

# Queensland Government

## Third Annual Report to the National Competition Council

Queensland Government  
April 1999

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# CONTENTS

## INTRODUCTION

## **PART 1 THE COMPETITION PRINCIPLES AGREEMENT 1**

### **1. LEGISLATION REVIEW 1**

1.1 The legislation review process 1

1.2 Progress report 2

1.3 Matters of relevance following the 1997 assessment 4

1.4 Matters of specific relevance to the 1999 assessment 6

### **2. COMPETITIVE NEUTRALITY 7**

2.1 Status of competitive neutrality policy implementation 7

2.1.1 Public Trust Office 7

2.1.2 Brisbane Market Authority 7

2.1.3 Totalisator Administration Board (TAB) 8

2.1.4 TAFE 8

2.1.5 Qld Health Pathology Services 9

2.1.6 South East Queensland Water Board (SEQWB) 9

2.1.7 Townsville Thuringowa Water Supply Board 11

2.1.8 Gladstone Area Water Board 11

2.1.9 Mt Isa Water Board (MIWB) 12

2.2 Complaints handling and implementation of recommendations of the Queensland Competition Authority 12

2.3 Matters of specific relevance to the 1999 assessment 12

### **3. STRUCTURAL REFORM OF PUBLIC MONOPOLIES 13**

3.1 Status of implementation of structural reform of public monopolies 13

---

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<b>4.</b>	<b>PRICES OVERSIGHT</b>	<b>13</b>
<b>5.</b>	<b>LOCAL GOVERNMENT</b>	<b>14</b>
5.1	Introduction	14
5.1.1	Approach to Local Government NCP Implementation	14
5.1.2	The Legislative Framework	14
5.1.3	Local Government NCP Financial Incentive Package	15
5.1.4	Training Initiatives	15
5.2	Competitive Neutrality	17
5.2.1	Overall Approach	17
5.2.2	Reform Progress	17
5.2.3	Training and Assistance	20
5.3	Legislation Review	20
5.3.1	Review of Existing Local Laws and Local Law Policies	20
5.3.2	Review of Redundant Provisions	20
5.3.3	Review of Proposed New Local Laws and Local Law Policies	21
5.3.4	Impact of Possible Anti-competitive Provisions	21
5.3.5	Progress and Outstanding Issues	21
5.3.6	Training and Assistance for Local Law Reviews	22
5.4	Competitive Neutrality Complaint Process	23
5.4.1	Framework for Complaint Processes	23
5.4.2	Establishment of Complaint Processes and Applications for Accreditation	23
5.4.3	Complaints Lodged	24
5.4.4	Training on Complaint Processes and Accreditation	25
5.5	COAG Water Reforms	24
5.6	Trade Practices Act Compliance	24
5.7	Prices Oversight	24
5.8	Third Party Access	24

---

---

5.9	Local Government NCP Financial Incentive Package	25
	5.9.1 Framework for NCP Financial Incentive Package	25
	5.9.2 Role of the QCA	26
	5.9.3 Expenditure from the Financial Incentive Package	27
5.10	CONCLUSION	28
<b>PART 2</b>	<b>CONDUCT CODE AGREEMENT</b>	<b>30</b>
<b>6.</b>	<b>COMPLIANCE</b>	<b>30</b>
<b>PART 3</b>	<b>AGREEMENT TO IMPLEMENT THE NATIONAL COMPETITION POLICY AND RELATED REFORMS</b>	<b>31</b>
	<b>INFRASTRUCTURE REFORM</b>	<b>31</b>
<b>7.</b>	<b>ELECTRICITY</b>	<b>31</b>
7.1	Overview	31
7.2	Interconnection with New South Wales	32
7.3	Structural Separation of Generation and Transmission	32
7.4	Ringfencing Retail and Wires in the Distribution Sector	32
<b>8.</b>	<b>GAS</b>	<b>33</b>
8.1	Overview	33
8.2	Removal of all remaining legislative and regulatory barriers to free trade across jurisdictions	33
8.3	Uniform national framework for third-party access to all gas transmission pipelines	34
8.4	Principles for free and fair trade in gas embodied in legislation	34
8.5	Adoption of AS2885	35
8.6	Open ended exclusive franchises	35
8.7	Gas utilities to be placed on a commercial footing	35

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8.8	Ringfencing distribution and transmission	35
<b>9.</b>	<b>WATER – COAG WATER REFORMS</b>	<b>36</b>
9.1	Water Pricing – Local Government	37
9.1.1	Full Cost Pricing	38
9.1.2	Cross-Subsidies and Community Service Obligations	39
9.1.3	Two-Part Tariffs	40
9.2	Water Pricing – Urban Water Boards	41
9.2.1	Full Cost Pricing	42
9.2.2.	Urban Water Boards and Volumetric Charging	42
9.3	Rural Water Supply and Irrigation Services	42
9.3.1	Rural Water Pricing	42
9.3.2	Investment in New Water Infrastructure	44
9.3.3	Development Incentive Scheme	45
9.4	Institutional Reform	46
9.4.1	Separation of Functions	46
9.4.2	Review of the <i>Water Resources Act 1989</i>	47
9.4.3	Commercialisation of State Water Projects (SWP)	48
9.4.4	Local Management	49
9.4.5	Benchmarking and Performance Monitoring	49
9.5	Allocation and Trading	50
9.5.1	Water Allocations and Management Planning (WAMPs)	52
9.5.2	Water Allocations	52
9.5.3	Water Trading	52
9.6	Environment and Water Quality	53
9.6.1	Integrated Resource Management	53
9.6.2	National Water Quality Management Strategy	54
9.7	Public Consultation and Education	55
9.7.1	Public Education	55
9.7.2	Community Consultation	55

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<b>10.</b>	<b>NATIONAL ROAD TRANSPORT REFORM</b>	<b>56</b>
10.1	Overview	56
10.2	Assessment Framework	57
10.3	Reform Progress	57
	10.3.1 Prior Achievements	57
	10.3.2 Recent Achievements	57
	10.3.3 1999 Reform Agenda	58

## **ATTACHMENTS**

Attachment 1	-	Legislation Review Schedule: Queensland
Attachment 2	-	Anti-Competitive Legislation enacted during 1998
Attachment 3	-	Individual Complaint Summary
Attachment 4	-	NCP Training – List of Training Materials
Attachment 5	-	Table 2.1 – Competitive Neutrality Reforms applied to 31 December 1998
Attachment 6	-	Table 2.2 – Further Application of Reforms
Attachment 7	-	Table 2.3 – Comparison of Local Laws before and after Reviews for Anti-Competitive Provisions and Redundant Provisions.
Attachment 8	-	Table 2.4 – Application of Two Part Tariffs to Type 1 and Type 2 Water Business Activities.
Attachment 9	-	New Water Infrastructure
Attachment 10	-	Local Government NCP Financial Incentive Package: Council Allocations and Payments

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# GLOSSARY

ACCC	Australian Competition and Consumer Commission
ATC	Australian Transport Council
BMA	Brisbane Market Authority
BMA	Brisbane Market Authority
COAG	Council of Australian Government
CPA	Competition Principles Agreement
CRR	Committee on Regulatory Reform
CRR	Committee on Regulatory Reform
DNR	Department of Natural Resources
GAWB	Gladstone Area Water Board
GMBA	Government Monopoly Business Activities
ITAA	Income Tax Assessment Act 1936
M&L	Mass and Loading
MIWB	Mt Isa Water Board
NCP	National Competition Policy
NEM	National Electricity Market
NEVDIS	National Exchange of Vehicle and Driver Information System
NRTC	National Road Transport Commission
NRTL	National Road Transport Law
OSOM	Oversize/Overmass
PBT	Public Benefits Test
PBTP	The Public Benefit Test Plan
PTO	Public Trust Office
QCA	Queensland Competition Authority
QHPS	Queensland Health Pathology Services
QIRC	Queensland Industrial Relations Commission
RAV	Restricted Access Vehicles
SEQWB	South East Queensland Water Board
SMA	Statutory Marketing Authority
TAB	Totalisator Administration Board
TER	Tax Equivalent Regime
TO(RUM)	<b><i>Transport Operations (Road Use Management)</i></b>
TPA	Trade Practices Act 1974
TTWSB	Townsville Thuringowa Water Supply Board
UIWG	Upstream Implementation Working Group

## INTRODUCTION

*Queensland's Third Annual Report to the National Competition Council* is made pursuant to the reporting requirement in the *Competition Principles Agreement (CPA)*<sup>1</sup>.

The report is made in respect of Queensland's further progress in implementing national competition policy reform in the period between 31 December 1997 and 31 December 1998. The report records the progress of Queensland's State Government and Local Governments in pursuing national competition policy reform in respect of that period.

The report describes Queensland's progress in reviewing legislation, implementing competitive neutrality and reforming public monopolies pursuant to the *Competition Principles Agreement*. The report records Queensland's compliance with the *Conduct Code Agreement*, and the report describes Queensland's progress in pursuing infrastructure reform in the electricity, gas and water industries, and in road transport.

Further, the report addresses matters of specific interest to the National Competition Council following the assessment of the period ending 31 December 1997, to enable the NCC to assess Queensland's eligibility for the second tranche of competition payments from the Commonwealth.

## PART 1

### THE COMPETITION PRINCIPLES AGREEMENT

#### 1. LEGISLATION REVIEW

##### 1.1 Queensland's legislation review process

Queensland's legislation review processes include the following:

- Terms of Reference and Public Benefit Test Plans for minor through to major reviews. The Public Benefit Test Plan (PBTP) is a detailed document used by the Department or Agency responsible for the legislation under review and Queensland Treasury to scope the nature and structure of the review;
- Issues or Discussion Papers, generally for medium to major reviews;
- Independent review panels for the majority of reviews. Review panels may, in exceptional cases, include key stakeholder representatives in addition to independent and government representatives. The review panels in these cases conduct a public

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<sup>1</sup> *Competition Principles Agreement*: clause 3(10); 5(10).



interest assessment and develop proposals to address complex implementation issues affecting major industries and the general community;

- Consultation with interested parties on review matters;
- Analysis consistent with the guiding principle in clause 5(1) of the *Competition Principles Agreement*;
- Phased implementation of reforms beyond the year 2000, which are appropriately discussed in the review report and justified through the public benefit test;
- Review papers which are made available publicly, excluding information which is commercial-in-confidence; and
- Reduced reviews that involve targeted consultation where appropriate, risk analysis and analysis based on clause 5(1) of the *Competition Principles Agreement*, and public availability of the review report that is forwarded to the National Competition Council on completion of each reduced review. Reduced reviews occur in cases in which the legislation generally has social objectives, there is minimal restriction on competition, there are no contentious issues, the Government's policy position is clear and not likely to change, and there is therefore no justification for funding a full review.

## 1.2 Progress report

Attachment 1 is a Schedule of information regarding Queensland's progress in reviewing and reforming legislation in the current review schedule against the completion date of the year 2000.

The Schedule is a record of the following information:

- The name of the legislation;
- The name of the review;
- The name of the agency conducting the review;
- The status of the review;
- The type of review<sup>2</sup>;
- Commentary on the review;
- The date of the review;
- The date of completion of the review; and
- Reform progress.

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<sup>2</sup>Note that though a single description of the type of review is made in respect of the reviews in the schedule, a number of reviews exhibit characteristics of multiple review types.

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As at the end of March 1999, the percentage of scheduled reviews which were completed, commenced and in progress, being scoped, or pending, as follows:

- 33% completed;
- 32% commenced and in progress;
- 15% being scoped; and
- 20% pending review.

Queensland has revised the timing of a number of reviews in Queensland's legislation review program and is delaying the commencement of a number of reviews. The 1998-1999 year was the year in which the greatest number of reviews was scheduled to occur. To counterbalance that, a number of major reviews scheduled to commence in the 1998-1999 year were commenced in the beginning of 1998, with scoping, consultation, strategy and issues papers being developed ahead of schedule. Queensland will apply that strategy in appropriate cases for future reviews. Additional resources are being directed to current and future reviews to achieve the overall timeframe for completion of the review program.

### **1.2.1 Reviews completed**

Reviews completed to date include the Brisbane Market Authority, Dairy, Sugar, Chicken Meat, Grain/Barley, a major examination of Health and Medical Practitioner registration legislation, Residential Tenancies, various moderately sized reviews of conservation and transport legislation, and legislation covering the Indy Car event on the Gold Coast.

### **1.2.2 Reviews commenced and in progress**

A number of Queensland's most significant reviews are in progress. The reviews include the review of legislation governing Liquor, Taxis/Buses/Limousines/Rural Air Services, Local Government Local Laws, restrictions on practice in the Dental profession, Optometry ownership restrictions, the Land Act, Farm Produce Marketing, Forestry and Sawmilling.

Reviews in progress which form part of the wider CoAG reform agenda are those relating to legislation regulating the Gas and Petroleum industries, and various pieces of Water legislation. Major legislative changes were made to Electricity legislation in 1997 to implement a national market. Queensland is currently examining whether there are residual NCP issues of an operational nature in the Electricity legislation which require attention.

Reviews of a general nature with an NCP dimension are occurring in State Government Superannuation, correctional services, and contemporary issues affecting the Legal Profession. NCP issues will be fully addressed either as part of each general review or in the development of any legislative proposals emanating from the review process.

Regarding national reviews, the review of Travel Agents is in progress, and reviews of Food regulation and Agricultural and Veterinary Chemicals legislation are well advanced.

### 1.2.3 Reviews pending

Significant reviews which are pending include reviews of Trading Hours, Workcover, Auctioneers and Agents, legislative aspects of the Compulsory Third Party Insurance scheme, Fisheries and the Environmental Protection legislation.

National reviews which are pending include Pharmacy, Radiation Control, Trade Measurement, Submerged Lands (Offshore Petroleum), Architects, the Uniform Consumer Credit Code and Drugs and Poisons legislation. While these reviews were agreed by the CoAG Committee on Regulatory Reform (CRR) and in a number of cases by Senior Officials of CoAG, formal “sign-off” by jurisdictions on a number of reviews is outstanding.

### 1.2.4 Proposed legislation which may restrict competition

Queensland continues to employ “gatekeeping” arrangements, consistent with clause 5(5) of the *Competition Principles Agreement*. Attachment 2 is a schedule of anti-competitive legislation passed during 1998.

