



NATIONAL COMPETITION COUNCIL

MEDIA RELEASE

Level 12, Casselden Place
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Competition policy - part of the policy mix for a fair and efficient Australia

Governments should adopt policies to ensure Australia is well placed to reap the benefits available from the changing global economy. National Competition Policy (NCP) can contribute to the capture of these benefits through a systematic review of policies and legislation which impede the response to change. However, these benefits need to be distributed fairly. NCP must therefore be implemented in conjunction with other policies designed to address distributional effects.

“Getting this policy mix right is essential in ensuring that the whole of society benefits”, the National Competition Council states in its 1999 Annual Report, released today.

Implementing NCP provides opportunities and challenges. In many instances, NCP has brought significant benefits through lower prices to both consumers and producers, wider product choice and encouraging suppliers to be more responsive to the demands of their customers. (pp 10-13)

Applying NCP can be contentious and the role of political leadership in economic reform and NCP is critical. The challenge is to ensure that there is an equitable distribution of the benefits of the evolving economy, without undermining those benefits.

In particular, governments must look at ways of helping individuals and communities in the front-line of reform to adjust to changing circumstances and ensure that the fabric which binds local communities is not damaged. (p16)

This help should be designed to assist these people to perform a valuable role in the new economic environment: thus, the focus should be on adjustment, rather than seeking to maintain the status quo.

“Australia is entering the final phase of the formal NCP program. The Council has two broad goals in undertaking its role for this phase of the NCP program. (p30)

“The first is to build on the achievements to date by working with governments to complete the reform program originally set out in April 1995. This will include a focus on the priorities which emerged from the June 1999 assessment.

“The Council’s second broad goal is to help the community to become better attuned to the scope and potential outcomes of competition reform, including how NCP helps achieve Australia’s long term economic and social objectives. The Council will pursue this over the coming year through a community information program.

Australia’s success in maximising the benefits from competition reform lies in constructive engagement with governments, with the Council focussing on reform implementation questions and governments accepting responsibility for addressing concerns. To this end, the Council has proposed to governments a four-point approach to completing the remaining NCP reforms, whereby:

- the Council and governments reach agreement on remaining reform priorities, including those which raise questions about NCP compliance;
- governments work with the Council (and with other jurisdictions where appropriate) to develop practical approaches to implementing pro-competitive reform in the identified priority areas;
- governments undertake a nation-wide, co-ordinated program to consult, inform and assist key reform stakeholders on reform implementation, including structural reform assistance; and
- the Council puts in place a community information program package which assists implementation of NCP by drawing on successful experiences to date and addressing specific reform implementation matters. (p33-40)

The full report is available from the Council’s web site at www.ncc.gov.au.

For further comment contact:

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END OF RELEASE

Attachment

The Council's Annual Report also addressed the following themes:

- The sources of pressure for structural change (p5)
- The public interest test (pp8-10)
- Progress in NCP to date including in electricity (p23), gas (p23), road transport (p24), water reform (p25), regulation review (p25), reform of government business enterprises (p 26) and local government reform (p 27).
- Competition payments (p 28)
- The Council's proposal for community consultation (p40)
- Forthcoming reviews of the NCP agreements and the Council (p 42)