



TREASURER

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COMMONWEALTH NATIONAL COMPETITION POLICY PAYMENTS TO STATES AND TERRITORIES FOR 2001-02

The States and Territories will receive approximately \$733.3m in 2001-02 competition payments, following an independent assessment of their progress in implementing National Competition Policy reform commitments by the National Competition Council.

All States and Territories will receive their full allocation of payments, with the exception of Queensland.

The Council has recommended that \$270 000 be permanently deducted from Queensland's 2001-02 competition payments because of the Townsville City Council's failure to objectively analyse the cost effectiveness of two-part tariffs in relation to water reform.

I have accepted this recommendation.

The \$270 000 is approximately the amount that Townsville City Council would receive for successful completion of water reform from the Queensland Government's financial incentives scheme for local authorities.

The National Competition Council first raised this matter in the June 1999 second tranche assessment. Due in part to the Townsville City Council's commitment to conduct this assessment by June 2001, the Council recommended that the second tranche payment suspension on account of Queensland urban water reform be lifted. However, this commitment has not been met.

New South Wales will face further assessment in January 2002, in relation to implementation of water reform, focusing on whether sufficient progress against commitments on water property rights has been achieved.

The Council's original assessment proposed that this supplementary assessment occur in December 2001, but I have agreed to a request from the Council President that this be moved to January 2002. This follows advice that New South Wales is

consulting stakeholders on its proposed water property rights registry during December 2001.

The suspensions imposed on Queensland and the Northern Territory's 2000-01 competition payments will be lifted and reimbursed. This follows the Council's supplementary second tranche assessments in February and June 2001.

I have accepted the Council's recommendation in relation to Queensland that the 5 per cent suspension for insufficient progress implementing two part tariffs for urban water charges and the 10 per cent suspension in relation to progress in finalising a passenger transport Community Service Obligation framework for South East Queensland be lifted and reimbursed.

The Northern Territory has had 5 per cent of its competition payments suspended for failure to introduce the national driver demerits point scheme.

I have accepted the Council's recommendation that the Northern Territory suspension be lifted and the withheld funds reinstated. This follows the decision by the Australian Transport Council to provide an exemption for the Northern Territory for this element of the Council of Australian Governments' road reform package.

The details of the National Competition Council's assessments, including a detailed assessment of Governments' progress on water reform, will be available on the National Competition Council's website (www.ncc.gov.au).

MELBOURNE

14 December 2001