *Australian*, which is printed by the same proprietors.

Mr Rankin—Yes.

Senator LIGHTFOOT—Does the same arrangement apply with the *Australian* as it does with the *Advertiser*?

Mr Rankin—Yes, very much so. They tend to use the same agent because it is the same proprietor just as some of the magazine companies, for example, would use the same agent to distribute their product.

Senator LIGHTFOOT—You mentioned Hilmer earlier in your submission. Do you think that the exclusive distribution of newspapers conforms with the Hilmer recommendations?

Mr Rankin—I think South Australia having only one publisher makes it difficult to look at the Hilmer recommendations and say that in a perfect world South Australia would operate in an efficient marketplace when it comes to the distribution of papers and magazines if we had more paper and magazine producers; the fact is we do not. If you look at the activity of the *Advertiser* and News Ltd, I believe that it would comply with Hilmer, generally speaking, if there were more participants.

Senator LIGHTFOOT—You are qualifying that, though.

Mr Rankin—Yes.

Senator LIGHTFOOT—What about in an unqualified sense?

Mr Rankin—In an unqualified sense, it would be difficult to draw a comparison because it effectively acts in a monopoly environment. That is the reality. We have only one power company as well, and Hilmer would say that that is not a terribly good way for the market to operate. And that is quite right.

Senator LIGHTFOOT—I understand that having one power company in South Australia is shortly to be changed. There may be some competition.

CHAIR—It has already changed.

Senator LIGHTFOOT—Is that the sort of thing you would welcome in the print industry here? Would you welcome another daily on the same basis as the *Advertiser*?

Mr Rankin—Certainly. Once again, it is a matter of circumstance that we have only one paper in this town. If we had more than one paper, I cannot see how that would be a bad thing. We used to have more than one paper. We used to have the afternoon *News* and the morning *Advertiser*. It did give more diversity and choice. The fact is that we no longer have it. As to power, yes, we are moving towards a deregulated power market. It is unfortunate that, once again, our members do not see the benefit of that and may not until 2005 when even then there is some question as to whether we will.

Senator LIGHTFOOT—What did the Australian Competition Tribunal determine precisely when it said that there would be no cause to change to the existing system of home delivery of newspapers until February 2001? Were you aware of that?

Mr Rankin—Yes, very much so.

Senator LIGHTFOOT—What did that mean?

Mr Rankin—In the case of the appeal process that took place, the Australian Competition Tribunal determination of 18 November set out a series of three dates on which certain reforms were to take place in New South Wales, Queensland and Victoria, the last of which was a review of home delivery and the exclusive territorial distribution arrangements that are currently run with that. In other words, in the year 2001 the tribunal, as I understand it, will once again take the opportunity to look at home delivery and see whether the restrictive practices that currently apply—in other words, territorial space for the exclusive distribution of product to homes—should continue to be in place because it is more than offset by the community benefits and the consumer benefits of a fixed price of product for a fixed delivery fee and a guaranteed level of service.

Senator LIGHTFOOT—And what happens after that date, Mr Rankin?

Mr Rankin—That is to be determined by the tribunal. They will re-examine it, I assume, and put it through the same sorts of rigorous tests that they did in the initial inquiry when it came to retail distribution and ask, ‘Is there any benefit that continues to flow from this practice?’

Senator LIGHTFOOT—Are you resubmitting your view of what should happen after 2001?

Mr Rankin—At this stage we have not been called upon because the original review—

Senator LIGHTFOOT—Applied only to the eastern states.

Mr Rankin—Yes. Having spoken with Commissioner Bhojani and others, they are uncertain about if and when they will come and have a look at South Australia again, the view commonly being held that from the point of view of market reform South Australia and Western Australia have sort of arrived at it in a market sense over the last 15 years. I do not necessarily suggest that was planned. It might have been good luck more than good judgment, but effectively the sort of market reform at retail, for example, and retail redistribution that they are endeavouring to effect on the eastern seaboard has already been done in South Australia and Western Australia.

Senator LIGHTFOOT—So you have nothing to fear if that same model of distribution—and one assumes it is going to be different after 2001 with respect to newspapers—comes to South Australia?

Mr Rankin—No. Once again, assuming the review is reasonably transparent and so long as you do not box yourself in too closely, so long as you do not lock yourself into foregone conclusions and say, ‘If there is an arrangement out there that gives priority to a particular person then it must be bad and it must be inefficient,’ none of us should have anything to fear. We are all very keen to see Hilmer applied rigorously and across the board, no less so in publishing than in lots of other environments. The difficulty we have is more with the process than with the outcomes I think.

Senator LIGHTFOOT—What about magazines? That was to be implemented in July. So it is a little early to find out whether it has worked.

Mr Rankin—Yes, 1 July was the first period. My understanding is—I am not terribly familiar with the eastern seaboard structure; I am in a general sense—that as of 1 July subagents, particularly groups like the Australian convenience stores and the 7-Elevens, that have complained bitterly in the past that their levels of service and their access to product have been constrained by the current newsagency system will cease to have that complaint. They will be able to approach any publisher that they currently have a subagent’s agreement with to source direct supply and that conversely those same publishers will look at where they benefit from that new arrangement and put in place the arrangements that they see as commercially viable. I do not think one should assume that that will automatically mean that every person who goes to a publisher and says, ‘I want direct supply tomorrow,’ is going to get it.

Senator LIGHTFOOT—Would you describe the deal, if it is a deal, between the *Advertiser* and the distributors—that is, the home deliverers—as a sweetheart deal?

Mr Rankin—No, it is fairly transparent. It is fairly rigorously applied.

Senator LIGHTFOOT—A sweetheart deal can be very transparent. But you would not describe it as a sweetheart deal?

Mr Rankin—No, not really. The *Advertiser* are ruthlessly pragmatic. At the end of the day, if they could find a better, more efficient way of distributing their product to homes, newsagents would be out of a job tomorrow. In this state the contracts are such that they give 30 days notice and that is the end of the ball game. Be under no misapprehension: the *Advertiser*, or News Ltd in this state in particular, is extremely rigorous in their relationships with particularly home delivery agents because they have a level of service at minimums that they expect to be maintained, and if they are not maintained they will let you know very quickly. Yes, as I said, the current arrangements involve a 30-day notice period and, if they could find a better way of doing it, they would do it tomorrow.

Senator LIGHTFOOT—So you are not particularly perturbed about supermarkets taking on newspapers?

Mr Rankin—They have already got them here.

Senator LIGHTFOOT—So you are not particularly perturbed about that?

Mr Rankin—No, not really. To be perfectly frank, we would like to have more access to Australia Post products.

Senator LIGHTFOOT—That is what I was about to get at. Australia Post now sell a lot of—

Mr Rankin—Similar lines to retail newsagents.

Senator LIGHTFOOT—Yes.

Mr Rankin—Very much so.

Senator LIGHTFOOT—Has that hurt your industry?

Mr Rankin—Not really. The effect has not been measurable, honestly. There is always room for growth in a market, one assumes. I assume that, because of the benefits of Australia Post's giroPost system—they have an on-line service—there is a certain number of customers who now use that service who occasionally buy newsagency aligned products such as cards, stationery, small gifts and so forth. As I said, we would just love the opportunity to have broader access to some Australia Post products at a profit.

Senator LIGHTFOOT—What prevents retail newsagents getting those products that Australia Post have, what seems to be, exclusively?

Mr Rankin—There was a recent inquiry into Australia Post which determined that we would not have access to their products—for example, stamps at a profit.

Senator LIGHTFOOT—Do you think that breaches the spirit of Hilmer, if not the Hilmer report?

Mr Rankin—Yes, I do.

Senator LIGHTFOOT—Could you elaborate on that? Why?

Mr Rankin—I cannot because I do not know enough background to it. But my understanding is that if you are an Australia Post agent you can buy and sell stamps at a considerable profit whereas if you are a newsagent you cannot, you are simply limited in your access to that product, and if you do make a profit it is such a small profit and so much less than Australia Post that it is considered by most newsagents to be a public service.

Senator LIGHTFOOT—With respect to that same subject, are you aware that the national competition policy in part was initiated so that deregulation of government assets of government businesses, corporatisation of government businesses, will now come under the Trade Practices Act, particularly with respect to breaches of that act, and will not now be immune to it?

Mr Rankin—Yes, as I understand, that took place last year.

Senator LIGHTFOOT—Do you think that is a good idea or do you think there are some areas that ought to be isolated from the Trade Practices Act?

Mr Rankin—I am probably not qualified to make that call. Wiser men have made the choice to allow government to be scrutinised to the same level as private enterprise has been in these matters, but whether or not that is a right call is beyond my capacity to say.

Senator LIGHTFOOT—I appreciate your comment on that.

Mr Rankin—That is all right.

Senator LIGHTFOOT—You said in your submission that all too often the review of historic market efficiency at the micro level is rewarded by the unwinding of regulation at the macro level without any subsequent review to see what the impacts on the wider economy have been. Do you mean at state level? This is your exclusive domain that you talk about. You talk about state level, don't you?

Mr Rankin—Very much so. Particularly with economics, people get fixated on a particular market model and from all else everything wise springs. Adam Smith's glories of the free and open market will invariably lead to the most efficient and beneficial outcomes when clearly in a lot of our industry sectors, not least of all in publishing, we do not have an open market, we do not have clear competition, we do not have many participants and consumers controlling the input and output of goods. It simply does not work like that and much of Australia's economy is like that. Recognising that that is a fact is the beginning of being able to look at so-called market reviews in a new light. It does not necessarily follow that deregulation of itself leads necessarily and inextricably to better outcomes. Even Hilmer commented on that. They made wide provisions to accept the fact that in some cases the

maintenance of regulation had a place. It seems to us that that is not a very widely held premise. It is like saying, 'Well, we have to deregulate. That is just the go. If we want federal funding, we better get a move on.'

Senator LIGHTFOOT—With respect, Hilmer has recanted the view that he was supposed to have that deregulation was the panacea for everything and that everything had to be deregulated. He is somewhat not bemused but concerned about that view. I say that by way of dampening what you have just said. You referred to the geographical location of major retailers in your report and the effect on competition. How is your industry affected by that location of major retailers? Did you also say that the *Advertiser* is the same price the length and breadth of the state?

Mr Rankin—I do not have absolute control over these things, but I understand that the *Advertiser* is sold basically at the same cover price across the state. The possible exceptions I think might be Andamooka and Cooper Pedy.

Senator LIGHTFOOT—Generally it is the same across the state. So, in effect, it is being subsidised by metropolitan sales.

Mr Rankin—Very much so, yes. I know for a fact that delivering papers, for example, to a place like Port Lincoln is a dead loss to them from a paper on paper profit and loss example because they are air freighted overnight.

Senator LIGHTFOOT—Yes. Just to get back to my original question about the geographical location of the major retailers and the effect on competition—I do apologise; I gave you two rather different questions but I thought they were complementary—how is your newspaper delivery industry affected by the location of major retailers? I would have thought it would be affected by retailers, but why 'major' retailers?

Mr Rankin—Our home delivery industry is not impacted by the positioning of retail sites.

Senator LIGHTFOOT—Do you mean geographically?

Mr Rankin—Geographically, no. Where people set up shopping centres and where they set up retail newsagents has nothing to do with the fellow who does the home delivery distribution in the metropolitan area of Adelaide. The two are not linked at all. As I said, with the exception of nine newsagents who are responsible for distribution into an area, do any of them have any retail outlets? So, effectively, wherever people and publishers determine where they want to have their products sold, be it in major or minor centres, is of little or no consequence to the home delivery agent. He will simply be instructed to either service that outlet or not service it, depending upon whether it is a direct outlet or a subagent outlet. The establishment of retail newsagents, once again, has nothing to do with who owns the territory. Publishers—and there are five or six publishers and distributors—will look at the development of a shopping centre and make a determination as to where they are going to have their product. They will not determine, funnily enough, who is going to run it.

Senator LIGHTFOOT—But the economy of scale would determine their interest, wouldn't it?

Mr Rankin—Very much so because they would look at it simply from a commercial perspective. Bearing in mind that we sell product on a sale or return basis and therefore if we oversupply to a given area our profit is impacted as a publisher/distributor, if we put product into this site, be it a retail newsagent or a subagent or a convenience store or a supermarket, will we grow our market or not? It is a simple commercial decision.

Senator LIGHTFOOT—So the *Advertiser* would not consider whether there are four or five retail outlets in a major retail development in a new area of the state any more than it would consider that it would be more desirable to retail through one outlet because the volume is all it is looking at, not the amount of retail outlets. Is that correct?

Mr Rankin—No, it is always a balance between the two because at the end of the day the publisher will look at—the *Advertiser* is probably not a great example but certainly it could be said for the magazine companies—how often am I going to deliver to that site? What is the cost benefit of me delivering to one outlet as opposed to five? Should I do it directly to that outlet or should I do it through my home distributor, who can effectively do the dumps and the drops to the smaller sites more regularly and more cost effectively to me as a publisher?

