

FIRST TRANCHE ASSESSMENT: WESTERN AUSTRALIA

SUMMARY

Western Australia is committed to NCP reform in the energy sector.

Western Australia has already applied a number of NCP reforms to the gas industry. Reforms to date in production and marketing arrangements (including the disaggregation of the North-West Shelf gas contract) and the introduction of third party access arrangements in transmission and distribution services have delivered lower gas prices. The continued development and refinement of these arrangements will enhance competition further and mean even lower gas prices. Uniquely at present, Western Australia has the prospect of the duplication of one of its major gas transmission systems which would significantly increase competition in related gas markets.

Western Australia is not a party to the COAG agreement on electricity reform, but is committed to applying competition policy in this sector, including by the introduction of third party access arrangements. The Council anticipates that Western Australia will seek certification of its electricity transmission and distribution systems access regime, and considers that the reform process is likely to be enhanced by structural separation of electricity generation assets.

Western Australia has also introduced important reforms in the water, rail freight and urban transport sectors consistent with the Government's focus on the efficiency of its businesses and its NCP commitment to introduce competitive neutrality reforms.

The Water Corporation (formerly the commercial arm of the Water Authority) has been corporatised and is subject to loan guarantee charges, dividend requirements, all government imposts (or equivalents) and relevant regulation. Community Service Obligations (CSOs) are funded on-budget. The high cost of conventional water supplies in Western Australia means that alternative sources (such as ground water and desalination plants) are more viable, and the Office of Water Regulation oversees water pricing and the allocation of water supply licences using principles of microeconomic reform which are consistent with the NCP. The Water and Rivers Commission has responsibility for assessing, allocating and conserving the State's water resources in line with the COAG agreement on water reform.

Westrail has been commercialised (although not yet subject to full competitive neutrality reforms) with CSOs funded on-budget and changes made to put its capital structure on a more commercial footing. The Council anticipates that Western Australia will submit a third party access regime for rail services for certification in the near future.

Western Australia is introducing a reform program to provide for contestable public transport services in the Perth metropolitan area. Since 1995, nine metropolitan bus services have been opened to competitive tender, with six won by private operators. Approximately 50 per cent of metropolitan bus services are now provided by private sector operators.

Western Australia has committed to the review and, where appropriate, reform of legislation restricting competition by the end of the year 2000. Western Australia has indicated that it will repeal redundant agreement Acts and will gauge the implications for competition and public benefit of a sample of resource development agreement Acts. The Council will reassess progress with Western Australia's consideration of its 84 agreements Acts by July 1998.

The Council will reassess Western Australia's approach to implementing the national uniform gas access framework and the licensing of a second Dampier/Perth gas pipeline prior to July 1998.

Western Australia is approaching its commitment to apply the competition principles to local government in good faith, but as yet there is little evidence of reform progress. Noting that advances consistent with first stage NCP obligations are anticipated over the next 12 months, the Council will reassess progress with local government reform prior to July 1998.

COMPETITION CODE

Reform commitment: **Enact legislation applying the Competition Code (the Schedule version of Part IV of the *Trade Practices Act 1974*) within Western Australia, with effect by 20 July 1996.**

Implementation: The *Competition Policy Reform Act 1996* received the Royal Assent on 31 October 1996 and has operated retrospectively from 21 July 1996.

Assessment

The Council considers Western Australia has complied with the Competition Code commitment.

COMPETITIVE NEUTRALITY

Reform commitment: **Provision of a policy statement detailing the implementation of competitive neutrality policy and principles in Western Australia , including an implementation timetable and a complaints mechanism, and progress against undertakings in the policy statement.**

Western Australia provided a competitive neutrality policy statement and an annual report in accordance with clauses 3(8) and 3(10) of the Competition Principles Agreement.

Issue: **Adequacy of the reform agenda: the scope and timing of the intended competitive neutrality reform and the progress to date.**

Assessment

Western Australia's 1996 policy statement on competitive neutrality provided a timetable for the review of 38 significant business activities by the year 2000, with the Government's objective being the full implementation of competitive neutrality to its business enterprises and other significant business activities as appropriate given the associated benefits and costs.

Three entities are already corporatised. Western Power, AlintaGas and the Water Corporation are each subject to the Government's income and wholesale sales tax equivalent regime (TER), the same laws as the private sector, all State taxes and local government rate equivalents. They are also subject to the loan guarantee charge, required to achieve a target rate of return on assets and must

recommend dividends to the appropriate Minister to be paid out of after tax profits. CSOs are identified and separately funded.