## 1.3 Matters of relevance following the 1997 assessment

*Auctioneers and Agents Act 1971, Auctioneers and Agents Regulation 1986* - Proposed legislation (Agents and Motor Dealers Bill) that addressed NCP issues was considered prior to the change of government. The Queensland Government is revising the Bill and will conduct a public benefit test in 1999.

*Dairy Industry Act 1993* - Post-farm-gate regulation, including processor franchises, sunsetted on 1 January 1999. The NCP Review of farm-gate regulation commenced in May 1997 and concluded in July 1998. Economic analysis conducted in the review process suggested that deregulation would likely lead to little overall impact on the Queensland economy. However, the review committee was of the opinion that the regional impact of deregulation would likely cause very significant adverse consequences on sections of Queensland’s rural community. While the public benefit test justified the retention of farm-gate regulation, farm-gate regulation is probably not sustainable in the medium to long term. National industry changes are substantially dependent on the outcome of the review of Victoria’s Dairy legislation later in 1999. Consequently, Queensland’s Dairy review recommended, and Cabinet endorsed, continuation of farm-gate regulation until 31 December 2003, with extension beyond that time subject to further review before 1 January 2003.

The Queensland Government will retain supply management arrangements in South East Queensland in conjunction with retaining regulation of the farm-gate price for milk. Further, Queensland will extend that position to Central Queensland and North Queensland to ensure equitable arrangements for all dairy farmers throughout the State, following the removal of exclusive franchise areas from 1 January 1999.

Queensland’s review committee expressed a preference for a national approach to further industry deregulation to facilitate orderly industry rationalisation across Australia.

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Queensland will monitor changes to Dairy regulation in other States and Territories with interest.

*Grain Industry (Restructuring) Act 1993* – Queensland completed the review in June 1997. Cabinet will consider early in 1999 an Authority to Prepare legislation to give effect to the following NCP matters:

- Retention of the statutory monopoly of Grainco for export barley for up to three years to 30 June 2002;
- Retention of wheat regulations as dormant provisions as long as Commonwealth provisions continue to apply (these will be subject to review under NCP); and
- Removal of regulation of all other grains.

Queensland was the first State to review Statutory Marketing Authority (SMA) arrangements for barley. The decision to extend the Grainco monopoly over export barley for a period of up to 5 years was based on the results of a public benefit test. A significant factor bearing on the analysis was the Japanese Food Agency's policies on sourcing barley from SMAs. A further factor was the likely outcome of comparable NCP reviews in other States in respect of their SMAs. Since that time, a joint Victoria-South Australia review has recommended removal of the Australian Barley Board's statutory monopoly over barley sourced from these two States.

In endorsing the policy proposal to extend the statutory monopoly position of Grainco for up to three years, the Queensland Government also agreed that an earlier review of these arrangements may be required should industry changes and/or market forces compel a shorter transition period. Queensland is presently monitoring progress in the implementation stage of the Victoria-South Australia review to determine the impact of the review on Queensland.

A review of government accountability requirements applying to Grainco was completed in November 1998. There were no NCP issues associated with that review.

*Liquor Act 1992, Liquor Regulation 1992* - The review commenced in October 1998 and is expected to finish around the middle of 1999. The review committee comprises three independent members, one of whom will chair the review. Further, officials from two central government agencies will assist the committee. The review committee has prepared an issues paper, invited public submissions and is conducting public hearings.

*Queensland Law Society Act 1952, Queensland Law Society (Indemnity) Rule 1987* - The review is pending. Further information on the review of the regulation of the Legal Profession is available in section 1.4 of the report.

Public Sector Superannuation - State Government superannuation arrangements are the subject of an ongoing general review. The matter of a statutory monopoly fund manager is being addressed as part of the general review. Residual NCP issues will be considered after

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the completion of the general review. Preliminary work on the nature of the superannuation scheme for NCP purposes commenced early in 1999.

*Trading (Allowable Hours) Act 1990, Trading (Allowable Hours) Regulation 1994* - The Act gives the Queensland Industrial Relations Commission (QIRC) powers to determine trading hours. In early 1999, the QIRC decided not to extend Sunday trading hours. An appeal to that decision was lodged in the Industrial Court. A decision on the appeal is expected around May 1999. The NCP review will not commence prior to that time.

#### **1.4 Matters of specific relevance to the 1999 assessment**

##### **1.4.1 Mutual Recognition Act (Commonwealth) 1993**

Queensland was responsible for chairing the national review of the *Mutual Recognition (Commonwealth) Act 1993*. The review was completed in October 1998. Premiers and Chief Ministers are presently assessing the report and will advise the Prime Minister of their position on the report shortly. The report is not publicly available pending the completion of that consultation process. The review essentially found that the legislation is working properly and is generally consistent with national competition policy, and that no major change is in order. The Queensland Government will forward a copy of the report to the NCC once the report is publicly available.

##### **1.4.2 Professions' Regulation**

Under the auspices of the COAG Committee on Regulatory Reform (CRR), Queensland has contributed to the development of guidelines specifically designed to aid the review of legislation governing the professions. These guidelines are a useful resource in applying NCP principles to the review of the professions.

*Health and medical practitioners* – Queensland has completed a major review of health and medical practitioner registration Acts (12 in total) and relevant regulations (17 in total). The review was wide-ranging and included a consideration of NCP issues. The review recommended retention of registration/licensing provisions, and retention of a number of titles. The review recommended winding back of commercial controls (with the exception of Pharmacy and Optometry, which will be the subject of separate reviews) and significant lessening of advertising controls. Legislation is being drafted to implement these recommendations.

*Pharmacists* - A national legislation review of ownership restrictions and other matters in respect of Pharmacies is due to commence in the first half of 1999.

*Optometrists* – A State-based review of legislative ownership restrictions applying to Optometrists commenced in December 1998.

*Dental Practitioners* – A State-based review of legislative restrictions on practice of Dental practitioners commenced early in 1999.

*Restrictions on practice* – A review of restrictions on practice in a number of pieces of health and medical practitioner legislation is due to commence in the first half of 1999.

*Veterinary Surgeons* – Queensland commenced the review of restrictions on competition in Veterinary Surgeons' legislation in March 1999.

*Architects* – A working group of CRR is developing a proposal for the Productivity Commission to conduct a national review of competitive restrictions in Architects' legislation.

*Surveyors* – Queensland completed the review of legislation regulating Surveyors in November 1997. The review supported the retention of regulation of cadastral surveyors. Other aspects of the proposed regulatory framework are presently the subject of consideration by a Cabinet Committee.

*Legal profession* – The legislation review proper of legislation regulating the Queensland legal profession is pending. The Queensland Government commenced a broad review of contemporary issues in the legal profession in December 1998 with the release of a Discussion Paper, and the development of legislative proposals will contemplate competition policy requirements.

## **2. COMPETITIVE NEUTRALITY**

### **2.1 Status of competitive neutrality policy implementation**

The National Competition Council assessed that Queensland satisfied the competitive neutrality reform agenda requirements for eligibility for the first tranche payments. The following information is supplied on specific competitive neutrality reviews currently in progress. Note that a number of the following competitive neutrality reviews are conducted in combination with legislation and structural reform reviews.

#### **2.1.1 Public Trust Office**

Information on the reform of the Public Trust Office was included in Queensland's Second Annual Report.

The Public Trust Office is currently the subject of a competitive neutrality public benefit test. A committee comprising representatives of Queensland Treasury, the Public Trust Office and the Department of Justice and the Attorney-General (chair) is steering the review process. The competitive neutrality public benefit test is due to finish before 30 June 1999.

#### **2.1.2 Brisbane Market Authority**

The Brisbane Market Authority (BMA) was identified as a 'significant business activity' under the Queensland Government's 1996 NCP Competitive Neutrality Policy Statement. Accordingly, a public benefit test was undertaken to determine whether to introduce

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competitive neutrality reform (i.e corporatisation, commercialisation or full cost pricing) to the BMA. The structural reform/competitive neutrality review was conducted in 1997/98 in conjunction with the legislation review of the *City of Brisbane Market Act 1960*.

The independent Review Committee was appointed in 1997 to conduct a combined review and comprised major stakeholders in the Brisbane Market, namely wholesalers, retailers and growers, in addition to representatives from Queensland Treasury, the Department of Tourism, Small Business and Industry and the Department of Primary Industries. The Review Committee finalised the Issues Paper in October 1997 and conducted an extensive round of public consultations.

An independent consultant produced a draft report on the public benefit assessment aspects of the review in December 1997. The Review Committee recommended deregulation (i.e. the removal of the exclusivity arrangements) based on the public benefit test and on consultation. The Review Committee recommended that, in the absence of privatisation, the Government should corporatise the BMA.

The Queensland Government publicly released the BMA report in May 1998 and noted the Review Committee's recommendations. The Government is employing an independent implementation steering committee to scope the corporatisation options for the BMA. The steering committee will consider the contractual arrangements governing the current leases by tenants of the BMA.

### **2.1.3 Totalisator Administration Board (TAB)**

Consistent with information on the reform of the TAB that was included in Queensland's Second Annual Report, Queensland is conducting a comprehensive process of structural reform of the TAB and its relationship with the Queensland racing industry. The process will reform the commercial structure of the TAB, the structure and level of wagering taxation, and the regulatory regime. Negotiations in regard to the potential privatisation of the TAB are presently in progress.

Under the *Racing and Betting Act 1980*, the TAB, which is a Government Owned Enterprise, has the control and general supervision throughout Queensland of investments on its totalisators, and has the power to make rules over the operation of its totalisators. The TAB faces heightened competition from a wider gambling market and other privatised totalisator businesses.

A legislative package comprising the *Wagering Act 1998* and the *Racing Legislation Amendment Act 1998* is a key component of the reform process underway. It will transfer those regulatory functions from the TAB to the Treasury Departments's Queensland Office of Gaming Regulation (QOGR) consistent with the NCP Agreements and the State's corporatisation policy.

### **2.1.4 TAFE**

The full fee for service activities and competitive tendering processes within TAFE are candidate Significant Business Activities (SBAs). The competitive neutrality review of TAFE was due to commence no later than December 1996. A Competitive Neutrality Steering Committee was established to ensure that competitive neutrality obligations were satisfied, and the Committee conducted a public benefit test to assess whether to introduce competitive neutrality reforms.

Significant changes in the training market are impeding the progress of the PBT. During 1998, the TAFE Review Taskforce and Accrual Output Budgeting Project recommended and progressed the implementation of a number of reforms relating to the commercial and operating framework of TAFE. These reforms include increasing TAFE autonomy, establishing a more appropriate public funding framework, infrastructure management and accrual accounting. The implementation of these reforms has deferred the second stage of the PBT, which involves completing a cost benefit analysis on competitive neutrality reform options.

Progressing the PBT for TAFE is dependent on the outcomes of the proposed reforms. Application of competitive neutrality assessment to determine the costs and benefits of introducing competitive neutrality reform will be evaluated during 1999.

### **2.1.5 Queensland Health Pathology Services**

Queensland Health Pathology Services (QHPS) are a candidate SBA. Queensland Health is currently conducting a desktop Public Benefits Test (PBT) on the QHPS, focusing on the provision of services by public hospitals to private patients. Queensland Treasury endorsed the terms of reference for the PBT in early March 1999, and Queensland Health is expecting to complete the review by the end of July 1999.

### **2.1.6 South East Queensland Water Board (SEQWB)**

In 1997, a public benefit test completed for the SEQWB recommended the implementation of commercialisation.

SEQWB is characterised by somewhat blurred and interconnected arrangements between State and Local Governments concerning asset ownership and control issues (ie legal ownership and operational control of the assets associated with the entity has switched between State and Local Governments on several occasions, without financial consideration). With this in mind, traditional reform options, such as commercialisation or corporatisation, do not necessarily meet the long-term strategic issues for the two levels of Government in relation to this entity.

The Queensland Government and the customer councils of the SEQWB are currently considering options for the incorporation of the Board under the Corporations Law. Incorporation of the SEQWB is considered to be an optimal approach for introducing genuine commercial reforms to the Board whilst recognising the important role played by local government in SEQWB. The proposed conversion of SEQWB into a jointly owned State and



Local government owned Corporations Law company goes considerably beyond the commercialisation recommendation of the competitive neutrality Public Benefit Test.

As an incorporated entity, the SEQWB would become a Commonwealth taxpayer and pay dividends to State and local Government owners commensurate with its commercial status. Other competitive neutrality issues such as the determination of a commercial capital structure and the implementation of full cost pricing are also being introduced as part of incorporation.

The target date for incorporation of the SEQWB is 1 November 1999. However, in meeting this target, a number of obstacles to the reform process will need to be overcome in particular, a turbulent taxation environment.

Whilst reform conducted solely within the realm of State Government can be appropriately managed through the application of a Tax Equivalent Regime (TER), joint ownership with local government prevents the application of a TER. Accordingly, the proposed joint ownership between State and Local Government of an incorporated SEQWB has had to be considered in the context of the Commonwealth tax regime.

However, as a Commonwealth taxpayer, SEQWB would potentially be caught by section 51AD and Division 16D of the *Income Tax Assessment Act 1936* (ITAA) which would severely restrict the profitability of the new company and prohibit reform. This taxation problem has added considerable cost, complexity and time to an already difficult reform exercise. Moreover, it is an issue that would not arise in the case of a private sector entity considering similar reform; ie the ITAA effectively creates a significant disincentive for governments to consider reforming fixed asset-intensive entities where this involves conversion into Commonwealth tax paying entities.

A process is currently in place to seek a taxation ruling from the Australian Taxation Office in relation to these provisions. However, both State and Local Governments are also keenly aware of the uncertain taxation environment that possibly holds further negative implications for an incorporated SEQWB. For instance, the recently released Ralph Report flags another possible income tax deterrent to reforming government businesses; ie. the Deferred Company Tax proposal. In the case of SEQWB the impact on the shareholders (State and Local Governments) is estimated to potentially be as large as if Division 16D were to apply.

Until the State and Local Governments obtain sufficient comfort in relation to the application of prohibitive taxation provisions such as section 51AD and Division 16D or the extension of Division 1AB exemptions as part of the proposed National Tax Equivalent Regime, reform of SEQWB will not be able to occur. (An interim strategy of commercialisation would not adequately take account of the historical arrangements of effectively shared local and State Government ownership and control.) Accordingly, the incorporation model is preferred and the model is being progressed.