Golden Grove, the Delfin development, is a classic example of a larger supermarket complex in which there is a supermarket, a discount department store and 30 shops. Everyone knew 10 years in advance exactly where all the centres were going to be, both major and minor. They knew what the divisions were going to look like. They even knew basically the make-up of the mix of the tenancies that were required. At that time dozens of people approached the publishers saying, 'We know there is going to be a retail newsagent in that location. We want to be the retailer. Could we get product and under what arrangement could we get it?' Each and every one of the publishers would usually provide that person with a letter saying, 'Look, as far as we are concerned, you meet our general requirements as a retailer of our product. You are creditworthy and you seem to have some experience in retailing. But at the end of the day all we can tell you is, yes, we are going to have product in there. Yes, it will be under this arrangement. Who gets to be the retailer is a matter for the landlord. He is the fellow who is going to have to live with you all the time. He will make the determination as to whom he wants.' So probably 50 or 60 people sought approval from the publishers. All of them got approval in principle, subject to the landlord approving which one of those people he wanted to have as a tenant.

Outside of the centre they then said, 'The centre is not open all the time. There may be need for a snack bar to have product after hours or to even have it during the day. The video shop needs product, needs computer game magazines and so forth.' But they are decisions that individual publishers would make. So you would tend to find that in a centre like that you might have one or two major retail newsagents operating and then three or four smaller subagent mixed businesses that have a range of product that is more akin to the product that they are selling which is a major part of their business. For example, a garden shop might have garden magazines and so forth.

Senator LIGHTFOOT—So you do not see anything wrong with that?

Mr Rankin—No, not at all. That is the market making a choice.

Senator LIGHTFOOT—In summation, without going through your submission again, can you give us a brief outline of what you would like the committee to take away? What is the focal point of your submission?

Mr Rankin—The focal point of our submission is that, in our limited experience of exposure to national competition policy, when it was applied at the state level we felt the experience was an unpleasant one and that it lacked transparency. Because it lacks transparency there is no way you can make any judgment of whether the outcomes were as intended or as required by the majority of the people who made submissions. We do not know what the imperatives were and I guess we never will. Mr Samuel has asked for the information as well and has been firmly rebutted. It is not on, and I have a great deal of difficulty with it. If market forces determine that we have to have seven-day trading, then I guess all the evidence of the inquiry would tell us that. I am not at all convinced that that is what is contained within all of the submissions.

Senator LIGHTFOOT—All right. It has been very interesting and I appreciate your verbal submission and your written submission.

[10.17 a.m.]

JOLLEY, Ms Gwyneth Margaret, Senior Research Officer, South Australian Community Health Research Unit

CHAIR—Welcome. We do prefer all evidence to the committee to be given in public, but should you at any stage wish to give part of your evidence or answers to specific questions in private you may apply to do so and the committee will consider your request. I now invite you to make a brief opening statement and at the conclusion of your remarks will invite committee members to ask you questions. At the end of your evidence, could you report to the Hansard officer in case there is anything they are not sure of.

Ms Jolley—Thank you for inviting me here today. The South Australian Community Health Research Unit is funded by the state government here in South Australia. The unit's role includes designing and conducting primary health care research, providing research and evaluation support to community health services and appraising literature, policies and programs related to primary health care.

Community health services and many other community based health and welfare agencies operate from a social health perspective which recognises that the socioeconomic environment has an enormous impact on people's health, and a lot of work has been done, particularly in the UK but also in other countries, demonstrating that effect on health. A major principle in community health is equity, and services are often directed at disadvantaged individuals and populations.

So the main point in our written submission, which is really based on reviews of research and literature associated with community health, indicates a major difficulty in applying competition to community based health and welfare services and anything that impacts on those services and that service delivery will have a major impact on disadvantaged and minority groups. That was our concern.

Just briefly, some recent research from New Zealand has found that competitive contracting in community health and welfare services directed energy away from providing hands-on care into much more marketing and self-promotion. So agencies had to spend a lot more time fund raising, seeking sponsorship and marketing themselves rather than actually providing care. It also led to a loss of networking and information sharing and so has a negative impact on collaboration between services.

A metanalysis of international studies has suggested that the cost savings may have been exaggerated when looking at competition and that particularly the savings are extremely difficult to actually measure and are probably insignificant in complex areas like health services. It is also very difficult to measure changes in quality. The other point from the metanalysis was that there is a clear need to balance savings from employment reductions—which often is where the money is saved in competitive contracting—with increased social costs that then come from that disruption to communities with unemployment or new employment that follows. Again, they often fall particularly hard on minority groups.

In 1996 the research unit did some research here in metropolitan Adelaide community health services and found that the community health field had a lot of concerns about competition. They echoed the New Zealand findings that it was likely to be a barrier to collaboration between services and, as I think we all know, one of the major problems with the health system is the lack of integration between the various sectors of the system at the moment. Anything that works against collaboration causes difficulties.

Workers in the field were also concerned that putting services out to competitive tender meant that there would be an emphasis then on quantitative measures of performance and a focus on doing what can be measured rather than on what actually needs to be done. Many of these services are involved in health promotion, illness prevention and community development work where it is very hard to put quantitative measures on the outcomes of that work. They were also concerned about a focus on purchasing the cheapest service rather than looking at quality and effectiveness. Again, the research suggests that it is extraordinarily hard to measure quality and outcomes in health care. Even in the acute sector it is very difficult. In the community based sector it is even more problematic.

In summary, the feeling in the field from that report was that competition policy would be likely to have an overall negative effect on community health and primary health care service delivery, and that this will impact particularly on individuals and populations with low socioeconomic status or those with special needs and minority groups. That is all I have to say.

Senator LIGHTFOOT—Whatever we have to say, perhaps something of a more definitive nature will arise out of our dialogue. It is a very interesting subject that you bring to the committee with respect to health, but may I say that it never was the government's policy to cause any negativeness with respect to public health. I ask you to remember the two things on which it is based: the public interest and the public benefit. Where there is not either or both, it would not be implemented. There are outlets and variations. There is a tolerance there that obviously with respect to health must be implemented, and we would use those tolerances.

The committee wants to find out where those concerns are, but in doing that the committee has found that arising in the community there is a general mild apprehension on the one hand up to considerable fear on the other. Some of that considerable fear has been, for example, where we have had evidence of Coca-Cola bottlers who sell to big organisations but do not sell at the same price to small organisations. They have a certain commercial fear about that.

I am at a bit of a loss to find out where we are going to deliver something less with respect to public health in implementing the government's competition policy. It is simply not true to say that there must be two X-ray units in a small town or that a local authority which also assists with your department in supplying public health must also have an alternative in case that is the cheapest. It is also wrong to say that—with respect to health in particular—the cheapest would actually be the one that would be chosen.

However, I take on board what you have said. It worries me that you—speaking as you do for an umbrella organisation or peak body in South Australia—are concerned that, if

implemented, national competition policy will deliver a poorer service based on the cheapest possible price. As you said, it is having a negative effect. I can corroborate what you are saying; it is having something of a negative effect.

Would you say that the collaboration between welfare agencies has been reduced as a result of the NCP inquiry? In other words, do you think that, now there is the perception that there is going to be competition between health or welfare bodies, various and disparate agencies are closing up and you are not sharing your common knowledge, common worries and common benefits?

Ms Jolley—Thank you for your comments. I would like to clarify that the fears expressed are what we have heard from the service delivery people in the field who are very concerned about competition per se. It is not necessarily directly linked to the national competition policy and I am very pleased to hear you say that it is not going to be applied wholesale to health. One of the problems is that there are misconceptions and misunderstandings in the field as to how far this policy will actually impact on public services.

Senator LIGHTFOOT—I am sorry to interrupt, but Dr Hilmer himself has said that it was never intended to be applied across the broad spectrum of services, industry or commerce. He has come out and said that within the last couple of weeks.

Ms Jolley—Yes. I have forgotten the question now.

Senator LIGHTFOOT—It was really with respect to agencies which normally would have fraternised with respect to information for the benefit of the community but which are now holding that information in case they have to compete with you or other agencies. Is that happening?

Ms Jolley—There certainly seems to be evidence of that from New Zealand—and I am not a great expert on New Zealand—where I gather competition policy came in there earlier and has been applied perhaps more widely than it is intended here. It certainly does appear to have had an impact on welfare providing agencies in that there is a concern now for commercial confidentiality and competition for them in getting government funding to provide services.

In South Australia, I am involved in some very early research looking at links between non-government organisations which provide welfare services and community health services which are funded directly by the government. The research is in very early stages at the moment but there does appear to be concerns from both the non-government agencies and the community health services that this is a potential difficulty. Whether it is actually having any impact yet is hard to say. It comes back, I think, to what I was saying that people are concerned that if this is applied wholesale there are potential difficulties. I am very heartened to hear from you that there is no intention to apply it wholesale to those types of activities.

Senator LIGHTFOOT—That is not to say that there is not some intention to apply it; there obviously is. I think what we must keep in mind is the public interest and public

benefit. They are the key phrases we try to attach to it. Obviously, someone is going to fall between the bar stools in this area and we want to minimise that.

What do you say about the tendering process associated with health and welfare and particularly as it is applied to, say, the areas in Australia—less so in Victoria, but the rest of Australia—where you have a large number of people residing in the metropolitan areas and a smaller number of people residing in many areas in the hinterland? They would have to be looked at separately. Do you think that the national competition policy should be scrutinised more with respect to people in rural and regional areas rather than people in metropolitan areas?

Ms Jolley—Yes, I would certainly agree with that. People living in the country at the moment already have difficulties in having a choice of service. They report that there are not sufficient providers for some services in country regions. I would find it hard to see how introducing competition would actually happen in practice, because if it is hard to get one service provider into a regional area then it is going to be even more difficult to get enough to give you realistic competition. I certainly think in the regional areas there is quite a different case.

Senator LIGHTFOOT—I think that is where the public interest, public benefit aspect is going to be scrutinised more before it is deemed necessary to implement competition. You mentioned on page 2 of your submission that the cost of administration had been increased as a result of the NCP and that, given the finite budget that all government and quasi-government organisations are subject to—and I am subject to that too—that is detrimental to the implementation of health services. How does that manifest itself?

Ms Jolley—Agencies are reporting that they are having to spend more time in putting together tenders to provide a service. Very often they do not have the expertise or the experience in writing tenders and putting in submissions for funding.

Senator LIGHTFOOT—Is that largely then an education process, a learning process, rather than an anomaly in the NCP?

Ms Jolley—I guess it is a fairly resource intensive process to write submissions for funding, particularly if you do not get that funding. You either have to employ someone else to do that writing for you or take time from service delivery to do it. I suspect what agencies are saying is that more of their staff time is being taken up with this submitting process than has been taken up in the past.

Senator LIGHTFOOT—Do you think it is possible that there was a perception that your various agencies did not have to look at accepting tenders as not necessarily the lowest but perhaps something better in terms of how far the dollar goes was a bit lax in the past and now that there is a necessarily there is a little bit of antipathy towards the process induced really by the fact that they did not have to do it in the past?

Ms Jolley—There could be something of that. I have the study with me here. People did also see some benefit in competition and in applying for funding, in that it made it necessary for the service to sit down and think about which services it wanted to provide. It made it

necessary to reflect on the priorities for the service. Some positives came out of that, too. They also welcomed the increased accountability and the opportunity to demonstrate that they are doing worthwhile work. There were some positive comments from that as well.

Senator LIGHTFOOT—In respect of those positive comments, have you seen any savings manifest with respect to the NCP since the process of competition was introduced that you could tell the committee about? Have there been some manifest savings?

Ms Jolley—Do you mean savings at the level of the agencies?

Senator LIGHTFOOT—Yes. You are saying that it is not all bad and that it is not all cost. On the upside, is there something of a documentary nature in terms of dollars or benefits that you could tell the committee about?

Ms Jolley—I do not have any evidence of that. A lot of what the agencies said to us was mixed with changes in the way that their budgets are allocated by the state government and changes in the levels of budgets. I do not think it would be possible to say whether there have been savings.

Senator LIGHTFOOT—No. Are you aware of there having been a drop in the budget?

Ms Jolley—No, there has not been a real drop in the budget.

Senator LIGHTFOOT—There has not been any drop in the budget. When you talk about a ‘real’ drop in the budget, do you mean that there has not been a drop in the budget or that there has not been much of a drop?

Ms Jolley—For my agency, there has not. I do not know about the community health agencies.

Senator LIGHTFOOT—What about employment? That is my last question. Has there been any change in employment—particularly, a drop in employment—since the competition policy was introduced?

Ms Jolley—I do not have any documented evidence of a drop in employment, locally, from the competition policy. Again, international studies have suggested that, in order to compete economically, the services need to reduce staffing levels to provide that service at an economic rate. There is then the tendency to shed employment.

Senator LIGHTFOOT—Your fear is based on what may happen in the future, because there has been no drop in the budgetary allocation and no drop—that you are aware of—with respect to employment in the service delivery. At this stage, there has been nothing manifestly negative in the implementation of the NCP, but your fear is that there may be. Is that a fair summation?