Westrail, the Fremantle Port Authority and the Bunbury Port Authority have been commercialised. However, State taxes, local government rate equivalents and equivalent private sector regulations have not yet been applied to these entities, pending further review. The State's annual report also noted that the TER has been applied to the Bunbury Water Board, the Busselton Water Board, MetroBus, LandCorp, the East Perth Redevelopment Authority and the Subiaco Redevelopment Authority, and that since 1 July 1992 a loan guarantee charge of 0.2 per cent has been paid by all government agencies on new and existing borrowings.

While the most appropriate mechanism for introducing competitive neutrality principles is evaluated on a case by case basis, the Western Australian Government advised that its preferred approach is for:

- corporatisation or commercialisation of the largest Public Trading Enterprises (PTEs);
- specific reform of smaller or less significant PTEs to address material net competitive advantages; and
- a requirement that commercial business units within general government and in-house bids from general government agencies competing with external tenders in a formal tendering process price their services on a fully commercial basis.

In introducing competitive neutrality to local government, Western Australia has to date focused on larger local government business activities. These are required to identify target areas for competitive neutrality by 1 June 1997. While most larger local governments have initiated this process, Western Australia reported that local government was having difficulty applying the concept of public benefit tests.

Western Australia has taken a number of actions to progress its reform agenda, including workshops designed to assist agencies assess the costs and benefits of implementing competitive neutrality reform and the production of a discussion paper addressing the process for assessing the benefits and costs of applying competitive neutrality reforms. Western Australia has also published guidelines for applying full cost pricing to in-house bids in formal tender processes, and stated that it is investigating the development of a budgetary and accounting framework for general government activities reflecting full cost attribution.

The Council is satisfied that the competitive neutrality reform agenda and progress to date against this agenda meet Western Australia's first tranche reform obligations in relation to State Government business activities.

Issue: Adequacy of the reform agenda: operation of the competitive neutrality complaints mechanism.

Assessment

Complaints about competitive neutrality matters are considered by the Cabinet Government Management Standing Committee. To date no complaints have been received.

The Western Australian mechanism considers complaints only about public sector businesses which are required to implement competitive neutrality principles and in-house bids which are part of a

formal tender process. Complaints relating to businesses which fall outside the scope of the NCP are considered by the relevant Minister who is encouraged to forward them for consideration by the Cabinet Government Management Standing Committee.

The Council has previously commented about the desirability of an independent mechanism with coverage of all government business activities. It would like to see Western Australia adopt such an approach. Notwithstanding these qualifications about Western Australia's complaints mechanism, the Council regards the Western Australian approach as meeting the requirements of the Competition Principles Agreement. Consistent with its earlier comments about the preferred scope of operation of complaints mechanisms, the Council will look for evidence of effective handling of competitive neutrality complaints in its future assessments of Western Australia's reform performance.

STRUCTURAL REFORM OF PUBLIC MONOPOLIES

Reform commitment: **Before a party introduces competition to a sector traditionally supplied by a public monopoly, it will remove from the monopoly responsibilities for industry regulation to prevent the former monopolist from enjoying a regulatory advantage over its rivals. Before a party introduces competition into a market traditionally supplied by a public monopoly and before a party privatises a public monopoly, it will undertake a review of the structure and commercial objectives of the monopoly.**

Issue: **Adequacy of progress against reform objectives**

Assessment

Western Australia has restructured its electricity authority, SECWA in accordance with the State's national electricity reform commitments. Western Australia has established separate regulatory, production and distribution functions. The Office of Energy has a regulatory role, and Western Power and AlintaGas provide the production and distribution functions for electricity and gas respectively. Western Power and AlintaGas are subject to the full range of competitive neutrality principles.

Western Australia has also restructured its water and public transport authorities to separate their regulatory and production functions. Public transport reform has included removing responsibility for transport service coordination from Transperth and placing it with the Department of Transport. This was done to facilitate the introduction of competitive tendering and area franchises and thus expose the public transport system to greater competition.

The Council considers that Western Australia has met first tranche obligations in relation to clause 4 structural reform matters.

