

District Council of

Grant

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Transport and Regional Services Committee
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Sir

***Re : Inquiry into Privatisation of Regional Infrastructure and Government
Business Enterprises***

Please find enclosed copy of Council's submission to the Inquiry into Privatisation of Regional Infrastructure and Government Business Enterprises. It would be appreciated these comments could be taken into account as part of the Committee's deliberations.

Yours faithfully,

Russell J Peate
CHIEF EXECUTIVE OFFICER

RJP:mgm

Inquiry into Privatisation of Regional Infrastructure and Government Business Enterprises

The District Council of Grant has noted with interest the Inquiry into the Privatisation of Regional Infrastructure and Government Business Enterprises in Regional and Rural Australia. In summary, evidence would indicate the privatisation of regional infrastructure and particularly utility services has led to a decrease in service availability and equity of access in regional and rural areas. Further, in some cases anecdotal evidence would indicate that there have been price increases as a result of privatisation of utility services (for example Electricity).

Examples that are relevant within the South East Region of South Australia are as follows :-

- Origin Energy – local office closed approximately six months ago and there are no local services available. Gas services for customers are now provided from Adelaide.
- ETSA – some time ago the local office closed for local customers. Whilst staff are still employed in Mount Gambier, there is no local access to an office and a central phone contact number in Adelaide is only available where on occasions there is little understanding of local circumstances.
- SA Water – approximately 18 months ago the local office closed to local customers. People in the South East Region need to phone a central phone number in Adelaide where on occasions there is little understanding of local circumstances.
- Rail – the South East Rail Network has been closed and not operating for a number of years. Whilst it is understood that the State Government has allocated \$10M to upgrade the South East Rail Network, a financially feasible proposal from industry has not been negotiated to date. Therefore, there are no rail services throughout the South East and particularly to the Port of Portland in Victoria.
- Mount Gambier and District Airport – the District Council of Grant owns the Mount Gambier and District Airport under the Aerodrome Local Ownership Plan. Whilst the Airport has some reserves which have been built up over time (through landing charges); the reserves may not be sufficient to meet the infrastructure upgrades necessary. Runways will require resealing and/or significant maintenance within the next five (5) years. Council has received an estimate to reseal its main runway which is in the vicinity of \$1M. It is considered that Regional Airports similar to Mount Gambier, as well as smaller airports, will need Federal Government financial assistance in infrastructure upgrading to meet statutory requirements and community demand.
- Telstra – there is no doubt that telecommunications infrastructure; particularly mobile phone and Broad Band Internet coverage remains inadequate in some regional and rural areas of Australia. Indeed, the upgrading of telecommunications infrastructure is required in some areas within the District Council of Grant to enable adequate mobile phone and Broad Band Internet coverage to be provided. Indeed, Council was the only local authority in Australia to forward a submission to the Environment, Communications and Information Technology and the Arts Legislation Committee Inquiry - Telstra (Transition to Full Private Ownership) Bill 2003. A copy of Council's submission is attached.

Whilst telecommunications infrastructure is not included in the Terms of Reference; the principles espoused in the submissions received in relation to the Telstra (Transition to Full Private Ownership) Bill 2003 are applicable. Some salient extracts are as follows :-

- The South Australian Farmers Federation opposed the sale of Telstra outright, stating : *“No Government could enter into an agreement with a privatised Telstra that would guarantee rural and regional Australians level of telecommunications service provision and investment that is required now, and for the future”*.
- Most farming groups submitted to the inquiry expressed concerns that Telstra’s services were not up to scratch or opposed the sale of Telstra outright. The Howard Government has promised not to sell Telstra until services are up to scratch but there is no caveat in the Bill to this effect.
- The Department also confirmed there were no caveats in the Bill that Telstra could not be sold until regional services were “up to scratch”.
- The Department also stated that it was not the Government’s intention to bring Internet services under the umbrella of the Universal Service Obligation.
- Concluding on the evidence presented to the Inquiry, Labor Senators are of the view that the great majority of submissions and witnesses provided compelling and irrefutable evidence in opposition to the further sale of Telstra.
 - Telstra’s regional services are no way near “up to scratch”.
 - The Bill provides no guarantees for decent regional telecommunications services
 - Monopoly publicly owned services should not be privatised without structural reform.
 - A fully privatised Telstra would be impossible to regulate in the public interest.
- The NSW Farmers Association summed up what many submissions and witnesses were saying when they stated:

“While the Association welcomes the government’s announcement that it would adopt all 39 recommendations from the Estens inquiry and would spend \$181 million to improve services, the fact remains that until these efforts translate into better services for regional and rural Australia, and at comparable level to city customers, then privatisation should not occur”.

It is strongly contended that the privatisation of Regional Infrastructure and Government Business Enterprise in Regional and Rural Australia has led to a decline in equity of access and service availability. There is no doubt that this has also led to a decrease in employment and a lack of social stability and community cohesion. In addition, employment decrease has had a concomitant multiplier effect on local business and other social services. It is contended that where any privatisation of any State, Federal or Statutory Authority service or Department occurs, a Federal/State Regional Impact Statement be undertaken and this be publicly available and included in any consultation processes for the privatisation of such services.

Further, it is considered that service standards and universal service obligations to ensure continuity of equity of access and service quality to regional and rural areas **must** be enshrined in legislation. There is no doubt that once an enterprise, service, Department or Authority are privatised, the **major** aim of the Directors of any Board responsible for such privatised business is to maximise profit for its shareholders. This is clearly outlined in the Australian Institute of Company Directors Code for Directors. Regional and rural Australia are not and will not be profit making centres and therefore it is incumbent that there is legislation to protect the provision of services to such areas.

ADDITIONAL INFORMATION HELD BY THE COMMITTEE

ATTACHMENT TO SUBMISSION NO. 8

**ATTACHMENTS, APPENDICES AND PHOTOGRAPHS PROVIDED WITH
SUBMISSIONS ARE HELD IN THE COMMITTEE OFFICE**