Ms Jolley—That is the fear that is coming from the field, yes. There has been a drop in staff numbers but, again, I could not say whether it is linked to competition policy because there have been a whole lot of other changes as well—amalgamations and a whole manner

of things—emanating from the state government. I cannot say where those changes have come from, particularly.

CHAIR—Can I go through this a little bit. Your organisation is the peak body for the different community health groups in South Australia. Is that right?

Ms Jolley—We are not a peak body; we are a research unit. We provide research and evaluation advice to community health services. That is our main function. We carry out our own research into community health.

CHAIR—These community health services are the groups that I am more familiar with, like the Salisbury community health service; is that right?

Ms Jolley—Yes—the Adelaide Central Community Health Service, the northern metropolitan health service, Noarlunga and the regional health services, which have community health services linked to them.

CHAIR—Your organisation does research for them?

Ms Jolley—Yes, and for other bodies also. We support them to do their own research.

CHAIR—What sort of research?

Ms Jolley—A lot of the work that we do with the centres themselves is concerned with helping them to evaluate their programs. We also assist them with strategic planning and provide training in research and evaluation for workers in the field.

CHAIR—You are paid by the state government, as are the centres?

Ms Jolley—Yes.

CHAIR—Do they have a client relationship with you at all? Do you provide services on a cost basis to them?

Ms Jolley—They have a client relationship with us, but it is not economic in that we have a core budget and we provide services to community health services out of that budget. We provide services to other agencies, but we can charge for those services. For example, we would charge for GP divisions because they do not come under community health.

CHAIR—In terms of some of these local community health organisations which are into preventative health and a broad spectrum of different services, what are the services that your clients are worried about as likely to be affected by national competition policy? Could you give us a couple of examples of what they are concerned about—what service they provide that they are worried about being forced to open up to competition?

Ms Jolley—I think their main concerns rest with the sorts of community development services that they provide. They feel that it is very difficult to come up in advance with outcomes, for example. So it is very hard to define what the service delivery is going to be

because it very much depends on what the community client or individual client requires of the service. With a one-to-one service like podiatry, for example, I think it is clearly not so much of an issue because it is relatively easy to set standards for podiatry and measure how effective you have been.

It is much more difficult to set standards and measure how effective you have been for a diabetes support group, for example, which may take in podiatry and diet related information and may also include some sort of action group which wants to enhance labelling on goods—to say what level of sugar they have in them, for example. That has already happened, but it serves as an example. That sort of activity is much more holistic than emphasising a particular disease and I think it is the area that the centres feel would be really hard to put into a contract and say, ‘We are going to do this, it will cost this much and this is the benefit.’ The other difficulty is that it is a very long-term benefit.

CHAIR—My final question, now that I understand where you are coming from, concerns the budget allocation for the community health service in South Australia: how much money do they get?

Ms Jolley—For the whole service?

CHAIR—Yes.

Ms Jolley—I do not have that information.

CHAIR—That does not matter. Thank you very much.

Proceedings suspended from 10.44 a.m. to 10.52 a.m.

WAMSLEY, Dr John William, Managing Director, Earth Sanctuaries Ltd

CHAIR—We do prefer all evidence to be given to the committee in public, but should you at any stage wish to give part of your evidence or answers to specific questions in private, you may apply to do so and the committee will consider your request. I now invite you to make a brief opening statement and, at the conclusion of your remarks, I will invite committee members to ask you questions.

Dr Wamsley—Earth Sanctuaries Ltd, ESL, is an unlisted public company. It is a profitable business and its core business is conservation. It is planning to list on the Australian Stock Exchange in November this year and, when it does, it will be the first publicly listed company in the world with the core business of conservation. ESL has been a public company for six years. It has a paid dividend for each of those six years. ESL shares have increased in the marketplace over the last six years, and each year they have increased by more than 20 per cent per annum.

ESL presently employs 50 people in rural Australia, mainly youth. They normally join us as part of a training scheme and do a four-year training course, and most of them I think intend to spend the rest of their lives with us. We would already be employing 500 people in rural Australia if not for unfair competition from government owned, government funded or government operated businesses. We plan to employ 6,000 people in rural Australia within 25 years, and our only real problem is the skewed implementation of the competitive neutrality agreements.

The National Parks and Wildlife Service is both our competitor and our regulator, and they have made life very difficult for us as such—as does any monopoly that faces competition. It was a breath of fresh air to us when the competitive neutrality agreements were first signed. I must say that it is with great sadness that we find they had nothing to do with competition; they had more to do with other things. For example, if we identify a block of land in New South Wales for our development, the New South Wales National Parks and Wildlife Service will take it. They have done it at Byron Bay in northern New South Wales, they have done it at Tarawi in western New South Wales, and they have done it at Canyon in the Blue Mountains.

In South Australia, even though the competitive neutrality commissioner ruled in our favour, the South Australian government refuses to implement his recommendations. So our problem is simply the non-implementation of the national competition policy, not its implementation.

Of course, all public departments and publicly funded organisations talk of community service obligations and all the nonsense related to that concept. I just want to point out one thing in regard to that. The New South Wales government has just released—or it was released through freedom of information—its biodiversity strategy for the foreseeable future. In that biodiversity strategy it plans to lose 60 species of mammals in New South Wales in the foreseeable future. In other words, the New South Wales National Parks and Wildlife Service is planning to lose more species of mammals over the next 50 years than the whole world has over the last 500 years. I point out that New South Wales will not lose one more

species of mammal, because of Earth Sanctuaries Ltd. We have made that our direction. In fact, Australia will not lose one more species of mammal, and it is not because of governments and the National Parks and Wildlife Service but because we will save them—not in cages or in zoos but in the wild as they should be.

My appeal to you is that the neutrality policies be implemented in a sensible manner for the benefit of the wildlife and the environment of Australia.

CHAIR—Just so I can get a feel for this, you are telling us that your enterprise is soon to be listed on the stock market. Pardon my ignorance about this, but how do you make money? If you are profitable, and you said in your statement that you are a profitable organisation, how do you make money out of conservation? It may sound like a trite question, but I think a lot of people would like to know.

Dr Wamsley—It is the first question I am asked on that. I point out first that, in Australia today, \$1 billion a year is spent in the name of saving endangered species, and not one cent of that gets to endangered species in any way whatsoever. So there is plenty of money around for saving endangered species; it is a matter of where it goes. Worldwide it is estimated that between \$50 billion and \$100 billion a year is spent in the name of endangered species. Again, very little of that gets to endangered species.

Earth Sanctuaries is in the business of conservation. Our core business is conservation. The way we operate is this: we issue shares to the public, the public pays for those shares, and we use that money to set up what we call ‘earth sanctuaries’. Earth sanctuaries are fairly simple things. We buy land, we fence it with feral proof fencing, we eradicate the ferals, and we put back the wildlife that used to live there. We then of course have to keep that going forever. You cannot just designate something a national park and then pretend that somehow God is going to look after it. We then set up a small ecotourism operation in each of the sanctuaries, and that funds the continuation of that forever. But the development funds come from investment to set up the whole thing, and the ongoing funding at this time comes from tourism. I can see the day when tourism will not be necessary for conservation, but certainly the world is not ready for it just yet. I think conservation ultimately will be a stand-alone business, and I guess it is starting to be in some places.

There is massive value to these things, and I think people are willing to pay that for them. Then we trade our shares publicly. I guess the big benefit for our investors is then the increase in the value of our share. In fact, \$1 invested in us 14 years ago, when we started as a business, can be sold for \$104 today. I am not aware of any other business that has paid such a high total dividend in Australia over the last 14 years.

CHAIR—Do you have a view on any future regulatory arrangements for conservation, given that you have pointed out the public sector on page 5 of your submission—not only your competitors but also the industry regulators?

Dr Wamsley—In most things, the manager is separated from the regulator. In our health system, for example, the public hospitals do not tell the private hospitals what to do. They are in competition. Somewhere on top, there is the regulator, which is probably called the health commission or something like that. It is the same thing in our teaching. It is the same

thing in everything. Conservation is the only thing in Australia that I am aware of where the regulator and the manager is one and the same thing. Of course, it cannot work. It is very simple to fix. All it is really is to separate their problems.

There should be a government department or some instrumentality—I would call it ‘Wildlife Australia’, if you like—whose job it is to oversee wildlife, conservation or anything. Then, under that, there should be wildlife managers who manage areas like national parks, earth sanctuaries, et cetera. The national parks should not be regulating us; somebody else should be regulating both. Of course, there should be regulation, but it should be done in a proper businesslike way. The people who manage these things should be the people who do the best job, not those who have the monopoly.

CHAIR—You said before that various departments that are responsible for this regulation have frustrated your attempts to set up sanctuaries. They have in fact used compulsory acquisition powers to compulsorily acquire businesses. Have you taken that to any of the state ministers responsible? Have you taken that to Minister Kotz here in South Australia and to her equivalents in other states? I know that is a pretty serious allegation.

Dr Wamsley—I have, yes. In fact, the Minister for the Environment in New South Wales, Bob Debus, will not talk to me anymore because I have made those statements. I am not allowed to make those statements. I am supposed to pretend that Bob Debus MP does everything right. He will not accept criticism. That is all there is to it. Presently, he will not talk to me. I am on the out with Bob Debus, because I complained of them unilaterally taking land which we had identified and handing it to the national parks to be mismanaged, I believe, for ever after.

CHAIR—Does that happen here in South Australia?

Dr Wamsley—It has in the past. It is not happening now. We presently have a very good relationship with the minister and with the upper hierarchy of the South Australian national parks, as we have a fairly good relationship at the bottom level with the managers. But the middle level refuses to change things. In fact, there has been no change in policy. There has been change in words, but no real change in policy in South Australia. After a nine-year argument, we did gain the title to the land that we bought in 1990 in the Flinders Ranges. National Parks swore that we would never get it, but we have it. We are getting somewhere. For example, in unfair competition in South Australia between Adelaide Zoo and us, the government just refuses to discuss the issue.

CHAIR—Unfair competition between you and the zoo?

Dr Wamsley—Yes.

CHAIR—How is that?

Dr Wamsley—Adelaide Zoo is funded by the South Australian government, and everybody that goes through the gate is subsidised by \$15, which means we have to reduce our prices by \$15, which means we cannot give the service that we would love to give. It is a simple case of straight-out unfair competition.

CHAIR—Isn't it the Adelaide City Council that has a lot to do with the Adelaide Zoo?

Dr Wamsley—The Adelaide Zoo is funded directly by the South Australian government, and it is run directly by the South Australian government. The land that it is on is owned by the city council.

CHAIR—I hear the city council are involved. Where is the land in the Flinders Ranges?

Dr Wamsley—We now own Buckaringa Gorge. We will be developing a sanctuary there. We will be starting work on it this year. It has taken us nine years to get the title to that land, because the National Parks and Wildlife Service wanted that land as a national park.

CHAIR—There are some concerns about access to all these sorts of facilities, to what can convincingly be argued are public assets, that is, national parks. How will an increased private sector involvement in conservation affect public access to these sorts of resources?

Dr Wamsley—It increases public access and public usage massively. Tarawi nature reserve was bought over our heads while we were negotiating to buy it because they did not want us to have it. That is a nature reserve in New South Wales. The public are not allowed to go there. If we managed it there would be quite a few members of the public going there. I would say that we would increase the usage of this land a hundredfold with our management compared with the national park management.

CHAIR—What is your view about the Senate report that you are probably aware of that came down some time ago—I think about 12 months or more—about the harvesting of animals in national parks as one means of funding national parks and doing something about it?

Dr Wamsley—I made a submission on that. Probably the recommendations were not too bad; I think the main recommendation was that we needed to do more research into these things. It is interesting that when Saddam Hussein invaded Kuwait, they did not say, 'We will have to do a bit of research into this'; they threw him out. We don't have to lose one species of anything ever. By the way, Australia is losing mammal species faster than the whole of the rest of the world combined—or it did until 15 years ago. The only reason we lose them is that management is vested in the government.

CHAIR—Is it the case that the national parks budget is just not adequate for the amount of acreage that they have got to look after?

Dr Wamsley—You could argue that. It costs \$20 a hectare to manage land, everybody knows that. If you increase the budget of the national parks of Australia to about \$20 billion a year, they would be able to manage their land. But that is not going to happen. It is just a nonsense to even imagine it might happen. To manage the part of South Australia that has now been designated as national park would cost \$2 billion a year. That is a State Bank every year; we cannot afford that. We will never afford that as part of the welfare sector.

On the other hand, as part of the marketplace, that sort of money is pissy. We have got a telephone company in Australia valued at \$100 billion that has no assets whatsoever. The only thing it has got is copper wire, and that has just been handed to everyone else as well, and it will all be obsolete in five years. It is valued at \$100 billion. The other day National Australia Bank shares dropped \$2½ billion in one day; nobody committed suicide. There is no reason why this cannot be part of the marketplace. There cannot be any reason at all why the funding is not there to save our environment. It is just a matter of getting it out of the welfare sector to where it should be—in the marketplace.

CHAIR—So, in essence, what you are saying is that you just want to be left alone?

Dr Wamsley—We just want to be given the level playing field that everybody says we should have.