LEGISLATIVE REVIEW PROGRAM

Reform commitment: **Provision of a timetable detailing the Western Australian program for the review and reform of existing legislation restricting competition by the year 2000, and satisfactory progress against the timetable.**

Western Australia provided a timetable for the review and reform of existing legislation which restricts competition in accordance with clause 5(3) of the Competition Principles Agreement and an annual report covering progress on implementation in accordance with clause 5(10) of the Competition Principles Agreement.

Issue: **Adequacy of the review program**

Assessment

Western Australia identified more than 240 pieces of legislation for review and reform by the year 2000 in its June 1996 *Clause 5 Legislation Review Timetable*. The timetable was developed in accordance with guidelines provided to all Ministers to assist in identifying Acts or provisions within Acts which could have anti-competitive effects.

The Western Australian Government has committed itself to completing its legislation review program and implementing review outcomes by 31 December 2000. Western Australia's *Legislation Review Guidelines* released in April 1997 emphasised the need to implement reform outcomes by the end of the year 2000.

Western Australia listed three agreement Acts in its review timetable. Information provided by the Western Australia to the Council indicated that the State has 84 agreement Acts in place, including 64 agreement Acts which are the responsibility of the Minister for Resources Development.

Western Australia has since indicated it intends to repeal all non-operational agreement Acts. Western Australia argued that operational agreement legislation serves to ratify contractual arrangements between the Government and private sector companies, and is a basis for considerable economic activity. While agreeing that no class of regulation should be exempt from review, the Government considers that the potential uncertainty for investors introduced by listing agreement legislation for review would be contrary to the public interest.

The Council has examined Western Australia's current agreement legislation. The Council acknowledges that some agreement Acts may have only a limited impact on competition, and that there is a benefit in ensuring certainty in contractual arrangements. However, agreement legislation commonly includes exclusive licensing provisions and so may operate to restrict competition. In addition, several of Western Australia's agreement Acts appear to be non-operational. Because of this, the Council sought a commitment from Western Australia to examine a small sample of its resource development agreement legislation over the next 12 months and ascertain the degree to which competition is restricted. Where non-trivial restrictions imposing a net cost to the community (taking into account the costs arising from a listing for review, for example arising from uncertainty), are identified, the Council would expect the relevant legislation, and other Acts similar in effect, to be examined in more detail.

With the exception of the treatment of agreement Acts, the Council is satisfied that Western Australia's review program satisfies the intent of the Competition Principles Agreement. The

Council believes that an approach to the review of agreement legislation consistent with Western Australia's NCP obligations can be implemented within 12 months. Accordingly, the Council proposes to reassess Western Australia's progress in examining its agreement legislation prior to July 1998. The Council recommends that the first part of Western Australia's first tranche NCP payments due in 1997-98 not be affected.

The coverage of each jurisdiction's legislation review program will be an ongoing assessment issue. Any pieces of legislation which restrict competition subsequently found not to be on the timetable will need to be listed for review for jurisdictions to be assessed as continuing to meet the spirit of the Competition Principles Agreement.

Issue: The competition policy implications of new legislation are routinely examined

Assessment

Western Australia stated that all post-April 1995 legislation which might potentially require review has now been identified. The Government is currently considering whether any of the legislation contains restrictive provisions and has undertaken to include any such legislation in its review program.

Western Australia stated that it has a formalised process by which all proposals for new legislation are examined for consistency with NCP objectives. The process, which is outlined in the State's *Legislation Review Guidelines*, requires proposed new legislation which may potentially restrict competition to be reviewed for compliance with clause 5(5) of the Competition Principles Agreement to ensure there is a public interest justification for any anti-competitive elements. Western Australia stated that the outcome of the review must be included in Cabinet documentation and must be referred to in the Second Reading Speech when the Bill is introduced into the Parliament.

The Council is satisfied that Western Australia has met its first tranche Competition Principles Agreement obligations with respect to the requirements of clause 5(5), including legislation restricting competition enacted after April 1995.

Issue: Adequacy of progress with legislation review and reform

Assessment

Western Australia scheduled 73 reviews for the 1996-97 financial year. It has subsequently advised 20 amendments to its review program.

At 31 December 1996, 25 reviews were in progress, 32 were yet to commence or had been deferred and one was being considered for review on a national basis. Western Australia advised that several pieces of legislation had been repealed following examination, and that as a result many of the reviews listed in the State's timetable have not been necessary. The Western Australian annual report indicated that 13 pieces of legislation scheduled for review in 1996-97 had been repealed, and two pieces scheduled for repeal. Western Australia has undertaken to schedule any replacement legislation for review.