Both levels of Government are committed to ensuring a successful and beneficial outcome for SEQWB which protects the integrity of valuable water resources and promotes the most

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environmentally sustainable and economically appropriate resource allocation for this significant business activity.

Overall, the SEQWB experience highlights the difficult problems faced by Governments (both State and Local) in attempting to genuinely reform their business activities in a turbulent Commonwealth Government taxation environment. It is hoped that the National Competition Council will consider this matter in its assessment of reform across the country and seek to assist in addressing the current hurdles facing reform progress.

### **2.1.7 Townsville Thuringowa Water Supply Board**

The Townsville Thuringowa Water Supply Board (TTWSB) is a bulk water supplier of two councils and a small number of industrial customers. In 1997, a public benefit assessment recommended the implementation of commercialisation.

During the process of negotiating the implementation of competitive neutrality reforms to the Townsville Thuringowa Water Supply Board (TTWSB), the Townsville City Council and Thuringowa City Council approached the Queensland Government with a proposal to convert the TTWSB to a local government body. The conversion of the TTWSB from a State entity to a local government body is intended to more closely align the decision making of the Board with the community that it serves.

Accordingly, the Queensland Government is proposing to amend the *Local Government Act 1993* to create a new local government body similar to a joint local government body as defined in the *Local Government Act 1993*. The key feature at variance with a joint local government body is the provision for the component councils to appoint a chairperson who is not an elected representative of either of the component councils. The presence of an independent chairperson is intended to complement the regional focus of the water supply activities.

Commercialisation arrangements will be implemented to the new entity in accordance with the commercialisation provisions of the *Local Government Act 1993*. The new entity will also be required to full cost price in accordance with the provisions of the *Local Government Finance Standards*.

The target date for implementation of the new legal structure and commercialisation arrangements is 1 July 1999.

### **2.1.8 Gladstone Area Water Board**

Gladstone Area Water Board (GAWB) supplies bulk water to industrial customers and two local governments in the Gladstone Region. In 1997, a public benefit test recommended commercialisation.

During the process of negotiating the implementation of competitive neutrality reform for the GAWB, it became apparent that two different commercialisation approaches were preferred by the two different sets of key stakeholders.

The Board's local government consumers – the Gladstone City Council and the Calliope Shire Council – preferred a Joint Local Government entity (an approach proposed for the TTWSB), while the Board's industrial consumers (who consume 80% of the Board's water by volume) generally preferred that the Board become a commercialised statutory authority.

Both models satisfactorily address the requirements for commercialisation. However, the application of the models may have different effects for the Board's two broad categories of consumers, for water pricing, and for the region's economic development.

For these reasons, it has been decided a more detailed assessment of the implications of both models needs to be completed before a final decision is made as to which model provides the best basis for commercialisation of the GAWB. This assessment will be undertaken by a Steering Committee comprising the Department of Natural Resources (DNR), the two customer councils and the GAWB. Industrial consumers will be consulted at key stages.

Investigation of the relative merits of the two models should be completed by the end of June 1999. Target date for implementation of interim commercialisation to the GAWB is 1 July 1999, with full commercialisation by 31 December 1999.

### **2.1.9 Mt Isa Water Board (MIWB)**

The MIWB is the smallest of the urban water boards, and supplies water to both Mt Isa Mines Ltd and Mt Isa City Council. Of all the urban water boards, the MIWB is currently the furthest behind in terms of having in place readily transferable commercial arrangements on which commercialisation arrangements can be built.

However, since the public benefit test was completed, the MIWB has made substantial progress in this area.

Interim commercialisation arrangements will be implemented to the MIWB from 1 July 1999. This will include implementation of a full cost price path, implementation of a commercial rate of return target and a requirement to pay tax equivalents and dividends.

Opportunities to integrate the activities of the MIWB with the water supply activities of the Mt Isa City Council are being investigated.

## **2.2 Complaints handling and implementation of recommendations of the Queensland Competition Authority**

Attachment 3 is a summary of complaints made to the Queensland Competition Authority (QCA) in the relevant assessment period, and action following the recommendations of the QCA.

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The only complaint made in the relevant period is that regarding the Queensland Rail rail fares on the Brisbane to Gold Coast route (see section 3.2, following).

### **2.3 Matters of specific relevance to the 1999 assessment**

#### *Queensland Rail fares on the Brisbane to Gold Coast route*

The decision of the Premier and Treasurer regarding the recommendations of the QCA made in respect of the complaint against Queensland Rail is the subject of litigation in the Supreme Court of Queensland.

Therefore, no comment is made on the matter pending the decision of the Court.

## **3. STRUCTURAL REFORM OF PUBLIC MONOPOLIES**

### **3.1 Status of implementation of structural reform of public monopolies**

Public monopolies currently under review include the following:

- Public Trust Office (PTO)
- Brisbane Market Authority (BMA)
- Totalisator Administration Board (TAB)

The PTO, BMA and TAB are reported on under the Competitive Neutrality section of the report (2.1.1, 2.1.2 and 2.1.3).

## **4. PRICES OVERSIGHT**

The Queensland Competition Authority is responsible for administering the Queensland monopoly prices oversight regime.

The regime applies to government business activities, which are monopolies or near monopolies, and which the Premier and Treasurer declare Government Monopoly Business Activities (GMBA's).

The QCA published criteria for identifying GMBA's in December 1997. The Queensland Government has commenced the process of assessing major government businesses against the criteria. The first category of government businesses subject to assessment is the port authorities. The Queensland Government engaged a consultant to assess the Cairns and Mackay port authorities; and directed the QCA to assess all other government port authorities (ie. Port of Brisbane, Gladstone, Townsville, Bundaberg, Rockhampton, and the ports of the Ports Corporation of Queensland).

The Government has received reports in respect of Cairns and Mackay port authorities, the Port of Brisbane, Gladstone Port Authority and Townsville Port Authority. The remainder of the assessments should finish in the middle of 1999. Following the completion of the assessment process, the Premier and Treasurer will consider the appropriate course of action in respect of each authority.

## 5. LOCAL GOVERNMENT

### 5.1 Introduction

#### 5.1.1 Approach to Local Government NCP Implementation

As outlined in previous reports to the NCC, the Government's strategy for applying NCP reforms to Queensland local government has focussed on the largest business activities through the application of competitive neutrality reforms to the significant business activities (SBAs) of the 17 largest local governments<sup>3</sup>. These SBAs account for over 80% of local government business activities and have the greatest impact on the Queensland and national economies.

However, there has also been a significant take up of competitive neutrality reforms not only for the middle range business activities targeted for reform in the *Local Government Act 1993*, but also for the small scale business activities.

In addition, other important elements of the NCP reforms such as the review of anti-competitive provisions in local laws, are being applied across all local governments. This has been encouraged by the operation of the local government NCP Financial Incentive Package (discussed later in this report) which was designed to encourage all councils to adopt relevant NCP reforms.

#### 5.1.2 The Legislative Framework

The program of amendments to the *Local Government Act 1993* and *City of Brisbane Act 1924* since 1996 have put in place almost all the elements of the legislative framework for NCP. The statutory framework provides for the application of competitive neutrality reforms (namely corporatisation, commercialisation and full cost pricing), the COAG urban water reform requirements and the review of anti-competitive provisions in local laws and local law policies.

The outstanding element relates to extending the initial corporatisation framework to provide for the establishment of Local Government Owned Corporations (LGOs) under the *Corporations Law* (previously, the legislation only allowed for statutory LGOs). A draft legislative proposal was circulated for public comment in December 1998.

In addition, the *Queensland Competition Authority Act 1997* is to be amended to provide – in lieu of Commonwealth regimes - for State-based third party access and prices oversight regimes to apply to Queensland local government infrastructure and monopoly businesses.

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<sup>3</sup> This has now become 18 with the inclusion of Bundaberg whose water and sewerage activity is a new Type 2 business activity

### 5.1.3 Local Government NCP Financial Incentive Package

As previously reported, the Queensland Government has established a Financial Incentive Package of up to \$150 million (in 1994-95 prices) to be made available to local governments over the 5 year period commencing 1 July 1997 to support and encourage local governments to implement NCP related reforms. The package comprises:

- \$7.5 million to assist local governments with the cost of undertaking NCP-related reviews;
- \$141.5 million to be paid as an incentive to adopt NCP related reforms, primarily competitive neutrality reforms; and
- \$1 million to fund training and assistance programs for councils.

More detail on the application of the Financial Incentive Package is provided in section 5.1.7.

### 5.1.4 Training Initiatives

An extensive training program has been undertaken, including elements funded from the Financial Incentive Package, and has proved highly beneficial. The Government has worked closely with the Local Government Association of Queensland (LGAQ) to provide appropriate training and resource material to enable councils to make informed NCP implementation decisions.

The training initiatives have been crucial to the success in implementing NCP reforms by a large number of councils across the State.

The various training initiatives are summarised below and discussed in more detail in Attachment 4.

<b>NCP Training Initiatives Undertaken in 1998</b>	
Full Cost Pricing Software and Training	Software package and user guide to assist local governments to identify Type 3 business activities and the steps to apply full cost pricing. Associated training sessions on using the software as well as Volumes 1 and 2 of the Full Cost Pricing Guidelines that were issued in 1997.
Meeting the Challenge Workshops	To provide local government elected members and officers with broad based skills and practical knowledge on 13 topics related to implementation of NCP.
Study Tour - Identifying Obstacles to Commercialising	To provide senior officers of local governments with Type 1 and 2 business activities that could be commercialised with both technical and first hand information on how two leading local governments were preparing for commercialisation and the structural changes being implemented.

Accounting Issues Consultancy	To identify problems with NCP implementation and to develop an action plan indicating which issues required further training and which needed other solutions
Guidelines for Valuation of Infrastructure	To develop practical guidelines for valuation of infrastructure - one outcome of Accounting Issues Consultancy: to be completed in early 1999
Public Interest Test Workshops	To assist local governments to carry out PITs for their review of anti-competitive provisions of local laws and local law policies by providing information and practical exercises in conducting a review.
Local Law Workshops	To ensure each local government could meet the deadlines for anti-competitive reviews and redundant local law reviews by explaining the interrelationship with the review of local laws required by the new Integrated Planning Act, and assisting to develop an action plan and timetable for reform.
Review of Chinchilla Shire Local Laws	To review and repeal or replace redundant provisions and anti-competitive provisions.
Regional Anti-Competitive and Redundancy Review (South Burnett)	To assist with regional approach to scoping the NCP and redundancy review of local laws.
TER Training Seminars	To assist local governments in the application of the Local Government Tax Equivalents Regime (TER) to SBAs. A TER Manual was issued by the Treasurer in May 1998 as required under legislation.
Model Local Laws	To develop four new model local laws on key areas identifying possible anti-competitive provisions.
Bulletin on Process to Identify Anti-competitive Local Laws	To develop material to assist local governments on identifying anti-competitive provisions.
Volume 3: Public Interest Tests	To develop case studies of PIT processes for assistance of local governments carrying out anti-competitive reviews.
Guidelines to Establishing Complaint Processes or Accreditation	To develop Guidelines and carry out training to: assist local governments to: determine whether to seek accreditation or to establish a competitive neutrality complaint process (and the appropriate complaints model) for their type(s) of business; and implement the chosen approach.
Guidelines for Referees Investigating Complaints	To develop Guidelines and carry out training to: provide referees with the economic, accounting, legal and investigatory knowledge to effectively investigate complaints in an in-house complaint process; and provide advice on common pitfalls and good practice.
Commercialisation and Corporatisation Guidelines	To assist local governments with the implementation of corporatisation and commercialisation reforms of significant business activities



## 5.2 Competitive Neutrality

### 5.2.1 Overall Approach

Under the *Local Government Act 1993*, the State's 17 councils with significant business activities (ie Type 1 and 2 business activities) were required to conduct Public Benefit Assessments (PBAs) to assess the net public benefit of applying one of three identified competitive neutrality reforms - namely, corporatisation, commercialisation or full cost pricing. Local governments were required to decide whether to adopt the recommendations in their public benefit assessment reports and, if adopted, to implement their reforms by 1 July 1998. Over time, the number of councils required to conduct assessments is expected to increase, as their business activities expand in size above the relevant expenditure threshold provided in the Act. This approach is consistent with that outlined in Queensland's 1996 local government NCP application statement.

The Queensland Government's 1998 report to the NCC indicated that the 17 largest councils had complied with the first stage of this timetable by completing PBAs for the 25 significant business activities and making decisions on the level of reform to be implemented from 1 July 1998.

The 1996 application statement also included an undertaking by the Queensland Government to provide for the identification of smaller Type 3 local government business activities, and to encourage councils to implement an appropriate level of competitive neutrality reform for such smaller activities (eg the Code of Competitive Conduct). Accordingly, the *Local Government Act* was amended to require councils to identify Type 3 activities and make a decision on whether to apply the Code. To encourage reform, funding has been allocated under the Financial Incentive Package for Type 3 and other smaller business activities, with payment, as for SBAs, to be dependent on satisfactory implementation of reforms.

The task of assessing whether local governments have achieved a satisfactory level of reform has been delegated by the State Government to the Queensland Competition Authority (QCA). The QCA has been given the responsibility for undertaking an independent and objective annual assessment of local government performance in implementing all NCP reforms and recommending payments based on that assessment. The QCA delivered its first progress report in November 1998, the recommendations of which have been accepted by the Government.

### 5.2.2 Reform Progress

#### *Type 1 and 2 Business Activities*

All councils with Type 1 and Type 2 activities implemented competitive neutrality reforms from 1 July 1998 as required. Of the 25 businesses, 15 were commercialised and full cost

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pricing<sup>4</sup> was applied to the remainder. A number of councils opted for a staged approach to implementation, with full cost pricing from July 1998 and commercialisation from July 1999. Details are provided in Table 2.1 (Attachment 5).

The Act also provides for “new Type 1 and 2” business activities that emerge as the result of such activities growing and thereby exceeding the expenditure threshold outlined in the Act (indexed appropriately). As a result, Bundaberg and Pine Rivers have advised that their water supply and sewerage services and refuse services respectively, have met the requirements for a new Type 2 business activity. Under the Act, these business activities will need to be reviewed and a decision made by July 1999 on whether to apply competitive neutrality reforms.

Local governments can also “self select” any smaller business activity and treat the activity in the same way as a Type 1 or 2 business activity by carrying out the PBA process and deciding on an applicable competitive neutrality reform. Redland (refuse management)<sup>5</sup>, Logan (building certification), Maroochy (building certification) and Ipswich (internet provider) have followed this course and commercialised the activities indicated.