CHAIR—Do you think it would be possible for national parks to turn a profit like you have if they were properly managed? Places like Cleland and so on must go fairly close to breaking even.

Dr Wamsley—Cleland loses \$2½ million a year. It is unbelievable. It all comes through the set budget, so you do not know. Cleland nearly makes a profit if you take away the wages which are paid by the department of whatever it is; if you take away the maintenance which is done by the public buildings department, whoever that is; if you take away the development which is done by the government; if you do not charge depreciation; if you do not charge rates; if you do not charge anything. In other words, if you do not charge any cost whatsoever against Cleland, it loses only \$80,000 a year. Anybody that imagines that Cleland can ever do anything but chase tourists away from South Australia is having themselves on. But that is another question.

CHAIR—How does it chase tourists away?

Dr Wamsley—If you want to see what wildlife tourism is all about, you should go to Africa and see how they do it there. If you go to Africa to see wildlife, they don't put you in a subsidised bus and send you to a subsidised zoo. They take you out on safari, they value add, they charge you an enormous amount of money, and you send everybody back because you have such a good time. Adelaide was just written up by the two top tourist magazines in America—*Conde-Nast* and *Travel Holiday*—as the only place to go to in Australia to see wildlife. People come to Adelaide to see us. They go to the South Australia Tourist Commission and ask, 'Where do we go to see these wonderful animals?' They are told, 'You go up to Cleland.' They go up to Cleland, they see animals in cages and they go home and say to people, 'Don't bother going to Australia; you won't see anything.'

It is an absolute disgrace the way government departments assist each other to destroy Australia; that is all they are doing. According to the *Financial Review*, wildlife tourism presently earns Australia \$8 billion a year. Ninety per cent of the tourists that come to Australia to see wildlife go home disappointed. Wildlife tourism could earn Australia income of \$100 billion a year, and everybody could go home thrilled. That could be done if it were just taken away from government departments and given a fair go. In other words, if the

competition neutrality agreements were implemented as their philosophy says they should be, Australia would not have a balance of payments problem—just from wildlife tourism.

CHAIR—Thank you. I will hand over to Senator Lightfoot.

Senator LIGHTFOOT—Dr Wamsley, you are world-renowned for the conservation of Australian animals, particularly the smaller marsupials, the ones of course that have suffered significantly—not exclusively—in terms of their extinction or near extinction. You give the clear impression that, had the government divested itself of the exclusivity it has with respect to handling our wildlife, very few of those animals and birds would have been extinct. Is that true?

Dr Wamsley—That is true.

Senator LIGHTFOOT—Could you elaborate on that again? I know you have said something to Senator Quirke about that, but what is the area particularly that could be rectified? I know you are saying that switching from the public sector to the private sector is the way to go, but what other areas are there that clearly indicate—

Dr Wamsley—Let me give you some examples. One of the problems we have with saving wildlife in Australia is that there is a way to save it; it is written up in the books. It is there. There is a bible on how to save Australian wildlife.

Senator LIGHTFOOT—What is the name of the bible?

Dr Wamsley—It is just common knowledge, among other things. It does not work. It does not save wildlife; in fact, it has lost it. But the knowledge is there, so they say. In other words, everybody argues that biodiversity is good, but there is only one way to save it—our way—and that is set down in the things. Being the only people in the world I think that are successfully eradicating ferals, we do learn some things. One of the ways we do it—I am sorry to be longwinded about this, but it really brings forward what you are talking about very well—

CHAIR—We both have an interest in eradicating ferals, so take your time.

Dr Wamsley—In getting rid of ferals at Scotia, stage one was 4,000 hectares; ferals have never been eradicated from 4,000 hectares before. We fence off with rabbit proof fencing. We then feed the foxes inside until they knock off all the rabbits, then we put electric outriggers on our fence and turn off the water inside and the foxes go out for a drink and cannot get back again. In other words, the cost of eradicating ferals is about zero, if you do it properly. It does not cost much. I see the Commonwealth government has just allocated \$10 million to do an island out to the south somewhere that we could do for nothing. They are giving jobs; I suppose that is the important thing. So that is how we do it.

We get to stage three, 190 square kilometres—19,000 hectares—and we start feeding the foxes and the foxes will not come in. They are very touchy. They will come in for a while, but we lose them. We cannot get them there constantly to feed. So we start looking at this and we find that there is a small colony of dingoes living there that will not let them in. By

tracking, we start learning about this and how the fox comes in and is met by the dingo; they are either killed or escorted out. We look at this area and we find that there are mallee fowl nests in this area with mallee fowl working on them. We find that the dingoes are marking out those mallee fowl nests. We think they are protecting them as their food source. But they don't particularly like them to eat, so they protect them but they do not eat them. So in the middle of where the foxes should eat all these mallee fowl, they are being protected—not by a national park, but by dingoes.

We have worked out now how close the dingoes will allow the foxes, and we are starting to understand the importance of dingoes in saving mallee fowl. When we look at the map we find that the only place where mallee fowl still live today is where there are dingoes. This is a pretty interesting thing. When you look at the management plan for Ngarkat national park, they have mallee fowl there and they say, 'The threat to mallee fowl are dingoes. First of all, we are going to poison all the dingoes to save the mallee fowl.' I know that if they poison the dingoes in Ngarkat they will lose their mallee fowl. I know that, and there is nothing you can do about that, because they will do it anyway. It is in their management plan and it is their job to follow their management plan.

Then you start thinking. The bridled nailtail wallaby was the most common wallaby in western New South Wales at the turn of the century. It is the only kangaroo that had a price on its head. It disappeared in about 1930. We thought it was extinct, but then we found a colony in central Queensland with 5,000 individual animals in it. I am saying this in hindsight, and it is very easy to be clever in hindsight. I know that. There were 5,000 animals of a species that we thought was extinct. Immediately it is handed over to the Queensland national parks to save it. Immediately the national parks carry out a dog baiting program because they see the dingo as a threat, and within five years they only have 300 bridled nailtail wallabies left. If you want me to go on, I can give you 20 examples of this. The worst thing that you can do to a colony of animals is to hand it over to the national parks to manage, because it will be gone.

Can I tell you about the mala? Eighteen years ago we realised that there were only 2,000 mala left on the mainland, so we formed the mala recovery group. Since then it has had \$6 million in funding from the federal government and the state government. It has done a wonderful job. I think it has published 85 research papers and travelled Australia 85 times. They have 3,500 people involved in saving the mala. There is only one slight thing—they lost the mala. Other than that, it was wonderful. Today there are 70 left. They are all in cages and the males and females are separated because there is nowhere to put them. They breed only for about five years. What an absolute tragedy. The mala recovery group came to Scotia and said, 'Wouldn't it be wonderful if we could put mala back here? They could build up to 1,000, but they can't because there are no protocols in place.' After 18 years and \$6½ million in funding, they still do not have any protocols in place to save the mala. Why? Because it is government.

Senator LIGHTFOOT—That is the animal equivalent of the government knocking on the door and saying, 'Hello. I'm here to help you.'

Dr Wamsley—Yes. The South Australian government has just put out this wonderful book on how to measure for environmental success. I should have brought it, because it is

just unbelievable. It shows you why we have no hope. It starts off with a problem, for example, diminishing fish stocks. The indicator is that catches are low. What a wonderful thing; that is good. The measure of success in management of this problem is the number of recovery plans written. That is another thing. We ring them up and say, 'Hey, listen. This has got nothing to do with actually saving the fish stocks.' They say, 'No. We are not interested in saving the fish stock. We are interested in measuring the performance of our government departments.' Have a look at that and you will see why you should close down your government.

Senator LIGHTFOOT—Are you saying that the private sector is the panacea for the survival of all endangered species?

Dr Wamsley—If the ground rules are set, it could be, yes.

Senator LIGHTFOOT—That begs the question then: why is the government not opening it up to competition, and do you think that the national competition policy will do that? I know it should do that, but will it do that?

Dr Wamsley—I was just listening to the speaker before, and there is a powerful body who gives wonderful arguments on community service obligations and that sort of thing. From that, they have very strong fears about what might happen. It is very easy to say that if you give it to the private sector, they will do terrible things. They forget about the fact that the public sector is already doing terrible things. I do stress that, of course, there has to be regulation. Of course these things have to be done. You cannot just hand it to the private sector and say, 'Go your hardest' or they will do terrible things. Of course they will, because they are terrible people, just the same as there are terrible people in the public sector if you let them do these things. But, with proper guidance and proper self-government, yes, I believe that the whole environment could be saved by the private sector. In fact, I think everything could be done by the private sector about 10 times more efficiently.

Senator LIGHTFOOT—What about at one-tenth of the cost?

Dr Wamsley—Yes. I do not think it is just that. I think the health system, the school system and every other system would be better off. I have worries about the military. It worries me that somebody owns them other than the government, or other than us. I do not know. It is one of the things we pay for. We pay a massive amount for the luxury of having the military owned by the government. You could certainly do the job they are doing at about one per cent of the cost.

Senator LIGHTFOOT—I was in Zambia on the Congolese border two or three days ago and I wanted to go to a government owned game park in Zambia, but they did not have any. Wildlife proliferates there, but it proliferates only because the private sector run the game parks. The government in Zambia have some national parks, but they do not actually have any game parks. They are leased to the private sector and there are animals of all sizes, big and small. It looks like Noah's Ark. When motoring along the Zambezi River, it is absolutely and totally incredible, and I would love Australia to be like that. I know that we are different in terms of the evolution of our animals.

The government has said recently—and this worries me very much indeed when you talk about the bridled nailtail wallaby and the mala—that they are going to fund an inquiry into the only two monotremes in the world which exist in Australia, the platypus and the echidna. Is that a worry to you? Although they are reclusive and we do not see them, neither could be described as on the edge of extinction. Notwithstanding that, does that worry you?

Dr Wamsley—No, because of their numbers, the platypus and the echidna are, as you say, quite safe at this stage. In a way it does not matter. I was talking to Senator Robert Hill just a fortnight ago and he asked me how I was getting on with government departments. I told him that really I had come to the conclusion that it did not matter what a government department thought of us, because their officers are so ignorant of what it is all about: they cannot hurt us if they want to hurt us, and they cannot help us if they want to help us.

Senator LIGHTFOOT—That is an indictment, is it not?

Dr Wamsley—From my point of view, I really could not give a damn what the government did. We are going to save Australian wildlife. We are going to have one per cent of Australia under protected areas within 25 years. I believe that in 25 years there will be 100 species of mammal that only live on our land, and we will lose 100 species if we do not do that. I do not think the government will do anything to help us do that. I do not expect them to do anything to help us do that. I do not expect competition policy to assist it in any way. But I do think it will help us, for example, when we pinch a dozen mala and illegally bring them to one of our sanctuaries—and one day we will get caught—we will win the court case through public opinion, because we will be able to prove that we saved the animal by doing that. I can tell you this: there is no way we can save Australian wildlife without breaking the law. We presently break the law and will continue to break the law to save Australian wildlife.

Senator LIGHTFOOT—It is a profound statement for you to make, Dr Wamsley, because you are held in high esteem by people right across the wide diversity of animal and bird life preservation in the world. I hope that what you are saying has a positive effect on the government. Certainly, I will take the opportunity of amplifying what you have said to the government and I applaud you for what you are saying publicly.

The government has restrictions on the export of animals and birds from Australia, but part of that obviously contravenes the national competition policy itself, and the government being the author of the national competition policy seems to be something of a dichotomy. For instance, the Australian government will swap its animals for other animals overseas. I have come very close to exchanging the highly endangered black rhinoceros in Zambia—of course, it is endangered throughout the world—for kangaroos in Australia, some of which were reasonably rare. I think the pretty faced wallaby may have been one. I am not sure whether the pretty faced wallaby is rare; you can bring me up to date on that. There was no problem when I approached the government a couple of years ago with respect to exporting animals like that in exchange for endangered species that Australia wanted.

How can we get the export of animals from Australia so that the survival rate of animals would increase even if they were kept overseas? How can we convince the government that

that is an alternative to its slow decimation of those animals and birds in Australia? Is there a pattern apart from educating the government?

Dr Wamsley—I do not know. I would like to open it up, but if it were opened up now I am not quite sure who would gain advantage from it. Adelaide Zoo presently illegally exports echidnas, for example. Nobody is worried about that. The rules are quite clear: they have to breed them in captivity to be able to swap them overseas.

Senator LIGHTFOOT—They are not bred in captivity?

Dr Wamsley—There has never been one bred in captivity, ever, so we know they were not bred in captivity.

Senator LIGHTFOOT—A platypus, which is also an egg laying mammal, was produced for the first time in captivity the other day, I think.

Dr Wamsley—We can breed them in bath tubs, but it was the first time the government has done it.

Senator LIGHTFOOT—But not the echidna; just the platypus.

Dr Wamsley—No, the echidna has not been bred in captivity yet, but the Adelaide Zoo sends them overseas. They catch them in the wild, fill in the form and say, ‘We bred them.’ Everybody is happy with that because they are Adelaide Zoo—they are publicly funded so of course what they say is true. I fear that, if we were allowed to export things, it would be those people who would do all the exports, so I do not think it would benefit wildlife in any way.