The Council is cognisant that Western Australia's annual report covers review activity only for the period to December 1996, and that there has been good progress since January. The Council also notes the likelihood that further repeal of legislation will mean that other scheduled reviews do not proceed. Nonetheless, given the number of scheduled reviews still to commence at 31 December 1996, the Council has some concern about the possibility of slippage in the early part of Western Australia's program. However, noting the extent to which redundant and otherwise unjustified legislation has been repealed, the Council considers that Western Australia has satisfactorily progressed its legislation review program against its first tranche assessment obligations.

APPLICATION TO LOCAL GOVERNMENT

Reform commitment: **Provision of a policy statement detailing the implementation of competition principles to local government in Western Australia, and progress against undertakings in the policy statement.**

Implementation: Western Australia has provided a policy statement in accordance with clause 7 of the Competition Principles Agreement.

Assessment

The Western Australian Government has developed a strategy for applying the competition principles to local government in conjunction with the Western Australian Municipal Association (WAMA). The early part of this strategy focused on increasing awareness about the implications of the NCP for local government. This was done primarily through the WAMA publication *Competing Councils: National Competition Policy*, a number of supporting presentations and a workshop.

Western Australia advised that, more recently, the Minister for Local Government has written to all local councils to indicate the Government's concern about the need for greater progress with the application of competition principles to local government. To assist implementation, the Government is developing guidelines for local governments on issues such as conducting public benefit tests and reviews of legislation. Workshops on the application of these guidelines have also been scheduled.

The Council is satisfied that the approach to reform at local government level proposed by Western Australia meets the intent of the Competition Principles Agreement. However, there is little evidence that implementation of the NCP program has advanced greatly, particularly in relation to competitive neutrality. Accordingly, the Council is not yet in a position to be satisfied that Western Australia has met its first tranche local government reform commitments.

The Council accepts that Western Australia has approached the task of implementing reform at local government level in good faith, and acknowledges the importance of the preparatory work being undertaken. The Council also recognises that reform may take time, particularly given the diversity of Western Australia and the need for some local governments to increase their familiarity with the NCP program. In view of this, the Council recommends that Western Australia's progress with the application of the NCP reforms to local government be reassessed prior to July 1998. Noting the potential for greater progress over the next 12 months, the Council recommends that the first part of Western Australia's first tranche payments due in 1997-98 not be affected by the Council's recommendation for reassessment.

PROGRESS ON RELATED REFORMS

ELECTRICITY

Recent history of reform in Western Australia

Western Australia, while not part of the proposed National Electricity Market, has indicated support for the national market.

In January 1995, the Government separated the State Energy Commission of Western Australia into two corporatised authorities - Western Power (electricity) and AlintaGas (gas). Western Power continues to operate as a vertically integrated monopoly in electricity.

Western Australia is developing its own State-based competitive market in electricity and has introduced a third party access system to both the high voltage transmission system and distribution network.

Reform commitment: None.

The first tranche electricity reform obligations are not applicable to Western Australia.

However, the Council emphasises that it is important for electricity generation and transmission functions to be structurally separate in order to ensure the anticipated benefits from a more competitive electricity market are achieved. The Council considers that ring-fencing is insufficient.

Western Australia considers that, while it remains outside the national market, it is under no obligation to restructure its electricity arrangements to separate generation and transmission.

GAS

Recent history of reform in Western Australia

Western Australia was one of the first jurisdictions to introduce third party access regimes for gas transportation services. There are currently access regimes for the Dampier to Bunbury Natural Gas Pipeline, the Goldfields Gas Pipeline and the AlintaGas distribution network in the south west of Western Australia.

An area of work that has been vital to progressing reform in the gas market was the disaggregation of the North West Shelf gas contract. This has been a considerable achievement, and required commitment and goodwill from the Government and the joint venture partners.

Western Australia has reaped considerable benefits from the deregulation of the gas market achieved to date, with the deregulation of the gas market in the Pilbara precipitating a 50 per cent reduction in gas prices at the source.

The Western Australian Government has recently announced the sale of the Dampier to Bunbury Natural Gas Pipeline (DBNGP). Sale of the pipeline will result in the complete separation of the gas transmission and distribution activities currently performed by AlintaGas. The sale is expected to be finalised before the end of 1997.