As previously reported, while some councils have indicated an intention to consider corporatisation, there have been no proposals from councils to corporatise their business activities in the first instance. Councils continue to be deterred by the uncertainty over the tax status of local government owned corporations (LGOs). Both the Queensland Government and the State’s local government sector have made repeated claims to the Commonwealth for this issue to be clarified. The Queensland Government and the local government sector in this State have argued for the Commonwealth to agree to a tax equivalent regime for LGOs, similar to the arrangements that currently apply to State Government corporations. Under this proposal, LGOs would make income and sales tax equivalent payments back to their parent council.

It may be that some of this uncertainty will be resolved if a national income tax equivalent regime is established as has been foreshadowed by the Commonwealth. However, the details of how such a scheme would operate in practice will need to be provided before Queensland councils could sensibly evaluate their options. As previously indicated, the issue is of considerable importance to Queensland’s largest local governments which undertake businesses of a size which would ordinarily require serious consideration of corporatisation.

### *Type 3 Business Activities*

Reform of Type 3 business activities is making significant progress. Most of these larger local governments with Type 1 or 2 business activities have also made progress in reforming

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<sup>4</sup> The level of reform adopted differed in two instances from that foreshadowed in Queensland’s 1998 report. Gold Coast resolved to apply full cost pricing from 1 July 1998 and commercialisation from 1 July 1999 to its refuse activities (the 1998 report incorrectly indicated that Gold Coast would be commercialising its refuse activities from 1 July 1998). Thuringowa originally resolved to apply commercialisation to its water and sewerage activities from 1 July 1998, but later chose to apply full cost pricing as an interim step and to move to commercialisation in 1999.

<sup>5</sup> This business was included in the list provided in last year’s annual report as being a prospective subject for reform.

their Type 3 business activities. Of the other local governments, many have commenced a review of their business activities with a view to implementing reform, while a small number have begun reform processes.

In total, 15 local governments applied competitive neutrality reforms to a total of 60 Type 3 business activities in 1998. In most instances this involved the application of the Code of Competitive Conduct, however, in a four instances, councils chose to treat the activities as Type 2 activities and commercialise them (see above).

The main Type 3 business activities where reform has been applied comprise: building services including private building certification services (10), external competitive road works (7), childcare services (7), cultural and civic centres (6), sports facilities including swimming pools (5), caravan and camping grounds (5), quarries (4), tourism facilities (3), as well as cemeteries, airports, private works and design services (each with 2). Details are provided in Table 2.1 (Attachment 5).

In addition to those Type 3 business activities where implementation of the Code of Competitive Conduct was commenced in 1998, 16 local governments have also resolved to apply the Code of Competitive Conduct to another 40 Type 3 activities in 1999 and beyond. These are listed in Table 2.2 (Attachment 6).

As well as many of the smaller local governments, a small number of medium size local governments have yet to make decisions on the implementation of relevant reforms. However, it is expected that the distribution of significant funds in early 1999 from the Financial Incentive Package to those local governments which have made some progress will encourage the further consideration and implementation of reform in 1999.

#### *Other Business Activities*

In addition to operating Type 3 business activities, many local governments also operate other small business activities which trade in goods and services and exceed the \$200,000 annual expenditure threshold for Type 3 business activities, but do not qualify as Type 3 businesses because they do not compete directly with the private sector. Although the potential reform of these other business activities was not foreshadowed in the 1996 application statement, they have been included in the eligibility criteria for funding under the Financial Incentive Package to provide an additional incentive for councils to reform all business activities that have a potential impact on the markets in which they operate (particularly those with annual expenditure in excess of \$200,000).

In total, 7 local governments applied competitive neutrality reforms via the Code of Competitive Conduct to a total of 11 other business activities in 1998. Of these 11 business activities, the main activities include: internal roadworks activities (4), cleansing/refuse (4) and water and sewerage (2). Details are provided in Table 2.1 (Attachment 5).

In addition to those other business activities where implementation of the Code of Competitive Conduct was commenced in 1998, 16 local governments have also resolved to

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apply the Code of Competitive Conduct to another 36 other business activities in 1999 and beyond. Of these 36 business activities, the main activities include external road works (13), water and sewerage services (7) and refuse/garbage services (4). These are listed in Table 2.2 (Attachment 6).

As with the Type 3 business activities, it is expected that the distribution of funds from the Financial Incentive Package will continue to encourage reform in 1999.

### **5.2.3 Training and Assistance**

As indicated previously, a comprehensive training and assistance program to assist local governments in the application of competitive neutrality reforms was provided by both the Government and the LGAQ (funded by the Financial Incentive Package). Consistent with the focus on applying competitive neutrality reforms to council businesses, much of the training in 1998 centred on competitive neutrality issues (see Attachment 4 for details).

## **5.3 Legislation Review**

### **5.3.1 Review of Existing Local Laws and Local Law Policies**

Under the *Local Government Act 1993*, local governments were required to review their existing local laws and local law policies to identify “possible anti-competitive provisions” by 31 December 1997. By 1 July 1999, local governments are required to have:

- conducted Public Interests Tests (PITs) on the identified provisions using the process set down under Regulation (which provides for both minor or major reviews depending on the extent of the restriction on competition, the number of stakeholders, the size of the impact, the complexity of the issues and the level of community concern);
- prepared a PIT report on each of its possible anti-competitive provisions;
- resolved whether or not to implement the recommendations of the PIT; and
- implemented the appropriate action.

All local governments have completed the identification of possible anti-competitive provisions, with approximately 3,300 such provisions being identified. Most of the anti-competitive provisions prohibited a particular business activity unless authorised by a local government issued permit (which may be subject to conditions about the operation of the activity). Business activities regulated in this manner include:

- entertainment venues;
- pet shops, catteries and kennels;
- itinerant vending;
- extractive industries and blasting operations;
- caravan parks, camping grounds and rental accommodation;

- cemeteries;
- advertising;
- domestic water carrying; and
- public swimming pools.

### **5.3.2 Review of Redundant Provisions**

Local governments are also required under the Act to review all their local laws that had been in existence when the Act came into force in 1994. This review was to identify and repeal any redundant provisions. This review pre-dated the NCP review, but its deadline has been extended to operate simultaneously with the NCP review. The number of local laws in existence has been reduced from 5,191 when the Act commenced in 1994 by the repeal of 2,020 local laws as well as the replacement of 811 local laws with modern local laws. Further, 1,331 new local laws have been added to the remaining 2,328 local laws as part of the modernising process, leaving 3,659 local laws to date (see Table 2.3 in Attachment 7). This reduction greatly facilitated the review of possible anti-competitive provisions.

### **5.3.3 Review of Proposed New Local Laws and Local Law Policies**

When local governments are proposing to make new local laws and local law policies, they must also identify and carry out a PIT for any possible anti-competitive provisions before making the law or policy. In 1998, possible anti-competitive provisions were identified in 36 proposed laws, and more than 250 other local laws were identified in early 1999. These were generally of a similar nature to those discussed under section 5.3.1. For some laws or policies, the review process has been completed and the laws or policies have been made, while others are still at the stage of conducting the PIT and carrying out public consultation. (See Table 2.3 in Attachment 7).

### **5.3.4 Impact of Possible Anti-competitive Provisions**

The impact on competition from possible anti-competitive provisions in local laws or local law policies is not considered to be high. As discussed under section 5.3.1, most such provisions set up a permit regime with local governments having the discretion to grant permits and to impose conditions on such permits. While this is technically anti-competitive by creating a barrier to entry to a particular market and restricting conduct within a market, councils do not generally use their discretionary power to limit the number of participants in the market. In most cases, a permit is granted as a matter of course and a range of fairly generic conditions are applied which relate to health, safety and amenity issues.

### **5.3.5 Progress and Outstanding Issues**

Given the requirement for local governments to have completed their PITs and implemented decisions by 30 June 1999, the Government conducted surveys of progress by local governments in August 1998 and again in February 1999.

Following an indication from the August 1998 survey that only a small percentage of councils had progressed sufficiently to be able to meet the June 1999 deadline, further training was specifically conducted to assist local governments to either commence their PITs or to progress work already begun and to deal with two significant impediments to the timely completion of councils' legislation review programs.

The first impediment arose because the review of local laws for redundant provisions imposed a significant workload of overhauling and updating each local governments' entire suite of local laws, particularly for smaller councils. To accommodate this, the statutory deadline for the repeal of redundant local laws was intended to coincide with the NCP review completion date.

The second impediment stemmed from the additional workload caused by the introduction of Queensland's new system for land use, development and building control as set out in the *Integrated Planning Act 1997* (IPA), which came into force on 31 March 1998. Under the IPA, all local governments must overhaul all local laws or planning scheme provisions related to development control, because under the Act, local governments can no longer make local laws or local law policies dealing with development control issues.

Regulation of development must be moved to local governments' planning schemes by 2002, at which time the development provisions contained in local laws or local law policies will become redundant. All local governments must introduce an IPA planning scheme by 2002 - in the meantime, local governments must amend their existing planning schemes to operate as interim schemes.

Therefore, the advent of the IPA meant that local governments could not simply amend development-related local laws to remove possible anti-competitive provisions – their only options were to retain the anti-competitive provisions until 2002 (ie beyond the 1999 deadline) or repeal the entire local law and be faced with a loss of legitimate development-control provisions designed to ensure community standards are met. A minor amendment to the IPA was undertaken to address this issue by allowing councils to alter local laws until a new planning scheme comes into effect, despite the existence of development control provisions.

In the second survey in early 1999, 106 out of 125 local governments responded to the effect that:

- 6 local governments have completed their PITs;
- 37 local governments have made substantial progress;
- 46 local governments have just started the PIT process; and
- 12 local governments have not yet started.

Of the 76 local governments that have less than 15 local laws or local law policies on which PITs have yet to be carried out, however, all but 3 have a plan in place to ensure they meet the June 1999 deadline. Of the 24 local governments with more than 15 local laws and local law policies on which PITs have yet to be carried out, all but 1 have plans in place for meeting the June 1999 deadline.

### **5.3.6 Training and Assistance for Local Law Reviews**

In 1998, two sets of training workshops were conducted and a number of specific initiatives were undertaken to assist with the anti-competitive reviews and implementation. A key focus of the various training initiatives was to alert councils to the potential for the use of non-regulatory options as a means of achieving desired outcomes and minimising the impact on competition.

The February-March 1998 workshops focussed on the PIT process. The November 1998 workshops were designed to ensure local governments met their deadlines by providing assistance to commence and complete PITs, complete the redundancy review and fully explain the implications of the IPA in completing both the redundancy and NCP reviews (see Attachment 4 for details).

## **5.4 Competitive Neutrality Complaint Process**

### **5.4.1 Framework for Complaint Processes**

The amendment to the *Local Government Act* in December 1997 that created the framework for the complaint and accreditation processes for local government business activities to which competitive neutrality reforms are applied, was modelled on the processes applying at the State Government level, including the role of the QCA. In essence, once a competitive neutrality reform has been applied to any local government business activity, the local government must establish a process to deal with complaints about breaches of competitive neutrality. Details of the processes required were outlined in Queensland's 1998 annual report to the NCC.

### **5.4.2 Establishment of Complaint Processes and Applications for Accreditation**

Of the 100 businesses subjected to competitive neutrality reform prior to December 1998, and the 76 businesses where a resolution to reform has been made but implementation has not yet commenced, valid complaints processes have been established as follows (see Table 2.1 in Attachment 5 for details):

- 15 local governments have established a complaint process with the QCA as their referee for 13 Type 1 and 2 business activities, 1 Type 3 business activity treated as a Type 2, and 4 road business activities;
- 11 local governments have established in-house complaint processes with independent referees for 11 Type 1 and 2 business activities and 2 Type 3 business activities treated as Type 2;
- 9 local governments have established in-house complaint processes for 41 Type 3 business activities (complaint processes for 4 business activities are incomplete but close to finalisation);

- in addition, 7 of the 16 local governments that resolved to apply competitive neutrality reforms but have not commenced implementation have created complaint processes for 31 Type 3 business activities;
- 5 local governments have established in-house complaint processes for 5 smaller other business activities;
- in addition, 7 of the 16 local governments that resolved to apply competitive neutrality reforms but have not commenced implementation, have created complaint processes for 11 smaller other business activities; and
- 1 local government (Maroochy) is seeking accreditation from the QCA for all of the 12 business activities (including 2 Type 1/2 and 10 Type 3 businesses) that it has subjected to reform, however, that accreditation has not yet been granted because of the rigorous, and therefore time consuming, process required to be followed. Although Maroochy has not established a complaint process for the interim, Maroochy's commitment to the reform process has been, and remains, very strong. Toowoomba is also seeking accreditation from the QCA for Type 2 and other business activities but has created a complaint process for the interim.

### **5.4.3 Complaints Lodged**

By the end of December 1998, no complaints have been lodged under any of the established complaint processes.

### **5.4.4 Training on complaint processes and accreditation**

The complaints mechanism training and assistance program conducted in 1998 centred around a series of workshops designed to equip council staff and prospective complaints mechanism referees with appropriate technical and process skills (see Attachment 4 for details).

## **5.5 COAG Water Reforms**

Local Governments in Queensland are required to comply with clauses 3(a) and (b) of the 1994 COAG Water Resource Policy. Implementation of COAG water reforms by local Governments is outlined in Section 9.1.

## **5.6 Trade Practices Act Compliance**

In 1997 the State Government provided funding to the LGAQ to develop a manual on local government compliance with the *Trade Practices Act* (based on the State Government's compliance manual) and to conduct workshops on this matter. To date, Queensland Local Governments have not been the subject of any trade practices complaints.

## **5.7 Prices Oversight**

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As outlined in Queensland's previous reports, it is proposed that the State Government's regimes for prices oversight of government monopoly business activities will be extended to apply to local government SBAs that meet the relevant monopoly criteria. A discussion paper outlining the proposal was circulated in early 1999 and a number of seminar sessions have been undertaken to inform stakeholders on the issues. Supporting legislation is scheduled for 1999.

The proposed prices oversight regime will be administered by the QCA which performs a similar function in relation to State Government monopoly businesses. As with State Government monopolies, the QCA will not have the power to set prices, but will make recommendations to the owner council in relation to possible changes to any pricing practices the QCA finds are inappropriate.