The sad part about it is that we breed platypuses every year at Warrawong. I have had David Bellamy there. Last time we all looked at a baby platypus I was showing him. There is no problem breeding platypuses. Once you understand them you can breed them in bath tubs. It is just that it costs the government \$10 million each to breed them, but they have plenty of money. The platypuses we breed now go through the fence and get eaten by foxes. None of the young survive because Warrawong is full of platypuses and the young ones go out and get eaten by foxes. I was telling David that these little platypuses have no hope of survival because they go through the fence and get eaten. If I could give—not sell—a pair of those to Toba aquarium in Japan, which has just been voted the world’s top aquarium, they would bring in tens of millions of dollars of expertise to us free to help us develop Tiparra sanctuary on Yorke Peninsula. It would create hundreds of rural jobs.

Senator LIGHTFOOT—Platypuses are not indigenous to Yorke Peninsula.

Dr Wamsley—It has nothing to do with that. We own Cape Elizabeth. The Tiparra Reef runs out from the cape. The whole concept of that is to create a coastal sanctuary and to show off the reef. Tiparra Reef has a greater diversity of life on it than does the Great Barrier Reef, but they are not pretty fishes. For example, 6,000 species of luminous sea slugs live there. The Japanese would love it. You could sell it to them so easily. In exchange, if I could give Toba aquarium a pair of platypuses, they would spend millions of dollars on us.

They would love us so much that they would come and give us all their expertise; they would show us how to show off and interpret the reef. It would be worth hundreds of jobs to South Australia. It is just crazy. That is the way you do it.

What has happened is that the zoos have developed the way they want it and then they will not allow any change. Really, zoos do not do anything for conservation. They never have and they never will. It is sad the way it has developed, but that is the way it is. We actually got \$500,000 in funding from Toba aquarium to do platypus research, but they stopped it when they were told that there was no way in the world we could give them a platypus. It is sad.

Senator LIGHTFOOT—You did not get the \$500,000?

Dr Wamsley—Yes, we have spent that.

Senator LIGHTFOOT—But they stopped ongoing funding?

Dr Wamsley—Yes, and it is so crazy. It is so absolutely stupid from an ecological point of view, but that is the way it is.

Senator LIGHTFOOT—Playing devil's advocate, if you exported our unique wildlife, such as our monotremes, there would be no point in people coming to Australia to see wildlife of that nature.

Dr Wamsley—And we show it to them in a zoo when they come here. There are more species of big African animals in Dubbo zoo than what you will see if you go on a safari in Africa. But you will still go on a safari in Africa. The animal is the end point, but it is not the whole thing. It is like Ayres Rock. People go to the middle of Australia to see a rock. Who in their right senses would go to the middle of Australia to see a rock? It is not the rock that attracts them. They go there, they are miles from home, all their troubles are off their shoulders, they are looked after properly by people who understand how to look after people, they have a wonderful time and they go home and say, 'Gee, you should go to Ayres Rock.'

Senator LIGHTFOOT—It is the biggest monolith in the world.

Dr Wamsley—Sure, but we could show off the littlest one then. Would that bring them? It is how you sell it. Sure, they have done a magnificent job of selling Ayres Rock. I do not detract from that. That is what it is all about; I am in that business, I understand it. But the point is that it is the experience you have when you are there that sells it, not what you are actually doing.

Senator LIGHTFOOT—You mentioned a neutrality policy in your submission. What is that?

Dr Wamsley—The competition neutrality agreements. The national competition policy has competition neutrality things in it which basically say that there should not be unfair

competition from government departments in the private sector. That is how some of the documents are headed. That is all.

Senator LIGHTFOOT—What about the survival of some of the 60-odd species of parrots in Australia? Ornithologists from overseas refer to Australia as the land of parrots because of the diversity of our cockatoos, et cetera. Are all parrots prohibited from export?

Dr Wamsley—Yes.

Senator LIGHTFOOT—Do you think that there are species of parrots that are in danger of extinction? I know we have not sighted a couple for many decades now—the night parrot was one. I cannot remember the others.

Dr Wamsley—The Major Mitchell Cockatoo would easily be wiped out if it were allowed to be caught in the wild. One problem with this is that we confuse the export of wildlife with the taking of wildlife. We do not say, ‘You cannot export sheep in case you pinch one’, but we say, ‘You cannot export wildlife in case you pinch one.’ Of course you should not be able to pinch wildlife and you should not be able to pinch sheep either—I am not being one-sided here—but we do not bring in these draconian measures and say, ‘You are not allowed to export sheep in case you pinch one.’ That is what we do with wildlife. It is quite strange. Of course it should be absolutely illegal to take public wildlife without certain rules, whatever those rules are. The Major Mitchell Cockatoo can be bred in captivity and people would breed it in captivity if it were set up properly. It costs money because you have to have big cages. You cannot do it in little cages, but it can be done.

You have to remember that the wildlife laws were not set up to save wildlife; they were set up for knee-jerk political reasons. I do not think there is one law relating to wildlife in Australia that benefits wildlife in anyway whatsoever.

Senator LIGHTFOOT—What role should the government play in the survival of wildlife? Is export necessarily an integral part of that survival?

Dr Wamsley—There is no reason why it cannot be. Anything that gives a value to wildlife can only help wildlife if it is then implemented properly. I am assuming it is implemented properly. Anything that earns money in the name of wildlife can only help wildlife. The crocodiles of the world have been saved only by farming. There is no doubt about that. There are a lot of species that will not be saved if that is the only way we are going to do it, but there are other ways of doing it. We commercialise wildlife, but they are wildlife in the wild.

Senator LIGHTFOOT—The Daintree crocodile was extinct.

Dr Wamsley—I do not know, off the top of my head.

Senator LIGHTFOOT—I think it was the biggest crocodile. One measured 30 feet, I think. What role should the government play in the survival of our wildlife?

Dr Wamsley—It should be the regulator. The rules should be made in such a way that they benefit the wildlife, the species—that they save it. They should not be made just because they seem like a good idea. A lot of these are made because they kowtow to animal liberationists and things like that. The fur industry nearly stopped for a while because of nonsense in the fur industry. The biggest problem that wildlife has in England now would be mink released by animal liberationists.

Senator LIGHTFOOT—Eating indigenous wildlife.

Dr Wamsley—Yes. And the fox population in Australia has boomed since it has stopped being used as fur. Of course you should not kill a rare tiger, skin it and wear it. But that does not mean you should not wear fox fur, cat fur or something that benefits wildlife. The end result should be what benefits the wildlife. The government's job should not be to kowtow to pressure groups such as the Flat Earth Society. The government's job should be to do what should be done.

Senator LIGHTFOOT—What is comparable to the Flat Earth Society—if I have ingested what you have said—is that, instead of it being legal to keep cats and dogs, it ought to be illegal to keep cats and dogs but legal to keep indigenous wildlife. Is that right?

Dr Wamsley—I have often thought that the ultimate paradox is the budgie captive in a cage and the cat wandering around outside. It should be the other way round.

Senator LIGHTFOOT—That is exactly what I was saying. Are you familiar with the Department of Conservation and Land Management, which is a wholly owned government organisation in Western Australia?

Dr Wamsley—I am.

Senator LIGHTFOOT—Concerning the overall role that it plays with respect to 'conservation', which includes the conservation of all—and I mean all—flora and fauna in Western Australia, do you think there is a better role for the private sector, because obviously it is totally opposed to the thrust of national competition policy?

Dr Wamsley—Is it? I did not know that.

Senator LIGHTFOOT—It must be because it is the one that dictates what jarrah, karri, marri or tingle—all old-growth forest—is taken and the private sector plays no part, except that it buys it.

Dr Wamsley—From my point of view, the Western Australian Department of Conservation and Land Management is the easiest conservation body in Australia to deal with. There is no doubt that it is the most successful government conservation group in Australia in saving endangered species. There is no doubt about that whatsoever. There are a dozen species of endangered mammals in Western Australia that are more in number today than was the case 20 years ago, whereas there is not one species of rare or endangered anything from the Northern Territory, Queensland, New South Wales, Victoria or Tasmania

that is not less in number today than was the case 20 years ago. There is not one success story from the whole of eastern Australia.

Senator LIGHTFOOT—Dr Syd Shea would have to take reasonable account of that.

Dr Wamsley—Yes.

Senator LIGHTFOOT—We are running out of time, Dr Wamsley, and I guess you might be getting tired of me questioning you, but this is very interesting. Just to finish up, is there something of a documented nature to which you can refer the committee that would give us a better idea, a more conclusive and more overall picture—I appreciate your contribution—of the part that the private sector could play in conservation in Australia? It seems to me that there has to be a sea change with respect to government mentality in the states and the territory that you have mentioned if we are to save wildlife in their habitats. You have said that we can save their wildlife, but you inferred it was not necessarily in their habitat. Is there something of a more comprehensive nature that you can refer us to? I know that you have written books on it and I am not asking you to promote yourself, but if that is the case—

Dr Wamsley—The best I could say would be that it is all on our web site. That has a lot of stuff on it.

Senator LIGHTFOOT—Can you mention the web site so that it can be recorded in *Hansard*?

Dr Wamsley—It is www.esl.com.au. ESL stands for Earth Sanctuaries Ltd.

Senator LIGHTFOOT—Mr Chairman, could we look at that?

Dr Wamsley—There is a lot on it.

CHAIR—I am happy to do that.

Senator LIGHTFOOT—Thank you, Dr Wamsley. It has been most interesting talking to you.

[11.40 a.m.]

CAICA, Mr Paul, National Secretary, United Firefighters Union of Australia

CHAIR—The committee prefers all evidence to be given in public, but should you at any stage wish to give part of your evidence or answers to specific questions in private, you may apply to do so and the committee will consider your request. I now invite you to make a brief opening statement and at the conclusion of your remarks we will invite committee members to ask you questions.

Mr Caica—Most certainly. The proposition of privatising or opening up to competition Australia's fire services is nothing new. What remains quite ironic is that such a proposition persists and is even being seriously contemplated. For those that do understand the provision of proper fire protection, it is utterly incomprehensible.

Late last century and into the early years of this century firefighting services in the main were provided by insurance companies and those fire brigades were owned and operated by insurance companies. They were, in essence, private fire brigades. Brass plaques were affixed to the residences of those people that could afford insurance and hence fire protection. If a fire occurred anywhere, suppression services were dependent upon that brass plaque.

CHAIR—Is that right?

Mr Caica—Yes. If you did not have a brass plaque, it was just tough luck. In fact, there were examples of private fire brigades pulling up to a residence on fire and, if there was no plaque, they were out of there. Places burnt to the ground. Thankfully, as our society modernised, this ridiculous situation changed. With the passage of time and commonsense, it was determined through the will of the people and through the elected representatives of the people that, in the public interest, the provision of adequate fire protection to the community was a right of all persons of that community, irrespective of their capacity to pay. Since that time emergency services, and fire services in particular, have been regarded—and quite rightly so—as essential public goods. Today, the guaranteed provision of adequate fire protection is the right of every Australian citizen. We want to see it remain that way.

The United Firefighters Union submits that the idea of applying the national competition policy to fire services is so dangerous and irresponsible that it can only be described as absurd. Australia's fire and emergency services are vital and highly sensitive services that are provided for the community as a whole by governments responsible and accountable to that community. The concept of rivalry in emergency services is at complete odds with the idea of community. In our view, it would clearly multiply the risks to Australia's life, property and environment.

As an aside, I would say that rivalry does exist within Australian fire services at this time. I refer the committee to the coronial inquiry into the bush fires in New South Wales in 1995. An example even exists here in South Australia where we have a country fire service

and a metropolitan fire service. Throughout Australia there are various volunteer bush brigades and metropolitan or professionally operated fire services. The rivalry that exists within those organisations is real to the extent that it often compromises life and property. There is that 'our patch' mentality that prevails and it is dangerous. What we do not want to see is, through the application of the national competition policy, an entrenchment of that rivalry, not only between different organisations that might be operating under the auspices of government but also, more importantly, between organisations that might be operating under the auspices of private hands. I will elaborate on that further if there are any questions. Rivalry already exists to the extent that we, at a national level, cannot even organise equipment that is compatible with each other when a major disaster crosses state boundaries.

Our union is greatly disturbed that there appears no clear barrier to the application of the NCP to fire and emergency services. It would seem that some governments have sought to apply concepts directly or indirectly deriving from it. There are also clear instances of large variations in the interpretation of the competition principles agreement to include previously un contemplated non-business public authorities. Here we cite the example in Victoria of the Auditor-General's Department. I do not intend to elaborate on any aspects of those other non-profit government organisations, save and except the fire and emergency services.

From our point of view, to this end there is no certainty that legislative reviews and competitive tendering will not ultimately trespass on the security of the community's fire and emergency services and thus the very physical security of the community itself. As I speak to the committee today, we are seeing Australian fire service administrations having imposed upon them the new managerial categories of input-output and outcome to define performances of the services. We have seen the separation, contracting out of emergency services communications systems, and again in Victoria I believe some dire consequences in several instances. We have had serious proposals advanced in some states to privatise emergency services. Again, that mostly emanates from Victoria.