Reform Commitments in Relation to Implementation of a National Framework for Access to Gas Transmission Lines

Reform commitment: Agreed to implement complementary legislation so that a uniform national framework applies to third-party access to all gas transmission pipelines both between and within jurisdictions by 1 July 1996.

Reform commitment: Noted that legislation to promote free and fair trade in gas, through third-party access to pipelines, should be developed co-operatively between jurisdictions and be based on the following principles:

- pipeline owners and/or operators should provide access to spare pipeline capacity for all market participants on individually negotiated non-discriminatory terms and conditions;
- information on haulage charges, and underlying terms and conditions, to be available to all prospective market participants on demand;
- if negotiations for pipeline access fail, provision be made for the owner/operator to participate in compulsory arbitration with the arbitration based upon a clear and agreed set of principles;
- pipeline owners and/or operators maintain separate accounting and management control of transmission of gas;
- provision be made for access by a relevant authority to financial statements and other information necessary to monitor gas haulage charges; and
- access to pipelines would be provided either by Commonwealth or State/Territory legislation based on these principles by 1 July 1996.

Reform commitment: Noted that open-ended exclusive franchises are inconsistent with the principles of open access expounded in points 1, 2 and 3 above:

- agreed not to issue any further open-ended exclusive franchises; and
- agreed to develop plans by 1 July 1996 to implement more competitive franchise arrangements.

The above agreed reforms were subsequently amended at the COAG meeting of 14 June 1996 and should be read in conjunction with the following commitments:

Reform commitment: Agreed that the national access framework would be finalised as follows:

20 June 1996 Finalisation of the principles in the draft

Access Code.

- 30 June 1996** Release of the draft Access Code for a two month stakeholder consultation period.
- 30 September 1996** Access Code and associated draft Inter Governmental Agreement to be finalised and submitted to Heads of Government for endorsement.

Reform commitment:**Agreed:**

- (a) the Access Code should apply to distribution systems as well as transmission pipelines;²⁵ and
- (b) the Commonwealth Minister for Resources and Energy would convene a meeting of State and Territory Energy Ministers to settle on a mode of regulation that would maximise competition and facilitate investment in the gas industry.

Assessment

The Council is aware that Western Australia does not regard the 1996 Communique as accurately reflecting the agreements reached between jurisdictions and that the State has not seen itself as bound by that Communique. However, it is the Council's view that all jurisdictions have committed to the development of a national framework for gas access and the process of developing that framework has led to the National Code. The Council considers that all jurisdictions are required to implement the National Code as developed through the Gas Reform Task Force, initially, and subsequently the Gas Reform Implementation Group. The Council is aware that Western Australia has been an active participant in the development process throughout.

While Western Australia has not agreed to the proposals outlined in the Prime Minister's letter of 10 December 1996, the Government has indicated an intention to achieve consistency with National Gas Access Code by the year 2000. Western Australia has indicated that it will consider how consistency might be achieved once the Code is finalised. Following discussions with the Premier and Minister for Energy, the Council expects that Western Australia will be in a position to implement the National Gas Access Code.

The Council recommends that, for Western Australia to be assessed as having satisfied its first tranche commitments in respect of implementation of a uniform national framework for access to gas transportation services, it will need to have committed to adoption of the National Code and have a timetable for implementation. The Council proposes to reassess this matter for report to the Commonwealth Treasurer prior to July 1998.

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See footnote 7.

Reform Commitments in Relation to Issues Other than a National Framework for Access

Arising from the February 1994 and June 1996 meetings of COAG, all jurisdictions undertook to put in place a range of reforms designed to permit the free and fair trade in gas between and within jurisdictions.

Reform commitment: **Agreed that reforms to the gas industry to promote free and fair trade be viewed as a package, that each government would move to implement the reforms by 1 July 1996.**

Assessment

The Council sees this as a general statement that would encompass all the agreed reform commitments in relation to both the commitments in respect of a national framework for access to gas pipelines and the other gas reforms detailed below. The Council sees the 1 July 1996 deadline as binding unless it has been amended by subsequent unanimous agreement between the parties.