## **5.8 Third Party Access**

The State-based third party access regime currently applies to local government owned infrastructure. There have been no applications for declaration of any local government owned infrastructure. The most likely candidates for declaration would be water and sewerage infrastructure. Local governments have recently been consulted on whether to make some amendments to the access regime to: (i) provide local government with a more formal role in the declaration process; (ii) provide for an access code for water infrastructure; and (iii) define local government infrastructure in a similar manner to State Government infrastructure.

Consultation on this proposal is also being undertaken in conjunction with that being carried out for prices oversight.

## **5.9 Local Government NCP Financial Incentive Package**

### **5.9.1 Framework for NCP Financial Incentive Package**

The NCP local government Financial Incentive Package provides for approximately one-fifth of the Queensland Government's competition payments from the Commonwealth to be earmarked for local governments who implement NCP reforms. The commitment is to share up to \$150 million (in 1994-95 prices) with local governments over the 5 year period commencing 1 July 1997.

The Financial Incentive Package is divided into three pools, and the distribution of funds across the pools shows the emphasis in the Package on rewarding outcomes:

- Training Pool - \$1 million to provide training and assistance to local governments;
- Review Pool - \$7.5 million to assist local governments with undertaking NCP-related reviews, particularly reviews of prospective competitive neutrality

reforms, of the costs and benefits of implementing aspects of the COAG urban water agenda and of anti-competitive local laws and policies; and

- Implementation Pool - \$141.5 million (or around 95% of the funds) to local governments implementing NCP reforms. Local governments will only receive their maximum funding if they implement the full array of reforms appropriate to their circumstances.

In order to determine each local government's potential maximum payment from the implementation pool, local governments were required to nominate, by 1 July 1998, which of their business activities that they were considering for reform (ie. in addition to those Type 1 and Type 2 businesses already identified for reform). This information, along with information provided on the size of each activity in terms of expenditure, was used to calculate the maximum allocation for each local government, and the proportion of each allocation assigned to individual businesses.

The response from local governments was considerably greater than expected with local governments nominating over 180 Type 3 business activities and over 280 other business activities as under consideration for reform over the next four years (see Tables 2.1 and 2.2 in Attachments 5 and 6 for those local governments that have resolved to or have commenced implementing reforms in 1998 from among these 460 nominations). A number of smaller local governments (approximately 23) have not nominated any activities for reform, either because all their activities are too small or because they have decided not to participate in the reform process. Some of these may review their involvement when they become aware of the payments potentially available.

The allocation of funds and the criteria to be used by the QCA in assessing progress as the basis for its annual funding recommendations to the Government are encapsulated in the *Local Government NCP Financial Incentive Package Implementation Pool Guidelines*. The Guidelines provide for the Implementation Pool to be sub-divided into three sub-pools:

- a competitive neutrality sub-pool (85% or \$120.3 million) to cover reforms such as corporatisation, commercialisation, full cost pricing or the Code of Competitive Conduct. This includes a small "bonus" payment for local governments which elect to reform all of their eligible business activities as well as a "reserve" component" for local governments which subsequently elect (but within the 5 year period) to reform activities not nominated initially as under consideration for reform (ie. where local governments change their mind);
- a COAG water reform sub-pool (10% or \$14.1 million) to cover reforms such as the introduction of user-pays water tariff reforms and the identification and disclosure of subsidies, cross-subsidies and community service obligations in the delivery of water services; and

- a flagfall sub-pool (5% or \$7.1 million) under which a fixed amount of \$56,600 (to be adjusted for inflation) has been allocated to each local government to cover miscellaneous reforms such as reforming local laws and assisting local governments in making changes to financial and reporting and tendering arrangements.

### 5.9.2 Role of the QCA

The QCA is the body responsible for recommendations to the Queensland Government on payments to councils from the implementation pool. The QCA is required to conduct a rigorous annual assessment of local government progress with NCP reforms in accordance with the requirements in the *Local Government NCP Financial Incentive Package Implementation Pool Guidelines*. The Guidelines set out the criteria and the acceptable level of performance to be achieved in order to access payment.

The QCA produces a report in November of each year (commencing in 1998) covering progress up to 31 July in that year, that contains recommendations on the share of each local governments allocation to be paid in that year. The initial report also took account of payments made to local governments prior to the QCA formally commencing its role.

The QCA assessment is based on three elements:

- structural change – councils are required to provide evidence of organisational change or establishment of a separate entity;
- reform implementation – councils are required to provide evidence of satisfactory implementation of reforms; and
- outcomes – review of ongoing performance indicating that the desired outcomes are being achieved.

This approach provides for a significant initial payment for introducing those structural changes necessary for reform application, while recognising that implementation of reforms and ongoing compliance can only be demonstrated over a longer period.

The QCA recommended payment of \$26.5 million from the \$32.6 million available this year, with the balance of \$6.1 million to be carried forward into the next assessment period (1 August 1998 to 31 July 1999). These withheld payments relate mainly to council business activities which, due to timing constraints, were not subject to detailed review for the purpose of the 1998 assessments. The QCA recommended the distribution of payments as follows:

- Brisbane City Council - \$10.7 million;

- 11 local governments with Type 1 or 2 business activities which have undertaken the required structural changes and implemented the benchmark level of reform (ie. commercialisation) - from \$420,000 to \$2.7 million;
- local governments with Type 1 or 2 business activities who have implemented full cost pricing - from \$160,000 to \$540,000;
- 34 local governments with smaller scale business activities, being a proportion of flagfall payments plus recognition of some reform implementation - from \$32,000 to \$200,000;
- 43 local governments with smaller scale business activities, being a proportion of flagfall only in recognition that the local governments had begun serious consideration of a number of NCP issues - \$31,600; and
- 8 local governments who have made minor progress on general NCP issues - from \$1,100 to \$16,000.

The State Government has accepted the recommendations of the QCA report.

### **5.9.3 Expenditure from the Financial Incentive Package**

Payments to local governments from the Financial Incentive Package to the end of December 1998 are:

- Training pool - \$842,400 expended on or committed to training projects. It is expected to exhaust this pool by the end of 1999;
- Review pool - \$5,530,500 expended. The highest payments have been made to the 17 local governments with Type 1 or 2 business activities with the greatest responsibilities to conduct reviews, but all local governments have received payments from this pool. In early and mid 1999, further payments will be made to local governments who have implemented two-part tariffs and completed their local law reviews, which will exhaust this pool;
- Implementation Pool - \$5,900,000 has been expended on payments to the 17 local governments with Type 1 or 2 business activities in 1998. This was in recognition that they were required to implement earlier and higher level competitive neutrality and COAG water reforms for their “significant business activities” and consequently incurred earlier and greater implementation costs than other local governments. These payments were made prior to the QCA formally commencing its role in respect of the Implementation Pool (as discussed above). Payment of a further \$26.5 million has been made in 1999 in accordance with the recommendations made in the QCA’s report on progress to 31 July 1998.

Attachment 10 indicates the payments made to local governments to the end of 1998 (from both the Review Pool and Implementation Pool) as well as the future allocations from each pool.

### **5.10 Conclusion**

The first substantive implementation of NCP reforms for local government began in 1998. The previously successful approach of partnership with local government on NCP reform implementation has continued, aided by further training and assistance initiatives and through encouraging reform via the Financial Incentive Package.

The primary focus has remained with the 17 local governments with Type 1 and 2 business activities. All 17 have applied competitive neutrality reforms - most have commercialised their business activities - and some have indicated a willingness to consider corporatisation once the income tax barrier to that reform is removed.

Natural growth in business activities means that smaller business activities are meeting the threshold used to distinguish new Type 2 business activities. These activities are then subject to assessment for competitive neutrality reform.

There has also been a widespread pick up of competitive neutrality reforms across middle and small range local governments.

Similarly, there has been significant progress in implementing COAG water reforms by the 17 largest local governments, and a number of smaller local governments are also considering consumption based pricing for their smaller scale water services.

Local governments are also progressing with the review of their local laws for anti-competitive provisions.

The continuation of NCP training initiatives and, in particular, the Financial Incentive Package have been important factors in encouraging councils to implement the most significant reforms as identified in last year's annual report to the NCC. The distribution of significant sums to almost all local governments – based on achievements in 1997-98 – in early 1999 will be a significant inducement to further reform.

The independence of the QCA, and the rigour of its assessments of local government progress, has also been critical to the impact of the Financial Incentive Package.

The challenge for 1999 and future years will be to maintain the momentum of reform and to convert the structural and other changes into positive community outcomes. This will require continuing State Government support for those larger local governments with large scale business activities, and to encourage such local governments to embark on higher levels of reform where this is appropriate to local circumstances. In all cases, however, the final decisions to reform will rest with the councils themselves, and their decisions to reform will

need to be based on appropriate assessments of the costs and benefits to their community/stakeholders of implementing the reforms.

In addition, it is critical to continue to provide training and support for smaller local governments. Attention will also need to be directed in the coming year to overcoming any backlogs in implementing reform that occurred because of the impact of short reform timetables on resource availability, including complaint processes and finalising reviews of local laws for anti-competitive provisions. Nonetheless, continuing emphasis will need to be placed on the competitive neutrality reforms nominated by the larger councils, as this is where the potential overall community benefits are greatest.

## PART 2

### THE CONDUCT CODE AGREEMENT

#### 6. COMPLIANCE

Pursuant to clause 2(1) of the *Conduct Code Agreement*, the Queensland Government advised the Australian Competition and Consumer Commission (ACCC) on 17 October 1996 of the making of the *Competition Policy Reform (Queensland – Exemptions) Regulation 1996*.

The regulation established a temporary authorisation for practices surrounding the sale of forest products under the native forest sawlog allocation system and the transfer of water allocations. The regulation expired on 27 September 1998. A further temporary authorisation which sunsets on 15 November 1999 was established via an amendment to the *Forestry Act 1959* in respect of the practices surrounding the sale of forest products under the native forest sawlog allocation system.

Further, the Queensland Government advised the ACCC on 31 July 1998 that the following regulations were made under section 39 of the *Competition Policy Reform (Queensland) Act 1996*:

- *Competition Policy Reform (Queensland – Dairy Industry Exemptions) Regulation 1998*
- *Competition Policy Reform (Queensland – Chicken Meat Industry Exemptions) Regulation 1998*
- *Competition Policy Reform (Queensland – Sugar Industry Exemptions) Regulation 1998*

These regulations established temporary authorisations for certain practices undertaken under the *Dairy Industry Act 1993*, the *Chicken Meat Industry Committee Act 1976* and the *Sugar Industry Act 1991*.

At the time of the making of the regulations, the conduct which was the subject of the temporary authorisations either had been, or was being, examined as part of the NCP reviews of relevant legislation. The need for any long-term authorisation of activity was to be addressed in the context of competition policy reform. The regulations essentially preserved the status quo until the outcomes of the reviews were implemented. Any continuation of these authorisations will comply with clause 5(5) of the *Competition Principles Agreement*.

Pursuant to clause 2(3) of the *Conduct Code Agreement*, the Queensland Government advised the Australian Competition and Consumer Commission (ACCC) of the result of an extensive review of Queensland legislation on 10 July 1998. The review determined that few provisions constituted exceptions under section 51 of the *Trade Practices Act 1974* (TPA), due to the specificity requirements of that section of the Act.

The Queensland Government advised the ACCC that a number of areas of doubt were identified and specific temporary exemptions made in accordance with section 51 of the TPA.



## **PART 3**

### **AGREEMENT TO IMPLEMENT THE NATIONAL COMPETITION POLICY AND RELATED REFORMS**

#### **INFRASTRUCTURE REFORM**

##### **7. ELECTRICITY**

###### **7.1 Overview**

Queensland electricity reforms were the subject of lengthy discussion in Queensland's first and second annual reports to the NCC.

A number of significant electricity reforms were delivered in 1998/99, including:

- Further industry restructuring to achieve good corporate governance and long term sustainability, primarily in the case of Government Owned Corporations.
- The successful implementation of the second stage of retail competition (for customers using greater than 4GWh per year).
- The commencement of the National Electricity Market (NEM) on 13 December 1998, which replaced the Queensland interim wholesale market established in January 1998. Queensland will continue to operate as a separate region in the National Market prior to the interconnection with New South Wales in late 2000.

In February 1999, the Queensland Government announced the following changes to the industry structure:

- The engineering corporation, AUSTA Energy to be wound up, with staff to be transferred to the government owned generation corporations, the Department of Mines and Energy and possibly other electricity corporations;
- The establishment of an Electricity Monitoring Unit to address concerns about maintenance practices within the industry;
- All 6 regional distributors to be amalgamated into a single corporation which will adopt the Ergon name, with Ergon Retail as subsidiary; and
- Regional electricity councils to be formed across the State to provide direct community input to their distribution corporations.

Work is continuing on the implementation of the remaining tranches of contestability (tranche 3 in July 1999 and tranche 4 in January 2001), development of standard customer contracts, retailer of last resort, and a number of other on-going economic, administrative and technical issues.

While Queensland is participating in the competitive national market, the Government is also committed to maintaining electricity tariff equalisation to ensure that the State's regional areas are not disadvantaged as the electricity market becomes contestable. Therefore, the Queensland Government will apply a public benefit test to the proposed introduction of competition in the supply of electricity to domestic and small business consumers, to ensure that price and service standards are protected. These initiatives will address the major issues in the Queensland electricity industry and provide for the long-term growth of the industry and the community.

Queensland's performance against specific reform commitments is the following:

## **7.2 Interconnection with NSW**

The Queensland Government has made a commitment to fast track the completion of the interconnection. The original completion date for the interconnector was October 2001. Powerlink and TransGrid are presently jointly pursuing an accelerated program targeting January 2001 for completion. This is an aggressive schedule with virtually no float for unforeseen events. The critical path in the program is the environmental impact studies, easement acquisition and transmission line construction.

Queensland is currently a participant in the NEM in advance of the interconnection. The National Electricity Code is applied to market operations in Queensland and the NEM systems are fully operational.

## **7.3 Structural Separation of Generation and Transmission**

No change.

## **7.4 Ringfencing Retail and Wires in the Distribution Sector**

Company separation exists between the distribution and retail sectors.

Six separate regional distributors currently own Ergon Energy (the northern retailer). With the Government's announcement of the restructure of the Queensland electricity industry, these 6 regional distributors will be amalgamated into a single corporation adopting the Ergon name, with Ergon Retail as a subsidiary. Regional electricity councils are to be formed across the State to provide direct community input to their distribution corporations.