As another aside, I find it very interesting as a practitioner in the field of firefighting for 17 years, either as an operational firefighter or as a secretary of a state branch or a national union, that being imposed upon the administrators of fire services is a form of budgeting where we are required to determine input-output and outcomes, when from our point of view throughout the world we have never been able to firmly establish what is a proper productivity measurement as it applies to firefighting services. We have had imposed upon us the concept of enterprise bargaining which, to a certain extent, may have suited the manufacturing side of Australia's industries, but we have had a great deal of difficulty in coming up with a definitive measurement for productivity in the firefighting industry. As a union and as firefighters, we monitor with interest the impact that the input-outcome budgeting has upon the fire services because we are not sure how it is going to work and what they are going to use to measure that level of productivity to determine what the outcome has been for that particular year in question.

Our submission, forwarded to the Senate select committee in October last year, focused on many aspects of the NCP and the broader impact of the competition principles agreement. Indeed, it offers recommendations that go beyond the impact of that policy and agreement has or may have on our community's emergency services. Given that honourable members would have been briefed on our submission, I wish in the short time available only to

reinforce the more salient points of our submission. Australia's emergency services and our fire service in particular are essential public goods, the proper provision of which is the right of every member of our community. These services are without doubt best provided under the auspices of government.

Unlike the previous speaker, we believe that very clearly to be the case. Also without doubt it will always be the democratically elected body of the people who will be held responsible for the adequate provision of these services, just as it will be government that will be held ultimately responsible for the ravages caused by fire, irrespective of who might ultimately provide that service. We are saying that ultimately it is the government's responsibility to ensure proper and adequate fire protection for the community it serves and the buck will stop with the government, irrespective of who might be providing that service.

We also submit that the savings that might accrue from a unilateral introduction of the NCP are overstated and in reality negligible. In the instance of our fire and emergency services, total government expenditure is a little over 0.3 per cent of Australia's total government revenue or 0.1 per cent of GDP. If we assume, for example, that there is a capacity to achieve a saving of, say, 20 per cent on this figure—and that figure is totally unrealistic—the total resources that would be freed up by such savings are, in reality, insignificant. The introduction of competition to fire and emergency services provides no real or significant savings to government. There can only be costs in the form of an adverse impact through the compromising of community safety.

The public goods characteristic of fire and emergency services implies that the introduction of actual competition remains highly improbable if not impossible. It is most probable that the imposition of the policy upon our services will result in the introduction of a monopoly private provision and/or competitive tendering of elements of the service provision. What I mean by that is that it would be impossible for there to be small organisations providing fire services in the same manner that insurance companies did at the turn of the century. Ultimately, if it were privatised or contracted out it would be a monolithic company that would be able to provide service based on the resources that would be required to provide adequate protection.

The United Firefighters Union recommends that the Senate select committee, in the public interest, notes and accepts the public goods characteristic of Australia's fire and emergency services; notes the absence of any identifiable benefits and the obvious potential costs of privatising the nation's fire and emergency services; notes the additional risks to the safety of lives, property and the environment that would arise from introducing private interests to the provision of the nation's public and emergency services; supports the exemption of the emergency services in general and fire services in particular from the application of the NCP.

Finally, we draw the attention of honourable members to the section 6 recommendations on pages 20 to 22 of our submission. We urge in the public interest that recommendations contained in this section be supported by the select committee. The adoption of these recommendations would clearly create a level of equity and transparency which in our view and to date is missing from the NCP in its current form. That concludes my opening statement.

CHAIR—Thank you, Mr Caica. I wonder could we take you through a bit of this stuff.

Mr Caica—Yes.

CHAIR—Obviously, as the national secretary you get a national perspective of what is happening in each jurisdiction. Is anyone seriously contemplating the dissolution of whole of state fire services?

Mr Caica—I think in certain states of Australia—Victoria is the ideal example—there were those within government who were more ideologically driven than commonsense driven, and for a while it was seriously contemplated; that is, those people who believe that privatisation and the removal of public services from the hands of government, if firefighting could be achieved, would be the icing on the cake. In answer to your specific question: it was seriously contemplated there and I guess, to be honest, it was being contemplated in the context of an industrial dispute that was occurring at the time, but at the same time I believe it was underpinned by a firm belief in the ideology that private providers can do a better job than government.

CHAIR—This has now passed, has it?

Mr Caica—That has passed. We do not think that the concept will ever be completely removed from the forefront of some people's thinking. It is just a matter of whether or not at the time people who think that way are the elected representatives of the day. Back in 1981, the emergency services minister in Queensland had the brainwave to privatise Brisbane's emergency service, particularly their fire service. That died a slow and painful death. The point I am making is that it always comes about. I would like to think—I expect like a lot of other people—that it is utter nonsense and people will not seriously consider it, but we will not discount it while it continues to be raised, especially in the context of the barriers that we believe do not exist with respect to exemptions in the national competition policy as it exists at this time.

There is one other point, too. There are certain aspects of an overall delivery of the fire services that are being contracted out. I mentioned earlier the communications centre in Victoria. That same thing is being contemplated by the Liberal government here in South Australia, to move the operations to Mount Barker. There are also other aspects of the overall delivery of service such as the fire prevention sections and the training sections that people believe—even those within fire services themselves, in particular, those who have not come from a firefighting background—these services could be more cost-effectively delivered by private providers than by fire services themselves.

CHAIR—But, in essence, there is no jurisdiction in Australia right now that is contemplating cutting their involvement at the coalface, so to speak, and bringing in Group 4, SerCo, or one of these companies here. I do not know whether or not they have an interest in that.

Mr Caica—I have had dealings with representatives from Transfield, Group 4 and SerCo and I believe, if the opportunity arose, they would seriously consider tendering for the provision of fire protection in the broader sense. At the moment, as you would be aware,

they provide firefighting services at the defence installations. It was recently determined that the provision of fire protection at defence installations was no longer regarded as a core activity of defence personnel. So they are out and about. They do provide services, albeit in isolated instances, but I would not discount their potential or their wish to broaden that outlook.

CHAIR—For the benefit of the committee here, I was the shadow minister some years ago. At that stage, there was an argument about who ought to check the various fire worthiness of bottles, CO² systems and some of the electrical systems around the place. That work was done primarily by the Metropolitan Fire Service for some years. I do not know whether it is still being done by them now. Is that one of the agencies you are talking about when you talk about fire protection service?

Mr Caica—That is one of them. At that stage, it was the South Australian Metropolitan Fire Service's fire equipment services section arm that was responsible for, amongst other things, doing the tasks that you described. However, in the infinite wisdom of the minister of the day, that was removed from the fire service and established as a separate government corporate entity in its own right. It is responsible for those same aspects, however, under the auspices of competition from private enterprise. It was private enterprise at that stage that lobbied the government to remove the fire equipment services section from the fire service based on their perception that it had an unfair advantage by virtue of its relationship with that service.

CHAIR—On the Defence Force bases, primarily before the different defence forces were responsible for their own fire services, what you are telling us now is that that has now been transferred to private companies as a result of greater and more far-reaching competitive policy on Defence Force bases. Is that right?

Mr Caica—Correct. It is an evolving process. Puckapunyal has been in private hands for some time. There is Jervis Bay in the ACT. The Edinburgh base has recently been transferred over to Transfield, as have a couple of other bases. In time, where a current fire service exists, they are all going to be transferred to private providers through a competitive tendering process.

CHAIR—Obviously, when it was defence personnel, you would not have signed up people who fought fires as members.

Mr Caica—Exactly.

CHAIR—But now that Transfield and some of the other agencies are in there, I suppose they are open for you to go and get some membership.

Mr Caica—They are indeed.

CHAIR—So it is not necessarily in your interest or the interest of the organisation to push this line?

Mr Caica—That can be argued, for sure. I believe that all people providing fire protection ought to be covered by their responsible and appropriate trade union. I am happy to say that we do have members now at Puckapunyal, at Edinburgh and at various bases across Australia whom we never had previously. Part of the dilemma occurred at our national executive level. I can inform you that it was not a unanimous decision to have these firefighters as members because, in the view of some, it provided to firefighting authorities and governments what can be best described as the lowest common denominator factor. Our responsibility has been to ensure that those people who are fighting fires at defence installations have proper protection with respect to protective clothing, conditions of employment and appropriate backup when emergencies occur and, at the same time, to ensure that their conditions of employment are such that they do not adversely impact on the conditions of employment of our other members. But you are right. It has opened up a new area of responsibility that we are pleased and happy to embrace.

Senator LIGHTFOOT—You mentioned the opening up of the area of fire prevention and firefighting under the NCP. Does that concern you in respect of your union? Is it the safety factor, because you may have had areas that your union would have formerly had responsibility for, which one assumes is training and the certain criteria that people must meet to fight fires? Is it the concern that fires may be attended to by less trained people or is it the fact that your union may eventually lose some members?

Mr Caica—We would have no problems in assuming as members those people that might ultimately, under a hypothetical situation, be provided with that responsibility. Our primary concern is the protection of the community that we serve, to ensure that proper standards are met with respect to their fire suppression and fire prevention needs, and the protection of the people that are doing the job. At the end of the day, they need adequate backup and adequate access to resources.

This has been shown throughout the world with such firefighters. There have been experiments in America—and they are still occurring—of privately provided fire brigades that are nothing more than skeletal shelf companies that are run on a shoestring budget without adequate resources in the name of what is essentially profit, because the biggest way of creating a profit is to make sure they do not have many firefighters. So it is primarily a concern of safety—community safety and, importantly, our members' safety. That is actually what we believe would be the adverse impact that would result from an across-the-board introduction into our industry of the national competition policy.

Senator LIGHTFOOT—So you do not see it as firefighters on those defence bases not being unionists. You are saying now that in fact it has had a beneficial effect on your union membership—you now have members on those bases. I think you mentioned Edinburgh airfield, Puckapunyal and others.

Mr Caica—There are several.

Senator LIGHTFOOT—Haven't such firefighters, particularly those at Edinburgh air base, been somewhat better trained than other firefighters in, say, a domestic situation here or a city situation because of the special potential for fires, particularly aircraft fires?

Mr Caica—There are several aspects to your question. I will attack the last statement first. I do not necessarily agree with the assertion that they are better trained than the metropolitan firefighters.

Senator LIGHTFOOT—They have a different expertise.

Mr Caica—They have a different expertise and one might say they have a limited expertise because our firefighters here are trained, by virtue of their backup to Adelaide airport, in various aspects of aviation firefighting. So we would see that the metropolitan firefighters would be more broadly trained in various aspects of firefighting, given the limited training that is provided to aviation firefighters. Both have first-class training but it is in different areas.

I would suggest that, if it were the political will of the day at both the state and federal level, those governments should have made a more concerted effort to ensure that there was more continuity in firefighting throughout Australia—that is, that we did not allow for those aspects whereby a firefighter would be isolated in certain areas. What I am suggesting is that years ago those establishments—whether they be Adelaide airport as a privately owned organisation and concern or Puckapunyal or Edinburgh—ought to have been put under the auspices of a single authority so that coordination and proper fire protection could be ensured and resources could be properly and better utilised instead of having, as I mentioned earlier, that inter-agency rivalry or that rivalry between the respective organisations' administrations. We have never been able to do that.

I hold grave fears—and I know that we have the Olympics here next year—that, if there is a major emergency that requires the activation of more than what is available in New South Wales with respect to emergency services, we will not have in place the proper plans to be able to activate those resources. It is the same as a major bushfire that crosses state boundaries: we have not put in place federally the appropriate measures to be able to deal with that adequately, and I find that very sad. It has a lot to do with the political will of the day of the government and of the lobby groups that have a 'protect their patch' mentality. But we have not done as well as we could have. We could do far better than we have. I think the national competition policy, as it exists, puts up another barrier with those barriers that already exist to the proper coordination of resources.

Senator LIGHTFOOT—So do you see competition as synonymous with rivalry?

Mr Caica—If the ultimate aim of competition for those people providing the service is profit, I would suggest there is rivalry. Rivalry exists in all aspects of the business world and we see firefighting and firefighting services as a public good, more so than a profit-making business.

Senator LIGHTFOOT—How have your national membership figures been since the introduction of the NCP? Have they been the same? Have they increased?

Mr Caica—Negligibly; we have picked up new members—under 100 throughout Australia. Our figures show that there is a growth sector there, but it is going to take time too. We also have to take into account that the idea of trade unionism is completely foreign

to the firefighters that work at those defence installations. It is a traumatic experience for these people: one day they are members of an armed force; at the stroke of midnight on a certain night their employment is terminated and they are transferred to a private provider. Amongst the many new things that they have to learn and become aware of is the provision of the protections that trade unionism has.

Senator LIGHTFOOT—Where else was the ‘trauma’?

Mr Caica—They had, up to that stage, free access to public health through the services.

Senator LIGHTFOOT—But Medicare has not stopped for them?

Mr Caica—No, it has not stopped. Just being able to get into hospital has stopped, or it is a little bit less than what it has been in the past.