Reform commitment: **Agreed to remove all remaining legislative and regulatory barriers to the free trade of gas both within and across their boundaries by 1 July 1996.**

Assessment

A significant legislative barrier to free trade in gas in Western Australia has been the protection enjoyed by AlintaGas, a State-owned gas utility, with respect to the supply of gas from the North West Shelf to the south-west markets (including Perth). These arrangements are currently being phased out. By January 2000, the exclusive franchise of AlintaGas will be limited to domestic and small business customers using less than 100 TJ per year. The effect of this will be to open some 96 per cent of the State's gas market to competition.

The Council understands that other markets, including the Pilbara and Eastern Goldfields, have been deregulated. AlintaGas is currently restricted from participating in the Pilbara market but this restriction will expire in 2005. Western Australia maintains this restriction is necessary to allow for the introduction of competition in the Pilbara region.

The Council considers the commitment to the removal of legislative and regulatory barriers to be ongoing and will take into account in its future assessments any legislative or regulatory barriers that are subsequently discovered.

The Council considers that the restriction on licensing an alternative gas pipeline to the south-west constitutes a regulatory barrier to free and fair trade in gas within Western Australia. The Western Australian Government has announced that expressions of interest for the construction of a second pipeline will be sought before the middle of 1998.

The Council is aware that the Western Australian Government has expressed an intention that the deregulation of the gas market in Western Australia proceed in an orderly and staged manner. The separation of the processes of privatisation of the DBNGP and seeking of expression of interests for the construction of a second pipeline is part of this staged deregulation. The Council is concerned to

see that the separation of these two processes does not result in the new operator of the DBNGP being given an unfair competitive advantage over other prospective pipeline builders by having an exclusive right to expand capacity for an unnecessarily long period of time. The Council is expecting the Western Australian Government to deal with the processes of privatisation and construction licences in an appropriate way, so as to ensure the market will be given maximum opportunity to develop in a competitive manner.

The Council recommends that, for Western Australia to be assessed as having satisfied its first tranche commitments in respect of removing all legislative and regulatory barriers to free and fair trade in gas, it will need to have progressed an appropriate 'expressions of interest' process for the construction of the second pipeline prior to 30 June 1998. The Council proposes to reassess this matter for report to the Commonwealth Treasurer prior to July 1998.

Reform commitment: **Agreed to adopt AS 2885 to achieve uniform national pipeline construction standards by the end of 1994 or earlier.**

Assessment

Western Australia has adopted this standard.

The Council is satisfied that Western Australian complies with its first tranche commitments in this area.

Reform commitment: **Agreed that approaches to price control and maintenance in the gas industry be considered in the context of agreed national competition policy.**

Assessment

Currently, prices are established through negotiation of the business plans for the respective businesses with the Minister and the Treasurer. Western Australia notes that the issue of industry regulation, including prices, is currently under consideration and will take account of NCP requirements for such regulation.

The Council is satisfied that Western Australian complies with its first tranche commitments in this area.

Reform commitment: **Agreed that where publicly-owned transmission and distribution activities are at present vertically integrated, they be separated, and legislation introduced to ring-fence transmission and distribution activities in the private sector by 1 July 1996.**

Assessment

AlintaGas owns and operates Western Australia's largest transmission pipeline (Dampier-Bunbury) as well as gas distribution networks in Perth and other centres. Current legislation ring fences the AlintaGas transmission and distribution businesses from the corporation's other activities.

Western Australia notes that it is 'in the process of preparing' the AlintaGas DBNGP for privatisation, which would effectively separate it from the other business elements of AlintaGas.

The Council is satisfied that Western Australia complies with its first tranche commitments in this area.

Reform commitment: **Agreed to place their gas utilities on a commercial footing, through corporatisation, by 1 July 1996.**

Assessment

AlintaGas was corporatised on 1 January 1995.

The Council is satisfied that Western Australia complies with its first tranche commitments in this area.

ROAD TRANSPORT

Reform commitment: **Adopt the first reform module (heavy vehicle charges) with effect from 1 July 1995. Commit to the MCRT timetable for future road transport reforms.**

Assessment

Western Australia implemented the heavy vehicle charges by state legislation with a number of amendments to the Commonwealth template on 1 July 1996.

Western Australia stated in its annual report that it had agreed at the meeting of the MCRT on 14 February 1997 to commit to implementation of future road transport reforms in line with the road transport implementation strategy agreed by the MCRT.

The Council considers Western Australia to have complied with its first tranche road transport reform commitments.