This restructure of the distribution corporations simplifies the governance arrangements and allows the State's regional electricity sector to be able to conduct business more effectively. The new structure will reduce the number of reporting lines to shareholding Ministers, allow a more coordinated approach to regional development of the distribution sector, and provide a more workable arrangement for the ownership and business development of the retailing corporation.

## **8. GAS**

### **8.1 Overview**

The Natural Gas Pipeline Access Agreement was signed by all jurisdictions on 7 November 1997. This Agreement committed Queensland to enacting legislation to apply the *Gas Pipelines Access Law* by the end of June 1998. The *Gas Pipelines Access Law* will make the obligations placed on pipeline operators and users by the Code legally binding.

Under the Agreement, South Australia was made the lead legislator for the *Gas Pipelines Access Law*. The South Australian legislation was enacted in December 1997. The *Gas Pipelines Access Law* comprises Schedule 1 to the South Australian Act, and the National Third Party Access Code for Natural Gas Pipeline Systems (the Code) which is set out in Schedule 2 to the South Australian Act.

Progress on specific Code agreements is outlined below.

### **8.2 Removal of all remaining legislative and regulatory barriers to free trade across jurisdictions**

As a further part of Queensland's compliance with the national competition policy reforms and in accordance with issues raised in the Upstream Implementation Working Group (UIWG), the Government is undertaking a review of the *Petroleum Act 1923* and the *Gas Act 1965*. The review will allow the updating of the legislation to ensure that it is consistent with the UIWG recommendations in regard to the following two key upstream gas issues.

The UIWG report identified the efficient, transparent and contestable-system of allocating exploration permits and managing perspective acreage as one of the keys to increasing upstream competition. Proposed changes to the Petroleum and Gas Acts are consistent with these recommendations particularly in regard to supporting transparency of the process and the award of acreage on an open and competitive basis.

Secondly, the UIWG is developing a national approach to third party access to upstream facilities. The proposed changes to the Petroleum and Gas Acts provides for a level of flexibility that should enable the incorporation of any such national approach if considered appropriate. For example, the proposed legislation will provide for a regulation to be made extending the scope of the provisions to upstream facilities.

Queensland is well advanced with its review, and a discussion paper on the review has been released for public comment. Submissions and comment on the discussion paper close on 1 April 1999.

### **8.3 Uniform national framework for third-party access to all gas transmission pipelines**

See below.

### **8.4 Principles for free and fair trade in gas embodied in legislation**

On 7 November 1997, Queensland signed the Natural Gas Pipelines Access Agreement, which commits the State to enacting legislation to apply the national *Gas Pipelines Access Law*. The legislation will make the obligations placed on pipeline operators and users by the National Gas Access Code ('the Code'), legally binding.

The Gas Pipelines Access (Qld) Bill was introduced into Parliament on 21 April 1998. It was passed on 13 May and assented to on 18 May. The commencement of the legislation has yet to occur, and will be fixed by proclamation.

This legislation will:

- apply the *Gas Pipelines Access Law* in Queensland;
- provide for derogations from the *Gas Pipelines Access Law* for certain Queensland pipelines;
- provide transitional arrangements before the full application of the *Gas Pipelines Access Law* in Queensland; and
- establish the Queensland Gas Appeals Tribunal.

The derogations aim to protect existing pipeline tariffs and other access conditions, which were established in accordance with the access regime under the Queensland *Petroleum Act 1923*, prior to the development of the *Gas Pipelines Access Law*. These derogations effectively deem the existing tariff arrangements as the reference tariffs under the Code.

The legislation also implements a threshold reduction strategy, which provides for the introduction of contestability into the Queensland gas distribution market. The threshold reduction strategy provides for customers who consume greater than 100 TJ to become contestable on 1 January 2000 and all remaining customers on 1 September 2001.

Since the assent was given to the *Gas Pipelines Access (Qld) Act*, it has come to the attention of industry and Departmental officers that some minor 'administrative' amendments need to be made to the legislation prior to its proclamation.

Furthermore, the Government believes that Queensland's derogations from the Code form an integral part of the legislation, and the proposed access regime. Therefore, the Government considers that it is appropriate to await the outcome of the NCC review of the Queensland derogations, before setting a final date for the commencement of the legislation.

It is envisaged that the NCC review of the Queensland derogations will be completed by mid-1999.

### **8.5 Adoption of AS2885**

Jurisdictions agreed to adopt AS2885 to achieve uniform national pipeline construction standards by the end of 1994 or earlier.

### **8.6 Open ended exclusive franchises**

The CoAG noted that open-ended franchises are inconsistent with the principles of open access. As such, no new open ended exclusive franchises have been approved in Queensland. Approvals to develop new distribution franchises have been granted on the understanding that they will be subject to full open access provisions upon the introduction of the national gas access regime.

The Queensland Government has adopted a Threshold Reduction Strategy (TRS) whereby those large customers which consume greater than 100Tera Joules per annum will gain access to competitive supply in January 2000 with all remaining customers gaining access to competitive supply in September 2001. The TRS is generally consistent with those adopted by other participating jurisdictions. It should be noted that 75% of tradeable gas volume in Queensland is already contestable.

### **8.7 Gas utilities to be placed on a commercial footing**

In 1998, Energex made a successful takeover bid for Allgas. The Energex bid was motivated by the perceived need to strengthen the company's position in the highly competitive energy trading sector.

Energex is a Government owned electricity corporation established under the electricity industry reforms in 1998. The Queensland Government has strong policies in regard to commercial performance of Government owned corporations and competitive neutrality. Energex is free to pursue its day-to-day business but is required to report to Shareholding Ministers on matters set out in its Statement of Corporate Intent.

### **8.8 Ringfencing distribution and transmission**

Jurisdictions 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. Heads of

government noted that Victoria's ability to commit to this timetable is contingent upon satisfactory and timely resolution of the petroleum resource rent tax issue.

There are no publicly-owned transmission and distribution services in Queensland that are vertically integrated. Currently, in Queensland there are three main transmission pipelines and two main natural gas distributors which are privately owned. Major gas industry participants are aware that transmission and distribution assets will need to conform with the ring-fencing provisions of the national access code.

## **9. WATER – COAG WATER REFORMS**

1999 is the first year that COAG water reform has formed a formal part of the tranche assessments by the NCC. Accordingly, a brief summary of the water industry is provided.

The occurrence of natural water resources in Queensland is varied and often erratic. Some coastal regions, and in particular, northern Queensland are characterised by regular, tropical rains, while western regions often experience long drought periods followed by large flood events. Water planning, allocation and infrastructure provision in Queensland is a function of these climatic and hydrological conditions.

Water supply in Queensland is provided by a diverse range of entities including the State Government, over 120 local governments, 4 urban water boards (Government statutory authorities), 2 joint local governments as well as 55 smaller rural water and drainage boards. There is also a small, but increasing, number of private sector providers operating in the industry, including a proposal for the first major private sector dam development on the Dawson River.

The Queensland Government approach to the implementation of the COAG water reforms reflects both the characteristics of the natural resource and the wide variety of participants within the industry. The approach also reflects that, historically, water infrastructure has been provided to meet a range of Government objectives (eg. regional development, industry assistance etc) and has not been provided with a purely commercial or environmental focus. Water reforms in Queensland are intended to maximise the benefits from existing infrastructure, while ensuring that, in future, water resource use and development occurs in an environmentally and ecologically sustainable manner.

The Queensland Government is encouraging greater private sector involvement in the Queensland water industry. In this respect, new regulatory arrangements are currently being developed to ensure that all water services providers, public or private, are treated in a similar manner.

In 1998, recognising the importance of the water industry in Queensland and the role that an efficient water industry plays in the State, the Queensland Government established a special purpose reform unit to coordinate and accelerate the implementation of the COAG Water Reform agenda from a whole-of-government perspective.

### Queensland Water Reform Unit

The Water Reform Unit is responsible for:

- Development and implementation of a new framework for water allocations and trading, including a comprehensive system for providing water for the environment.
- Implementation of new arrangements for rural water pricing.
- Institutional reform of State Water Projects and the urban water boards.
- Development of a new legislative framework to facilitate reform of the water industry and to accommodate private sector involvement.
- Public consultation regarding elements of the water reform agenda.

## 9.1 Water Pricing - Local Government

Domestic water supply in Queensland is provided by local governments which supply water to in excess of 3 million people, as well as commercial and industrial customers. The asset base for local government water supply and sewerage is in excess of \$15 billion. Local governments vary in size from the Brisbane City Council, which is the largest local government body in Australia, to councils with extremely small populations dispersed over vast areas of Queensland's western regions.

Queensland's response to water reform through local governments recognises the autonomy of local government as well as the wide disparity in the size and functions of local government water services. In this context, there has been substantial progress in the implementation of COAG reforms to local government water service provision activities.

In particular, the local government water reforms to date have concentrated on the "big 17" local government water service businesses; namely Brisbane, Caboolture, Cairns, Caloundra, Gold Coast, Hervey Bay, Ipswich, Logan, Maroochydore, Mackay, Noosa, Pine Rivers, Redlands, Rockhampton, Thuringowa, Toowoomba, Townsville. Collectively, revenue from the big 17 local governments' water supply and sewerage services equates to approximately 85% of total annual revenue from local government water activities.

However, water reforms are not confined to these local governments. The remaining local governments are being encouraged to implement water reforms formally through a Code of Competitive Conduct and through access to the Local Government NCP Financial Incentive Package. Specifically, some 76 of the smaller local governments have nominated water and sewerage as businesses to be considered for the application of competitive neutrality reforms, including application of full cost pricing, over the four years to 2003.

Several amendments to the *Local Government Act 1993* and the *Local Government Finance Standard 1994* have provided the legislative framework for the package of COAG water reforms and have given statutory force to the implementation of the COAG Water Resources Policy. This has been done in a way consistent with the application of the relevant competitive neutrality reforms to local government water and sewerage business activities.

These legislative amendments are to be complemented by a raft of proposed amendments to other Acts including:

- the *Queensland Competition Authority Act 1997* regarding economic regulation;
- the *Water Resources Act 1989* which will streamline common elements of water industry regulation including water allocation and resource management regulation, technical/operational regulation of the water industry to ensure public health and safety and customer protection.

The wide adoption of the COAG water reforms by the local governments is a further indication of the generally positive approach adopted towards NCP-related reforms by Queensland's largest local governments, especially when many of these reforms have been implemented at a time of considerable public disquiet towards NCP. Two-part tariffs, in particular, have been an issue of considerable contention in some communities. Many of these reforms by local governments are already yielding significant results including the Brisbane City Council which, following the introduction of water meters, achieved a 13% reduction in water usage across the City of Brisbane in 1997-98.

### 9.1.1 Full Cost Pricing

The 1994 COAG agreement requires that local government price water in accordance with the principle of full cost recovery with any community service obligations and cross-subsidies made transparent.

The implementation of full cost pricing arrangements for local government water businesses forms an integral part of the application of competitive neutrality. Further information regarding implementation of the broader competitive neutrality requirements by local governments is outlined in the local government section of this report. The *Local Government Act 1993* requires those local governments with Type 1 and Type 2 water and sewerage services<sup>6</sup> to consider the application of full cost pricing. The elements of full cost pricing as defined by the *Local Government Finance Standard 1994* align with the ARMCANZ Water Pricing Upper Bound, ie. prices cover operational, maintenance and administration costs, externalities, taxes or TERs, provision of asset consumption and cost of capital, the latter being calculated by WACC.

On 1 July 1998, 11 of the 17 large local governments implemented commercialisation (which incorporates full cost pricing), with the six remaining local governments implementing full cost pricing.

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<sup>6</sup> Type 1 activities defined as those businesses with an annual revenue in excess of \$10 million per annum, Type 2 activities have an annual revenue in excess of \$7.5 million per annum. Businesses caught by this threshold are reviewed annually. For example, during 1998-99 Bundaberg City Council water and sewerage activities will be required to consider application of the COAG water reforms.



### **Local Government Finance Standards 1994 and Full Cost Pricing**

**Full cost pricing** - councils must ensure that the projected total revenue from carrying on the activity is enough to cover the projected total costs of carrying on the activity for the council's financial year. This means that all relevant costs must be appropriately identified and prices set in a manner that covers all of these costs.

**Asset valuation** - non-current assets must be valued at deprival value by 30 June 1999.

**Rates of return** - a return on capital comparable to a private sector entity carrying on a similar activity must be included in pricing however, for 1998-99, (to aid the transition) councils can choose their own rate of return.

**Debt** - local governments must have regard to the split between equity and loan capital and the return appropriate on each. This includes consideration of an appropriate debt neutrality fee.

**Taxation** - taxes that would be payable if the business was not carried on by a local government should be accounted for by an amount equivalent to the tax.

**Community service obligations (CSOs)** - CSOs should be explicitly identified by the owner governments, and funded in a transparent manner.

**Cross-subsidies** - from 1 July 2000, water businesses will be required to identify and publicly report cross-subsidies between classes of customer.

From 1998-99, annual reports prepared by these local governments will detail the performance of the water and sewerage activities of these local governments, including competitive neutrality adjustments, tax equivalents, dividends and debt neutrality fees. 1997-98 reflects a transitional period where financial information regarding pricing arrangements is not readily available. Accordingly, full financial information for all 17 local government water businesses will be reported in next year's Annual Report to the NCC.

From 1998-99, the Queensland Competition Authority (QCA) will assess the effectiveness of the big 17 local governments in implementing full cost pricing as part of the *Local Government NCP Financial Incentive Package*. Successful implementation of full cost pricing is a condition of local governments receiving their proportion of the Competition Payments.

#### **9.1.2 Cross-Subsidies and Community Service Obligations**

The *Local Government Act 1993* requires urban water service providers with Type 1 or 2 water and sewerage activities to disclose cross-subsidies and community service obligations.

*Guidelines for Identification and Measurement of Cross Subsidies* were issued by the Department of Natural Resources in September 1998. The *Local Government Finance Standard* makes these Guidelines mandatory in relation to disclosure of cross-subsidies between the consumer classes of domestic, commercial, industrial, another class or classes (for example, where local government use or a particular consumer is sufficiently significant to be identified separately), and "other consumers" (as a miscellaneous category).

By December 1998, each of the 17 local governments had approved and commenced to implement strategies for disclosure of cross-subsidies and community service obligation payments. Once again, due to the transitional nature of financial information available at this time, initial disclosure will occur in Local Government's annual reports for 1999/2000.