Senator LIGHTFOOT—That was a free plug, Mr Caica, but go on.

Mr Caica—Having said that, they also had access to subsidised housing and a variety of advantages that some would say exist with being a member of the armed forces.

Senator LIGHTFOOT—So you see the national competition policy as being anti-union? Is it reasonable to say that?

Mr Caica—No, they are your words, not mine. I do not see it as being anti-union.

Senator LIGHTFOOT—Do you see it as being pro-union to some degree? You did say that you have increased your numbers.

Mr Caica—I do not see it as being pro-union either.

Senator LIGHTFOOT—So you are not averse to the NCP?

Mr Caica—Not in respect of our ability to operate within the parameters of the national competition policy with respect to a membership base. Where I do see a problem concerns the resources that may or may not be allocated to firefighting services and the ultimate provision of those services to the community that my members are sworn to protect, the services that the elected authorities of the people are sworn to ensure are delivered.

Senator LIGHTFOOT—Do you now see a model whereby you could have a non-unionised disparate group of people looking after fire services at, say, Adelaide airport as being different from those at the privatised Perth airport, which is different from those at the privatised airports in the east? Do you see that as being necessarily extrapolated to, say, non-unionised firefighters at major shopping centres or non-unionised firefighters at large buildings—multi-storey buildings, et cetera—firefighters that the companies actually pay and employ, rather than having state paid firefighters?

Mr Caica—I see that as one of the scenarios that is—

Senator LIGHTFOOT—Do you see that as a negative scenario?

Mr Caica—Yes, I see that as most certainly a negative scenario. I would reinforce the points that I have made about the rivalry that would exist and the inability to meld those organisations to coordinate properly. It might be all right. I will use New South Wales as an example. You might have your railways fire service. They provide the fire protection on the railways. There might be only 15 firefighters in that particular organisation but, ultimately, when a major incident occurs, they are going to rely on the resources of the publicly provided firefighting services, the metropolitan firefighting service in that state. They will not be able to achieve their stated outcome without the provision and the assistance of that service. I see it being most certainly a negative scenario, to use your words. I do not think it is a healthy situation whatsoever. Pushing aside the unionism aspect to it—that, to a great extent, is irrelevant—it is the ability to ensure adequate and proper fire protection.

Senator LIGHTFOOT—You seem to infer—and I may have drawn the wrong conclusion—that there are both unionised and non-unionised employees at Edinburgh airfield. Is that correct?

Mr Caica—No, that is not correct.

Senator LIGHTFOOT—Are they all unionised?

Mr Caica—Yes, they are.

Senator LIGHTFOOT—Was it Transfield?

Mr Caica—It was Transfield with a successful tender at Edinburgh.

Senator LIGHTFOOT—Do all of Transfield's firefighters belong to your union?

Mr Caica—They have joined the South Australian branch of our union. On their first day on duty as Transfield employees, I took the opportunity at the invitation of Transfield—and I will make another point here—and a couple of the firefighters to go out there and address them about the role and function of the United Firefighters Union of Australia, how I believe that could benefit their lot in life and what we provide outside the terms and conditions of employment—that is, adequate protective clothing and the like, the main safety aspects. We have been sought out by the private organisations whether they be the Transfields, the Group 4s or the SerCos of this world, because they know—

Senator LIGHTFOOT—What is SerCo?

Mr Caica—SerCo provides Puckapunyal firefighters. It also provides buses.

Senator LIGHTFOOT—It is a company, is it?

Mr Caica—It is a company, yes. It is a multinational company. It also provides bus services here in South Australia. In fact, it is part owner of Adelaide airport.

Senator LIGHTFOOT—Is it domiciled in Australia or overseas?

Mr Caica—It is a British company. It provides all aspects of service provision from cleaning toilets through to firefighting. It provides for prisons, in particular. But the point I was attempting to make is that we were sought out by these organisations, and the reason we were is that the United Firefighters Union of Australia transcends the state boundaries, unlike the states fire services and the rivalry that might occur within those organisations. We are the continuity within the industry. No organisation has a role to play in Far North Queensland and the southern tip of Tasmania save and except within our industry, the United Firefighters Union.

We were approached by Transfield, SerCo and other organisations. Even before we knew the tendering processes were occurring with the Defence installations, we were sought out to meet and negotiate appropriate terms and conditions of employment before they were even our members and to meet with their future employees with a view to ascertaining what role we could play in their day-to-day working lives. The point I am making in such a longwinded way is that we as a union were able to, in the eyes of those organisations, legitimise their place in the industry by virtue of the fact that they have never provided those services before. They are merely managerial groups. We were able to, I believe, legitimise, by having their members as members of our union, their place and their prominence within the broader firefighting industry.

Senator LIGHTFOOT—Could you confirm that the salaries of the Transfield firefighters are in excess of the salaries of the Air Force, which previously ran the firefighting?

Mr Caica—The pure salaries are higher.

Senator LIGHTFOOT—Yes. They are considerably higher, I understand.

Mr Caica—Again, they are your words, not mine. We may have a different perception of what ‘considerable’ means, but they are higher. I would suggest that they needed to be higher based on the matters that were removed from their conditions of employment—the subsidised housing, the health and the other benefits that occurred and accrued through being a member of the armed forces. There was a compensating aspect to the increase in wages that occurred.

Senator LIGHTFOOT—But given that they get higher salaries and they still have Medicare, it was not all bad.

Mr Caica—I am not suggesting that it was all bad at all, and I think that we could have done it better had we had the wherewithal earlier in the piece. I am just suggesting in no uncertain terms that we are monitoring this very closely—I will not say that we see it as ‘the thin edge of the wedge’—to see how limiting the application of competition in the firefighting industry will be. There may well be a role for it in establishments like the defence forces. However, we would not like to see it jump the fence into the broader aspects of the public delivery of a service. We are talking about the delivery of a specific service on

Defence installations as opposed to the delivery of a service to the broader community—the people who live at Mansfield Park or Bondi—

Senator LIGHTFOOT—We should keep our eye on the doughnut and not on the hole.

Mr Caica—Precisely.

Senator LIGHTFOOT—What is your national membership?

Mr Caica—Eleven thousand.

Senator LIGHTFOOT—That is a reasonable number. When one thinks of 11,000 firefighters, that is a lot of personnel.

Mr Caica—Yes.

Senator LIGHTFOOT—So you have had a one per cent increase since NCP has been introduced.

Mr Caica—Slightly under one per cent.

Senator LIGHTFOOT—Do you see the NCP needing to be redrawn? You seem to be saying that. Does NCP have a part to play in your commercial life, or doesn't it have any part to play at all? Are there some good aspects to NCP?

Mr Caica—There are certain aspects of the national competition policy that lend themselves to the provision of some services that are currently provided by government. I have no doubt about that; in fact our submission says that. What we recommend is that certain changes be made, not the least of which are exempting public fire services from the national competition policy in the public interest and other recommendations that we believe make it far more transparent than it currently is. They are contained in section 6 of our submission.

In answer to your specific question, there are going to be aspects of the national competition policy—and I am sure that it is going to occur anyway; we will not support it—that will impact upon certain aspects and elements of the delivery of our service, just as they already have with respect to the fire equipment services section that used to be with the South Australian Metropolitan Fire Service, which Senator Quirke mentioned earlier. There will be the fire prevention and fire training aspects. However, we believe that the overall delivery of service is holistic; that is, as operational firefighters we rely on the work that our fire safety department does with respect to preplanning and its involvement in the building codes of Australia to ensure that when we arrive at any premises that may be on fire—or other emergencies associated with fire—all the appropriate measures and regulations have been put in place. So we see the delivery of fire service as holistic rather than saying, 'You can provide the operational aspect of it and we will give everything to everyone else.' We see that they meld together, and the ultimate safety of our members and the community depends on the melding of those various aspects.

That is what they have recently tried to do in New Zealand. I do not know whether you are aware of an eight-year dispute that has been running there. It has basically centred on the number of firefighters required for the adequate provision of a service. That in itself is a ridiculous statement. If I asked you, Senator Lightfoot, how many firefighters you needed at your house that almost burnt down, you might say, 'There were just enough' or 'We could have done with a few more.' It is hard for the public to be aware of that aspect. In New Zealand, they have taken what we see as fire prevention to the extreme, to the exclusion of the fire suppression role. In fact they have tried to sack 500 firefighters nationally—and they have a national fire service. It is part of the economic miracle that that occurred in New Zealand—and we know what has happened with that economic miracle. It is not that at all; in fact we have a Third World country bordering our country.

Senator LIGHTFOOT—You are not talking about New Zealand—

Mr Caica—I am. They essentially tried to have fire safety to the exclusion of fire suppression. It has been rolled and quite rightly so, because the authorities—I am talking here about the firefighting uniformed personnel—knew the dangers associated with such an approach. Another thing that has affected us in South Australia—and also in New South Wales and Victoria—is bureaucrats taking charge of the metropolitan fire services. They do not come from a firefighting background. They are not professional firefighters; they are administrators. At the end of the day they take what we see as risk management to the extreme. It is like, 'We will lose only so many people if they go over the wall.' We do not want to lose anyone; we want to make sure that there is appropriate fire protection. The introduction of bureaucrats to the top positions within the fire service has been a major problem for our organisations because these bureaucrats do not really understand what is required to ensure proper provision.

Senator LIGHTFOOT—I think that problem should have been in your submission. I have one very brief question in the time remaining: what has been the peak membership of your national union? What has been your best figure?

Mr Caica—I think it was probably around 12,000.

Senator LIGHTFOOT—In what year?

Mr Caica—That would have been from 1983 to 1985, or thereabouts.

Senator LIGHTFOOT—That long ago?

Mr Caica—Sorry—it would have been from around 1990 to 1993. Since then the secondary airports have closed and numbers have been lost from professional firefighters in each state. In fact the only growth sector happens to be New South Wales, which is going ahead in leaps and bounds with the establishment of full-time firefighting services in the more regional areas.

Senator LIGHTFOOT—Thank you.

CHAIR—I have one final quick question, Mr Caica, concerning this business with the National Parks and Wildlife Service about who is going to control fires in the national parks. I was wondering, when you were in the audience and Dr Wamsley was here, how that went because the National Parks and Wildlife Service used to believe that they could control fires as well. Recommendations to the contrary came through to a committee that I was on—did they ever get implemented?

Mr Caica—I am not quite sure about that aspect. As you quite rightly pointed out, the National Parks and Wildlife Service provided that service when they were not providing their park ranger service. I am not quite sure how that has gone, but I will chase that up.

CHAIR—I would like to know. Thank you very much, Mr Caica.

Proceedings suspended from 12.25 p.m. to 2.04 p.m.

PEATE, Mr Russell John, Chief Executive Officer, District Council of Grant

PEGLER, Mr Donald William, Chairman, District Council of Grant

CHAIR—We do prefer all evidence to the committee to be given in public, but should you at any stage wish to give part of your evidence or answers to specific questions in private you may apply to do so and the committee will consider your request. I now invite you to make a brief opening statement and at the conclusion of your remarks we will invite committee members to ask you questions. When we finish taking evidence, please remain on the line for a short while so that Hansard can clarify any issues that they may wish to raise. Thank you very much.

Mr Peate—As a council we refer to our brief submission forwarded to you in pointing out some of the inequities, lack of services, vision in rural and regional areas. The District Council of Grant is of course a rural council, with 188,000 hectares, covering a prime agricultural area, with many and varied primary production pursuits. In our submission we generally refer to some of the cases in the public and private sector—centralisation, restructuring, downsizing organisations and so on, in a competitive environment, and more particularly under the national competition policy.

The effects anecdotally on rural and regional Australia are many. The provision of services and employment are two of the highlighted areas. Whilst we do not have empirical research to substantiate that due to lack of resources, certainly there are instances we can refer to and at least some research that has been conducted as part of our submission to you, as well as our submission that we forwarded to the Productivity Commission.

To outline in general terms a few statistics, obviously there has been an effect on rural and regional Australia due to non-metropolitan bank branches being closed and the downsizing of the Commonwealth Public Service. In regional Australia that affects things like regional taxation offices, non-capital city Commonwealth Employment Service offices, Telstra jobs, and so on. We also refer to previous employment in terms of railways, electricity and so on.

The recent report, certainly in the south-east of South Australia, undertaken and referred to in our submission, indicates the effect the loss of services has had on regional economies in terms of a decline in population and loss of income. Obviously there are significant multiplier effects as a result of that. Reference is also made no doubt to recent studies by the Human Rights Commissioner, Chris Sidoti, and his comments on regional, rural and remote Australia in the public meetings that were held there.

That generally summarises the position in relation to the effects of national competition on rural and regional Australia. Whilst there may not be direct statistical research evidence available, certainly there is a perception, anecdotal evidence and instances that can be referred to. That is a summary of our stance at the present time.

CHAIR—Thank you very much. Senator Lightfoot will commence the questioning.

Senator LIGHTFOOT—Would you be kind enough to give me a brief description of where Grant is? I assume that it is down in the south-east of South Australia—Mount Gambier, Coonawarra, somewhere like that—but I am not familiar with where it is geographically. Could you tell me where it is?

