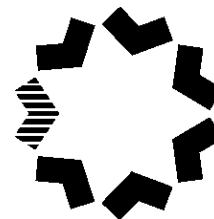


# National Competition Council

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## PRESS RELEASE

### Payment recommendations approved

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The Australian Government Treasurer has accepted the National Competition Council's recommendations on competition payments for 2004-05.

The recommendations flow from the Council's assessment of progress by Australian governments in meeting their National Competition Policy (NCP) commitments. The assessment is on the NCC website ([www.ncc.gov.au](http://www.ncc.gov.au)).

The recommendations provide for 82% of the anticipated \$778 million in competition payments for 2004-05 to be paid to States and Territories this year. The Council's recommendations provide for Victoria, Tasmania and the ACT to receive full payments with WA, Queensland, NSW, SA and the NT initially receiving between 50 and 95 percent of possible payments with an opportunity for suspended payments to be lifted if improved reform performance over the year leads to removal of some remaining areas of anti-competitive regulation.

"The Council is pleased with the progress jurisdictions have made in the past year," Council Acting President David Crawford said. "The significant reductions and suspensions imposed last year appear to have led to increased effort to reform anti-competitive regulation or to demonstrate that the regulation serves the public interest. While the reductions and suspensions caused some heated debate last year the reforms continue to ensure Australia has a competitive, efficient, productive and prosperous economy."

All jurisdictions have had at least part of payments suspended for 2003-04 returned. Reductions for 2004-05 are lower than last year.

Regrettably, some new areas where governments have not met their commitments have given rise to additional suspensions. Queensland's failure to allow retail competition in gas has added to ongoing suspensions for similar conduct in electricity.

In both cases the Queensland Government has failed to properly establish a basis for not permitting a level of competition in these markets that occurs everywhere else in Australia. In Western Australia a review of the electricity sector recommended that Western Power be split up in order to promote effective competition, however this has not occurred and a new suspension has resulted. The suspension would have been much greater but for the progress that WA has made in other aspects of electricity market reform.

New South Wales's unwillingness to meet its obligations to demonstrate that its approach to water allocations represents an appropriate trade-off between environmental and other objectives has also attracted a new suspension. New South Wales also faces a suspension in relation to rice marketing, although the Council hopes this will be short-lived as a NCP review is underway.

"If governments take action to meet their commitments these funds may be recovered," Mr Crawford said.

The other reductions and suspensions recommended follow from decisions in 2003 and reflect areas where governments need to make further progress on reform or where governments have decided the political consequences of undertaking reform are too great. The areas of continuing concern to the Council include discriminatory selling arrangements for liquor that are not shown to address harm minimisation objectives (Queensland, WA, SA, NT); shop trading hours and potato marketing regulation (WA) and barley marketing (SA).

WA and SA also face suspensions for a pool of outstanding minor reform items. The media release from the Treasurer sets out the most up to date dollar values for NCP payments, deductions and suspensions covered by this announcement.

"The Council regrets recommending reductions and suspensions, but time is well and truly up," Mr Crawford said. "All outstanding reform obligations are now several years overdue and, having received payments in anticipation of reform for over ten years, governments cannot delay further."

More than ten years ago governments undertook that they would review their anti-competitive regulation. So far that work has produced clear and significant gains for all Australians. Prices have reduced and product and service quality has improved, consumers have far greater choice as to where and when they shop and what they buy, and producers have become more efficient and better able to compete internationally.

"But the job is not complete and governments cannot expect to receive the full dividends from reform if they choose to hold out on reform commitments," Mr Crawford said. "With the Productivity Commission reviewing NCP and looking at what should succeed the current reform programme, and with CoAG to consider these issues in 2005, it is important that efforts to complete reform be redoubled."

<b>For further comment contact: John Feil 03-9285 7499 / 0414- 313 124</b>
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