### 9.1.3 Two-Part Tariffs

The COAG Water Resource Policy requires the adoption by local government of charging arrangements made up of an access or connection component together with an additional component or components to reflect usage (ie. two-part tariffs) where this is cost effective.

The *Local Government Act 1993* required the big 17 local governments to undertake an economic/financial cost benefit assessment of the effectiveness of introducing two-part tariffs for water supply by 31 December 1998.

*Guidelines for Evaluation of Introduction and Improving Two Part Tariffs* (1997) issued by DNR outlined the methodology for conducting the public benefit assessment and a recommended approach for structuring two-part tariff arrangements.

At 31 December 1998, 12 of the 17 big local governments had completed the required assessment. The 5 remaining local governments obtained Ministerial approval for extensions of time to complete the assessment and make decisions by 31 March 1999. Separate advice will be provided to the NCC once the outcome of these decisions is known. Of the 12 local governments:-

- 10 resolved to adopt a two-part tariff as the basis of utility charges for the supply of water.
- Gold Coast City Council resolved to adopt a managed transition to a two-part tariff over three years. Gold Coast has an extremely high proportion of multi-dwelling accommodation (33%) amongst its domestic properties rating base relative to other areas and a direct shift from the existing fixed charge allocation/excess water charging regime to a two-part tariff model would mean substantial increases in water charges to owners of detached dwellings. Modelling indicates that implementation of the two-part tariff is likely to delay augmentation of the council's major storage, Hinze Dam, between 15 and 20 years beyond the date envisaged under the existing tariff structure.
- Rockhampton City Council, resolved not to adopt a two-part tariff at this stage. Less than 1% of Rockhampton's 20,000 residential water connections are metered and the cost of installing meters is estimated to be \$3M over five years. Net present value analysis over a twenty year period of the "with" and "without" cases under the range of feasible scenarios did not indicate significant benefits from adoption of two-part tariffs. The Council has advised it will conduct another two-part tariff assessment in June 2000. Rockhampton City Council is committed to a metering program for all commercial and industrial consumers, and increasing non-price demand management strategies.

Of the five local governments which requested an extension of time to complete their investigations:

- Brisbane City Council, the largest municipal authority in Australia, has applied a two-part tariff since 1996/97 and required an extension of time simply to permit comprehensive review and refinement of its two-part tariff structure.
- Townsville City Council and Thuringowa City Council have since resolved not to adopt a two-part tariff for the supply of water services to residential properties, although tariffs for commercial and residential properties are more closely aligned with consumption.
- Mackay City Council and Pine Rivers Shire Council have resolved not to apply a two-part tariff for domestic consumption, but commercial and industrial premises are charged by two-part tariff.

Details of the resolutions and the domestic water charges of significant business activities (Type 1 and Type 2 activities) is at Attachment 5. Aside from the two-part tariff requirement, all but two of these councils meet the consumption-based charging requirement under the Act and its subordinate legislation for residential application, but all commercial and industrial tariffs comply with the statutory requirements.

Overall, of the 121 councils that levy rates for water, available data indicates there would be only a few where water charges do not related to consumption in some respect. The majority apply a charge per unit, and most apply excess water charges. For example, a domestic dwelling could be charged for four units of consumption (a unit representing some volume of water), with a charge per kilolitre for excess consumption. By comparison, a hotel may be charged for twenty units, with excess water charges.

In Shires where dwellings are not metered, or where a water scheme or schemes are not metered, the charge is generally unit based with respect to the estimated consumption for a particular type of dwelling. It appears that, at most, a dozen local governments do not read meters and apply excess water charges. It may be that some of these have adopted or extended metering since the 1996 survey.

There has been significant uptake of two-part tariff structures in the last two years. On the best information available, two-part tariffs apply to at least 54% of the population of the State. With recent adoption by major local governments such as Logan, Cairns, and Ipswich Cities and Caboolture Shire, the actual figure is likely to be appreciably greater.

## **9.2 Water Pricing - Urban Water Boards**

South East Queensland Water Board (SEQWB), Townsville Thuringowa Water Supply Board (TTWSB), Gladstone Area Water Board (GAWB) and Mount Isa Water Board (MIWB) provide bulk water to the major urban and industrial regions in Queensland. In total, the urban

water boards supply 17 local governments, plus a number of industrial customers and power stations.

The primary emphasis of water reforms to the urban water boards has been driven through the application of competitive neutrality reforms. As outlined in the competitive neutrality section of this report, implementation of competitive neutrality reforms to the urban water boards, including the adoption of full cost pricing arrangements is to occur from 1 July 1999 onwards. The four urban water boards have a combined asset base of over \$700 million.

### 9.2.1 Full Cost Pricing

The COAG Water Resources Policy requires that these boards comply with the principle of full cost recovery and price on a volumetric basis, with any CSOs and cross-subsidies made transparent.

Consistent with the application of competitive neutrality reforms, each of the urban water boards will, in future, be required to price water to reflect the cost of tax equivalents, a return on assets commensurate with a comparable private sector entity, and debt neutrality fees. Boards will also be required to make any CSOs and cross-subsidies transparent.

The urban water boards have been traditionally operated with no ongoing financial assistance from the Queensland Government. The interim level of cost recovery for the urban water boards for the period 1997-98 is shown in the table below. All boards are covering the costs of operation and earning some return on assets.

	<b>Revenue (\$,000)</b>	<b>Expenditure<sup>1</sup> (\$,000)</b>	<b>EBIT (\$,000)</b>	<b>Assets<sup>1</sup> (\$,000)</b>	<b>ROA</b>
SEQWB	28,342	19,303	9,289	398,971	2.33%
TTSWB	16,748 <sup>1</sup>	9,681	7,067	145,674	4.85%
GAWB	12,853	9,849	3,649	165,421	2.21%
MIWB <sup>1</sup>	4,932	3,644 <sup>1</sup>	1,288	26,204	4.92%

Source: 1997-98 Annual Reports

### 9.2.2 Urban Water Boards and Volumetric Charging

All urban water boards currently charge for water on the basis of usage. Charging structures for the urban water boards are being examined as part of the implementation of competitive neutrality reforms.

## 9.3 Rural Water Supply and Irrigation Services

### 9.3.1 Rural Water Pricing

Under the COAG Water Resource Policy rural water prices are to comply with the principle of full cost recovery by 2001, with any subsidies made transparent.

Rural water infrastructure in Queensland has been provided under a range of policies including regional development, agricultural support, and soldier settlement. Traditionally when schemes were established, water prices were set to cover the operating and maintenance costs of running the schemes. However, over time, with both the effects of inflation and changing cost structures, prices have shifted away from bearing a resemblance to the cost of service provision. As a result, the level of cost recovery across State-owned irrigation schemes, and between sectors within schemes, varies significantly, with some schemes covering above cost recovery, but with others well below covering the costs necessary to ensure ongoing financial viability.

The Queensland Government is committed to ensuring that rural water prices are set at a level to ensure the ongoing financial viability of its irrigation schemes and has adopted the ARMCANZ Lower Bound as the target for rural water pricing. That is, prices as a minimum, should reflect operational, maintenance and administrative costs, externalities, taxes or TERs, dividends (if any) and make provision for future asset refurbishment/replacement.

During 1998, the Department of Natural Resources completed a comprehensive assessment of the cost recovery position of all rural water supply schemes. Based on 1996-97 costs and revenues, the average cost recovery across all rural schemes was 78% of the lower bound requirement<sup>7</sup>. The urban and industrial sectors of rural water schemes achieved averages of 107% and 108% of lower bound cost recovery requirements.

The Queensland Government has adopted a pragmatic approach to the implementation of the COAG pricing target. The policy approach is that water prices should be set at a level to achieve long term financial viability. The rate at which this target is achieved reflects an assessment of the level of cost recovery currently being achieved by individual schemes and a desire to encourage long term sustainable use of the resource without significant adverse economic and social impacts.

Specifically, a three tier approach to the implementation of the COAG water price target has been adopted:-

- *Category 1* – irrigation schemes that will achieve, or exceed ARMCANZ lower bound cost recovery by, or before 2001. Category 1 schemes cover 84% of the total nominal allocation in Queensland, including the Burdekin Irrigation Area where irrigation prices are already above the lower bound;
- *Category 2* – irrigation schemes that will achieve the ARMCANZ lower bound pricing target by 2004, with transitional subsidies made transparent. Category 2 schemes account for approximately 11% of Queensland's total nominal allocation; and
- *Category 3* – those schemes that will require transparent Government assistance over the longer term. Category 3 schemes reflect 5% of the total nominal allocation in Queensland.

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<sup>7</sup> Excluding resource management charges where cost data is as yet unavailable.

Strategies to increase the average level of cost recovery among schemes presently below the lower bound will be progressed during 1999. Also during 1999, the Water Reform Unit will develop a 5-year price path for all schemes starting from July 2000. Price path development will include economic impact studies to determine the economic and social impacts of the proposed price adjustments.

The Water Reform Unit will also undertake a benchmarking study for State Water Projects to ensure that prices reflect the costs of efficient water service delivery. The benchmarking study is understood to be one of the first to be undertaken in the rural water industry in Australia, and reflects the policy of the Queensland Government to ensure pricing reforms do not entrench inefficient cost structures.

Also during 1999, principles for determining and implementing the resource management cost component of the ARMCANZ lower bound will be considered.

### **9.3.2 Investment in New Water Infrastructure**

Under the COAG Water Resource Policy, jurisdictions agreed to development of new infrastructure occurring only where projects were economically viable and ecologically sustainable. The Queensland Government is committed to these principles.

All major water infrastructure development projects must be submitted to comprehensive assessment studies prior to being considered for development approval by Government. Impact assessment studies for new infrastructure projects (including environmental, cultural and social) must comply with the following Queensland and, where applicable, Commonwealth legislation:

- *State Development and Public Works Organisation Act 1971 (Qld);*
- *Environmental Protection (Impact of Proposals) Act 1974 (Comm);*
- *Environmental Protection Act 1994 (Qld);*
- *Integrated Planning Act 1997 (Qld);* and
- *Financial Management Standard 1997 (Qld).*

For projects expected to have only minor impacts and located in existing regulated streams, or where the Initial Advice Statement has adequately evaluated the key issues, the studies may proceed directly to the formulation of an Environmental Management Plan (EMP).

Impact Assessment Studies are carried out by suitably qualified experts, usually through the engagement of independent consultants. As part of this process Environmental Impact Statement (EIS) and draft Environmental Management Plan (EMP) are prepared and subject to public review before being considered by Government. An EMP sets out a strategy to ensure that adverse impacts are minimised and positive impacts maximised and ascribes responsibility for implementation of the elements.

Economic assessment studies are carried out in accordance with the Queensland Treasury *Project Evaluation Guidelines*. Projects only proceed where they are demonstrated to be economically viable.

The results of the comprehensive assessment studies are conveyed to the community through project reference groups, public meetings and the publication of project reports.

As part of the planning for new water resource developments, the Environmental Protection Agency (EPA) is implementing a five year program with the Department of Natural Resources and other government agencies to develop complementary conservation plans. The program includes the development of conservation priorities for affected Queensland waterways and assembling information to assist in defining the sustainability of future water resource developments.

A new feature of the infrastructure planning and development environment is the Water Allocation and Management Planning (WAMP) process to specify water flow requirements to preserve environmental values and to ensure that only water surplus to that required to maintain environmental values is allocated for consumptive use. The Queensland Government recognises the competing interests in the water industry and every effort is made to strike a balance between responsible environmental management and sustainable regional development and growth.

The NCC has previously expressed some concerns that the Queensland Government is, in some cases, proceeding with the development of new infrastructure prior to the completion of WAMPs. The Queensland Government supports ecologically sustainable development, therefore where a project is approved prior to the outcome of a WAMP study being finalised, allowances for environmental flows are built into the project to ensure that environmental values can be satisfied in the longer term.

A summary of new water infrastructure projects that have been completed, are currently being developed or which are under consideration is included as Attachment 9.

#### **Development of Nathan Dam by SUDAW**

In April 1998 the Queensland Government announced SUDAW as the preferred developer for the Nathan Dam on the Dawson River. SUDAW is currently completing detailed feasibility studies before a final decision to proceed with development is made.

The proposed development of the Nathan Dam is the first private sector development of a major storage in Queensland. Expressions of interest for the Nathan Dam were called on the basis of little or no financial contribution from the Queensland Government. Thus, should SUDAW proceed with the development of the Nathan Dam irrigation water is expected to be sold at fully commercial rates.

The Nathan Dam will be the first large dam built in the new resource management environment, and will be operated within the boundaries established by the Fitzroy Basin Water Allocation Management Plan.



### **9.3.3 Development Incentive Scheme**

In 1997 the Development Incentive Scheme (DIS) was introduced by the Queensland Government to encourage agricultural producers to invest in new water storage for irrigation where commercially and ecologically sustainable. The NCC has previously requested that information be provided regarding projects subsidised under this scheme.

The DIS is administered by the Queensland Rural Adjustment Authority (QRAA) and provides for the payment of a subsidy to landholders or occupiers of leasehold land of 22.5% (up to a maximum payment of \$150 000) of eligible costs of construction for new water storages for irrigation costing \$200 000 or more.

To qualify for subsidy, applicants must prepare an approved land and water management plan and submit a cash flow budget demonstrating the financial viability of the proposed development. QRAA subjects each proposal to an economic assessment based on a 20 year discounted cash flow analysis of both the current situation and proposed situation after development. To be eligible for subsidy, the proposed development must demonstrate an improvement to the existing farm situation, have a positive net present value and an improved internal rate of return.

To date, 16 applications have been approved to a total value of \$800,000.

## **9.4 Institutional Reform**

### **9.4.1 Separation of Functions**

The COAG principles require as far as possible, jurisdictions institutionally separate resource management, standard setting and regulatory enforcement from water service delivery where appropriate and by 1998.

DNR has primary responsibility for regulation and licencing of water use, industry policy, and strategic planning of water requirements/resource availability in Queensland. DNR's regulatory functions are separated into two divisions specifically, Resource Management (RM) and Regional Infrastructure Development (RID). (DNR also delivers rural water services through the ringfenced State Water Projects (see below)).