Mr Pegler—Grant District Council goes from the Victorian border across to nearly Millicent and up to Tarpeena and we follow the coast along. Mount Gambier City is a separate council that we surround.

Senator LIGHTFOOT—And Coonawarra?

Mr Pegler—We do not go quite that far.

Senator LIGHTFOOT—Do you have any wine growing areas in that district?

Mr Pegler—None to speak of.

Senator LIGHTFOOT—What about transpayments? Have you received any transpayments thus far from the federal government for NCP?

Mr Peate—Not that I am aware of. I believe that local governments throughout South Australia have been given those payments, unlike some other states, notably Queensland.

Senator LIGHTFOOT—How many people are covered by your district council?

Mr Pegler—There are 7,800.

Senator LIGHTFOOT—It would be described as a small to medium local government authority.

Mr Pegler—That is correct.

Senator LIGHTFOOT—You say that the evidence you have given in your submission is based on anecdotal collations. Do you have anything of an empirical or statistical nature that you could give the committee that shows that there is potentially or actually a detrimental effect with respect to NCP?

Mr Peate—Not substantively, no. Certainly I have perused the Productivity Commission's draft report. Whilst there is some information and evidence there, we do not have statistical evidence from our own area that we can present at the present time.

Senator LIGHTFOOT—What about assistance? I assume that, if you have not received any transpayments from the federal government, you have also received no assistance with respect to retraining, the development of new industries or the relocation of existing industries in your shire, either.

Mr Pegler—That is basically correct. One of the problems we had in putting a submission to this committee is that we do not even have the resources to put a decent submission in.

Senator LIGHTFOOT—On the one hand there has already been a manifest negative effect within your district council boundaries, and yet you have received no assistance and, as far as you are aware, there is no assistance in the future, or has it been indicated that there will be assistance in the future for retraining, the development of new industries, et cetera?

Mr Pegler—I am not aware of any assistance.

Senator LIGHTFOOT—We have struck this in Western Australia, which is where I come from, where the small local authorities—anything less than 10,000 to 15,000—could suffer an negative impact from the implementation of national competition policy, particularly with respect to, say, tendering for roads and other infrastructure and repairs that are the responsibility of the shire. Do you envisage that you would suffer similarly? In other words, if the national competition policy is implemented in its pure form, you would probably drive the only contractors that are in your shire out of town. Is that something along the lines of the way you see it?

Mr Pegler—I believe that, as far as tenders go for roads, et cetera, our council has been very successful in getting those tenders. The biggest problem we have with national competition policy is not so much the small things but more the effect on all of rural Australia rather than on just our own shire. It appears to me that the bigger companies are getting bigger at the cost of the smaller companies, which can no longer compete. Those small companies that have been very strong in rural Australia gradually go by the wayside and everything seems to be run from the cities.

Senator LIGHTFOOT—You see that drain of the country continuing under NCP, so NCP does not become a tourniquet. You see the haemorrhage going on under NCP and in fact being exacerbated by NCP. Is that right?

CHAIR—Could you hold it there just a second. For the benefit of Hansard, could each of you identify yourselves when you are responding to a question? I am sorry to interrupt.

Senator LIGHTFOOT—Perhaps you could identify yourselves after this question, gentlemen. Do you believe that your authority has received enough information from the federal government with respect to the NCP and its implementation?

Mr Peate—No, I do not believe we have received sufficient information from the federal government on NCP. To refer to the previous question from the senator in relation to the implementation of NCP in its purest form, if it were implemented in a small rural council like ours, particularly in relation to roadworks, maintenance and construction, I believe that we as a council—our managers—would have significant difficulty in upgrading our skills and training to be able to tender under that process. For example, and I believe this would be indicative throughout South Australia, works managers and even CEOs do not have a great understanding of the process of tendering should their roadworks, construction and

maintenance programs be required to be tendered under NCP in its purest form. There is an absolute need for retraining, education and information to managers and CEOs if the NCP is going to be implemented in its purest form.

Senator LIGHTFOOT—Do you see that the NCP is entirely negative or are there some aspects that you think could be described as positive under the proposal?

Mr Pegler—I certainly see the NCP having many pluses, but we must always identify what the costs and the risks are as we implement any changes. As far as I am concerned, the NCP has had some very good effects in making some government departments, et cetera more accountable—

Senator LIGHTFOOT—Do you mean outside your local authority?

Mr Pegler—I was speaking of right throughout Australia. Also it has made some shires much more accountable, but we must also always look at the costs and consequences of any changes that we do make.

Senator LIGHTFOOT—So does it get down to costs at the end of the day or is it a combination of potentially higher costs and families or personnel—which were hitherto been appropriate in terms of pricing for roads and other infrastructure—being driven out or having to leave because they are not conforming to NCP? Is it two-pronged? Is it the cost and driving away some of your former contractors?

Mr Pegler—Yes, we must never look only at costs. We must take into consideration the human factor, and out in rural Australia people are one of the rarest commodities we have.

Mr Peate—In relation to NCP and a public benefit assessment test, my experience has been that often the public benefit assessment test is done on a cost and economic basis. There is rarely, as far as I have seen, too much assessment of the social factors, particularly on a national basis. What effect does that have on rural and regional Australia? Often the assessment is done only on an economic and cost basis and justified on that basis.

Senator LIGHTFOOT—So what of the social welfare area, Mr Peate? Do you have some evidence that you could give the committee that there has been a change for the worse in the social welfare area?

Mr Peate—I have some information that I can send to the committee on the effect on Mount Gambier and the surrounding area. I would prefer to send that to you in print form. That will indicate some examples.

Senator LIGHTFOOT—What is the title of that document, if it has one? What do you propose to call that document if it does not have one?

Mr Peate—Simply the effects on Mount Gambier and the surrounding district; it would refer only to some instances and some examples of the effect of NCP—centralisation.

Senator LIGHTFOOT—Please send that to the Senate Select Committee on the Socio-Economic Consequences of the National Competition Policy at Parliament House in Canberra, and that will find its way to us.

Mr Peate—I certainly will.

Senator LIGHTFOOT—We have the social welfare issues that you see as detrimental. What about environmental issues? Do you see the environment going backwards? What is your position? How do you see it?

Mr Pegler—I do not quite understand what you mean by the environmental issues, as far as the national competition policy goes.

Senator LIGHTFOOT—I assume that you have some salt damaged land in your area. I assume that you need to reforest some of the area. I know that, like every other part of Australia, there has been a lot of adverse farming in terms of the environment. Sometimes we fail to take into consideration the commercial success of these enterprises. But, in terms of the environment, do you see the NCP being detrimental so that we are not perhaps rehabilitating some of those areas, as we would be if the NCP had not been implemented?

Mr Pegler—I do not see that the results of the NCP are having a great effect on the environment within our council area. Probably the COAG principles being applied to underground water resources have had some effect, but we are still working through that one at this stage.

Senator LIGHTFOOT—Do you think there is a danger that one tends to blame the NCP for all the woes, including the downturn in wool, minerals and wheat prices this year, for the ad valorem tax on wine and so on? Do you think there is a danger that we would blame the NCP rather than other areas of economic reform or economics that are out of the control of both the government and the NCP for all this?

Mr Pegler—I do not see that the NCP has had any effect whatsoever on the prices of wool, minerals, et cetera. They are more from market forces than the NCP. Where the NCP can have an effect sometimes is in the way that governments put out tenders. They will abide very much by the principles of the NCP, but at the end of the day only the large city based contractors can reach those tenders.

I can give you an example. As far as new apprenticeships and traineeships go, they have split South Australia into only two regions—one being Adelaide and the other being the rest of South Australia—so the tenderers for both those programs have to cater for the whole of South Australia rather than for regions within South Australia.

Senator LIGHTFOOT—You have said that you have not received any training or any tranche payments from the federal government. What about information? Have you received any documented information on the best way to implement the NCP or in fact on the thrust of, the genesis of and the reason for the NCP?

Mr Peate—There has been some information provided to us, but from memory not recently.

Senator LIGHTFOOT—Would you describe that as adequate information?

Mr Peate—I believe there could be more information sent to us, particularly outlining the benefits of NCP. Certainly, if NCP is going to be implemented throughout local government, there could be some training.

Senator LIGHTFOOT—Have either of you seen any benefits in the short or long term for the policy? Is there evidence of that arising yet? Do you think it will arise, if you have not seen any now?

Mr Pegler—I do believe the NCP has had some very good effects on pricing, et cetera.

Senator LIGHTFOOT—Do you mean supermarket pricing?

Mr Pegler—Perhaps not so much supermarket pricing as the costs of government services, et cetera. They have had to become more accountable in the way they make their charges.

Senator LIGHTFOOT—Is that more accountable only, or because now some government departments have to compete with the private sector?

Mr Pegler—Basically because they now have to compete with the private sector under the rules of the NCP. They have had to keep a very good watch on their prices.

Senator LIGHTFOOT—Have you lost anyone then from the town? It is always bad to have a haemorrhage of people from local authorities and your small towns. Have you seen any losses as a result of the implementation of NCP?

Mr Pegler—Yes, the Taxation Office has been closed.

Senator LIGHTFOOT—Is that NCP, or is that just a matter of rationalisation of the Taxation Office?

Mr Pegler—Yes. Where do we draw the line?

Senator LIGHTFOOT—Exactly. What we are trying to do is differentiate between losses in regional centres from those areas that are outside the implementation of NCP. I do know that, prior to the introduction of NCP, the ATO announced a policy of closing down offices. I just wonder whether that has more to do with ATO policy rather than NCP or, alternatively, whether ATO policy has been hastened as a result of NCP.

Mr Pegler—One of the problems we have in rural Australia is that it is very hard for us to differentiate between whether government departments, et cetera are rationalising or whether it is the effects of NCP. I would not want to be the one to try to work out which is which. They both end up having an effect on us.

Senator LIGHTFOOT—With the full implementation of the NCP, within your bailiwick, do you think you will be forced to draw your normal contracting services from larger regional centres, which would mean the end of having local contracting services?

Mr Pegler—Actually, we have already seen that in one instance where a large multinational was doing our rubbish collections. Prior to that we had a local contractor, but the larger company could outbid the smaller one, so we had to go with the larger company rather than the local company.

Senator LIGHTFOOT—Do you think the larger multinational company is likely to put up prices once you lose your local contractors?

Mr Pegler—This is one of the problems we have. It goes right across the whole gamut. As we cut out the little blokes, the small operators or whatever, you end up with only a few very large players. Under the NCP rules, they must compete against each other. It is not very hard for them to compete with each other but make sure they do not compete too strongly with each other. There are many cases. We have two large supermarkets in this country. They now control probably 80 per cent of our internal meat consumption. It just goes on and on. It is not hard for those people not to have to compete against each other.

Senator LIGHTFOOT—Have you noticed any signs that the prices increase once the large supermarkets move in and stifle your traditional small corner stores? Once they have left the scene, have you seen that larger supermarkets have raised their prices?

Mr Pegler—I could not give you any proper evidence on that, but no doubt it will happen.

Senator LIGHTFOOT—Have you seen your population remain static or has it decreased? Give us a broad-brush picture of your population over the last, say, five years.

Mr Pegler—We have had an increase per annum of about 1.5 per cent. We are a very fortunate area in that we have a great diversity of industries—fishing, farming, forestry and tourism—so we do not necessarily feel the effects of the downturn.

Senator LIGHTFOOT—Your forestry industry is plantation timber without exception now, is it not?

Mr Pegler—That is correct, yes.

Senator LIGHTFOOT—Is that 1.5 per cent increase in population for the year just ended?

Mr Pegler—I believe so.

Senator LIGHTFOOT—That is very interesting. Gentlemen, thank you very much for your evidence. Thank you for your time. Like all the contributions we get, this is invaluable.

CHAIR—I have a few quick questions. You must have a pretty substantial number of square kilometres in your council district. Is that right?

Mr Pegler—We have 188,000 hectares.

CHAIR—That is a fair bit. What is your council revenue base?

Mr Pegler—We collect about \$3 million in general rates, and we get \$600,000 from FAGs, I believe. That is about it. Plus, we are often successful in getting other grants.

CHAIR—How much work do you do in-house for local roads and things like that down there and how much goes out to tender?

Mr Pegler—We do the majority of our own roadworks. We also tender out and have been successful in getting roadworks from Transport SA.

CHAIR—Have there been any adverse effects on this tendering process as a result of the NCP?

Mr Peate—No, there have not been any adverse effects. All of our roadworks, construction and maintenance is still internal at this stage. As the chairman has said, we have tendered to Transport SA and have been successful in the last two tenders.

CHAIR—I have one final point. Has the state Treasury discussed the NCP with you or have you been left up in the air?

Mr Peate—There may well have been discussions with the local government association. Under the categories of the NCP, there are about six businesses throughout South Australia only under category 1 and one or two under category 2. In your small to medium councils, probably none fit within those categories, subject to implementing the NCP through tender processes.

CHAIR—Thank you for your evidence, gentlemen.

Committee adjourned at 2.34 p.m.