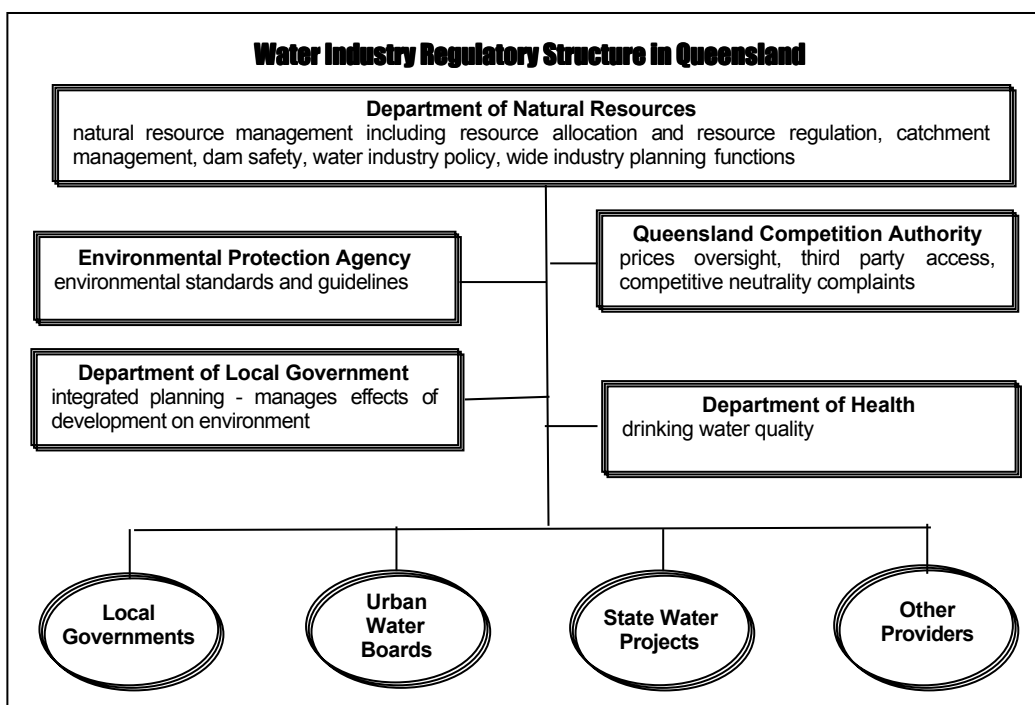
DNR (RM) is responsible for ensuring that the State's water, land and forest resources are used, developed and managed in an economically, culturally, socially and ecologically sustainable manner. Accordingly, DNR (RM) is responsible for definition of water entitlements, allocation of water resources between consumptive and non-consumptive uses across the State; defining environmental water requirements; and providing a framework to facilitate water trading. Water service providers in Queensland operate, now and into the future, within water allocations issued by RM. As part of the new regulatory environment being developed for Queensland, the resource management regulatory functions of RM will be strengthened and applied to all service providers regardless of ownership.

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DNR (RID) is responsible for infrastructure planning and management. DNR (RID) undertakes a role in identifying and developing plans to enhance the competitiveness of natural resource based industries and communities, undertakes regional water planning studies; and administers the State’s capital works program for new water infrastructure, including the development of approved water infrastructure projects. (RID may contract out these activities to SWP or the private sector through a competitive tender process). Under the proposed new regulatory arrangements, RID will also become the technical/operational regulator of the industry, ensuring that public health and safety and customer protection is guaranteed.

The Queensland Competition Authority (QCA) will, in future, undertake economic regulation of the industry, including prices oversight, third party access and competitive neutrality complaints. Independence of the QCA from Government will minimise the potential for Government to exercise a conflict of interest to the extent resource management, in particular, is separated from economic regulation.

The Environmental Protection Agency, Department of Local Government and Planning, Department of Health also provide regulatory oversight of the water industry. In this respect, a broad oversight of the regulatory framework for the water industry is provided in the diagram below.



**9.4.2 Review of the *Water Resources Act 1989***

The *Water Resources Act 1989* is the cornerstone of water industry regulatory framework in Queensland. The *Water Resources Act 1989* however predates the introduction of commercial reforms to the water industry and was developed at a time when the Queensland Government

and local Governments were the predominate providers of water services. Therefore, a major element of the water reform agenda for the Queensland Government is the overhaul of the *Water Resources Act 1989* to ensure that it complements the reform agenda and facilitates commercial operators within the industry, including private sector operators.

The proposed new *Water Resources Act* will:

- (i) provide a new water allocation and management planning framework that will balance the needs of the environment and water users, provide for both public and private sector development and operation of infrastructure and clearly specify tradeable water entitlements;
- (ii) provide a new regulatory framework for the provision of water services that applies to all water service providers and seeks to ensure the maintenance of a safe and reliable water supply and protect the interests of customers;
- (iii) provide a corporate governance framework for public sector water service providers that will apply consistent accountability mechanisms and governance operations across existing and future public sector water service providers; and
- (iv) provide a water supply planning and development framework that will support comprehensive assessments to achieve an efficient and sustainable water industry through cooperative information gathering, evaluation of current and future water demands and water supply strategies and the setting of guidelines for future management, allocation of water, future development and regulatory decision making.

It is proposed that the new *Water Resources Act* will be enacted by the end of 1999. A draft Bill, incorporating item (i) and (iv) above, is proposed for consultation prior to mid 1999.

#### **9.4.3 Commercialisation of State Water Projects (SWP)**

On 1 July 1997, SWP was established as a ringfenced commercialised business unit within DNR in accordance with *Commercialisation of Government Service Functions in Queensland*. As a commercialised entity, SWP is not a separate legal entity however, the Executive-Director, SWP is directly accountable to the Director-General of DNR and negotiates an annual Performance Contract with the Minister for Natural Resources and the Treasurer.

Since its commercialisation on 1 July 1997, SWP has:

- focused on increasing accountability within the organisation to improve the efficient operation of the organisation, including the separation of the business into four clearly defined business groups and has significantly changed its corporate culture by introducing management systems and practices which have improved the commercial focus;

- increased its emphasis on customer standards of service and has actively sought new investment opportunities;
- raised additional revenue from sale of water allocations in the Mareeba-Dimbulah Irrigation Area as a result of efficiency improvements; and
- entered into a number of facility management contracts with external organisations.

Further refinement of the commercial environment in which SWP is operated is will be considered through 1999.

#### **9.4.4 Local Management**

The COAG Water Resource Policy recommended that constituents be given a greater degree of responsibility in the management of irrigation areas, for example, through operational responsibility being developed to local bodies, subject to appropriate regulatory arrangements being established.

Scheme Advisory Committees have been present in SWP's Irrigation Areas and Projects for a number of years, with 28 Advisory Committees in total. Advisory Committees are constituted under the *Water Resources Act 1989*, and comprise a SWP representative and elected irrigator-customers. Advisory Committees provide scheme users with a vehicle to provide input to scheme managers and have been also used to review wider water policy issues. At the management level, Advisory Committees provide a forum for irrigators to suggest improvements in scheme operations and water supply priorities, and to make recommendations in relation to announced allocations. The Committees provide the opportunity for community advice to be provided to the Director-General of DNR.

During 1998, DNR also established Interim Local Management Committees (ILMCs) in most of the larger Irrigation Areas and Projects. The ILMCs comprised representatives from all user groups in rural water supply schemes, including local governments, irrigators and mining and other industry representatives. ILMCs have a broader role than Advisory Committees, covering a number of water reform-related issues, including water pricing, local management and transferable water entitlements.

Options for local management will be developed with ILMCs through 1999 and as part of the wider industry reform framework, with formal consideration of local management arrangements to occur in early 2000.

#### **9.4.5 Benchmarking and Performance Monitoring**

Under the COAG Agreement, jurisdictions agreed that ARMCANZ, in conjunction with the Steering Committee on National Performance Monitoring of Government Trading Enterprises, further develop its comparisons of inter-agency performance, with service providers seeking to achieve international best practice.

Queensland has 22 participants in the WSAA performance monitoring and benchmarking of Non-Major Urban Water Service providers. Two rural water boards and eight of State Water Projects' Irrigation Schemes are participants in WSAA benchmarking for Rural Water Service Providers.

## **9.5 Allocation and Trading**

In excess of 159,000 million ML of water flows through Queensland each year. Of this, approximately 130,000 million ML drains into the Gulf of Carpentaria. Total consumptive water use is approximately 3 million ML per year.

The Queensland Government approach to water allocation and trading reflects that in much of Queensland water supply is considerably in excess of water demand. In this respect, Queensland differs from some of the southern States where alleviating the pressure on “stressed rivers” is a major driver for the definition of water allocations and trading.

The new allocation and management framework is, therefore, being applied in Queensland on a priority basis. Prioritisation of catchments across Queensland is based on those areas where new developments are planned, and where the availability of water for consumptive use has been assessed as approaching the supply constraint. This approach will apply the new framework so as to capture most of the water demand within the State. However, in a geographical sense, much of Queensland is unlikely to be covered by the new water allocations system in the future given the nature of water resource occurrence and the relatively low level of demand for water access in these areas.

### **9.5.1 Water Allocations and Management Planning (WAMPs)**

Under the COAG Water Resource Policy jurisdictions agreed to implement a comprehensive system of water entitlements backed by separation of water property rights from land title and clear specification of entitlements in terms of ownership, volume, reliability, transferability and, to give priority to water allocations for the environment.

The Queensland Government is currently introducing a comprehensive system of defining and allocating water resources within the State through the development and approval of Water Allocation and Management Plans (WAMP) catchment or basin.

The development of WAMPs is considered to be at the frontier of water management across Australia and is a detailed and rigorous process, based on detailed hydrological and environmental analyses and best available social and economic data. A WAMP is therefore designed to provide the framework for clearly establishing environmental flows, water allocations, and the resource management conditions under which trading of water allocations can occur. In this regard, WAMPs:-

- describe the total water resources within each basin or catchment;
- define all existing entitlements within each basin or catchment;

- clearly define environmental water provisions, with a key objective to maintain and, where possible improve instream ecosystems;
- reserve priority future water requirements;
- define water resources available (if any) for further allocation; and
- describe the rules for the further allocation of entitlements and management of instream flows or aquifers throughout the basin or catchment.

The WAMP process emphasises community involvement through the establishment of community reference panels. The panels are drawn from a broad range of interest groups including industry and commerce groups, conservation groups, Indigenous Australians, fishing and tourism groups, recreational groups, local government and community groups. Diverse representation on the community reference panels as far as possible assists in striking the balance between water that can be withdrawn for stock, urban, domestic, industrial or irrigation purposes and water that should be left to maintain the health of the water basin in accordance with the principle of ecologically sustainable development.

In small catchments, Water Management Plans (WMPs) are being implemented. WMPs are less comprehensive than the full WAMP, and are used as the basis for considering licence applications predominantly for groundwater, although surface water is also covered. The WMP describes the total water available, existing water allocations, provision of water for ecosystems, future water needs, water flows and underground water levels.

WAMPs or WMPs are currently being undertaken for all Queensland sections of the Murray-Darling Basin. A WAMP is being jointly developed by Queensland and New South Wales (NSW) for the Border Rivers, and a WAMP for the Condamine-Balonne is also progressing. WMPs are currently being developed for the Warego, Paroo and Moonee Rivers. NSW is represented on the reference panels of all WMPs and WAMPs in the Murray-Darling Basin, and with WAMPs and WMPs subject to scrutiny from the MDBC Independent Audit Group.

<b>WAMP/WMP Timetable</b>		
	<b>1999/00</b>	<b>2000/01</b>
<b>Submit Final WAMP</b>	Fitzroy Condamine-Balonne	Border Rivers Barron Logan
<b>Release Draft WAMP</b>	Condamine-Balonne Border Rivers Barron Logan	Burnett Pioneer Burdekin Mary Pioneer Groundwater Burdekin Groundwater

<b>Development of WAMP</b>	Burnett Pioneer Burdekin Mary Brisbane Bundaberg Groundwater Pioneer Groundwater Burdekin Groundwater	Brisbane Bundaberg Groundwater
<b>Submit Final WMP</b>	Cooper Warrego/Paroo/Nebine/Bulloo Moonie Calliope/Boyne	Mitchell Atherton Groundwater Basalts
<b>Release Draft WMP</b>	Mitchell Atherton Basalts Groundwater	Herbert Georgia/Diamintine Flinders

### 9.5.2 Water Allocations

In December 1998, the Queensland Government released the paper *Improving the Water Allocation and Management System in Queensland* for consultation. The paper outlines the framework for the application of a new system of water allocations and trading in Queensland. The key principles of the proposed new system are outlined below.

*Improving the Water Allocation and Management System in Queensland* also outlines the framework for a new system of resource management regulation across all water service providers in Queensland, regardless of ownership.

#### **New Water Allocation and Management System for Queensland**

The new water allocation and management system is to provide for ecologically sustainable development and will only be introduced following the completion of a WAMP.

The water allocation and management system will provide resource security for entitlement holders. No new entitlements will be issued in a manner inconsistent with a WAMP.

Water entitlements will be held separately from land.

Water entitlements will be fully tradeable, at the discretion of the entitlement holder and in accordance with transfer rules.

A water entitlement will bring with it responsibilities as well as benefits.

The State will reserve unallocated water for future uses.

The new system of water entitlements will apply to all water users regardless of sector.

The new system of water entitlements is to be administratively efficient.

All water entitlements and authorisations issued under the new system will be

Legislation to give effect to the new system of water allocation and management should be implemented in the second half of 1999, with the new arrangements implemented into Queensland catchments as WAMPs are completed.

### 9.5.3 Water Trading

The COAG Water Resource Policy requires that trading in water arrangements in water allocations or entitlements be instituted once entitlement arrangements have been settled.

Temporary transfer of water allocations within irrigation schemes has been possible in Queensland for approximately 10 years under Section 231 of the *Water Resources Act 1989*. Temporary transfers are available for a one year period, with no restriction on the number of consecutive periods that water may be transferred. The option to transfer water on a temporary basis has proved to be a useful tool in balancing annual fluctuations in water availability and demand.



*Improving the Water Allocation and Management System in Queensland* provides the draft framework for extending the system of water trading to cover permanent transfers within irrigation areas and for wider application to other sectors. Water entitlements will be fully transferable, subject to the transfer rules for the catchment. Transfer rules may cover:

- the resource management constraints on transferring water, including provision for a transfer “exchange rate” where a water entitlement is transferred between two geographically separate points in a catchment area;
- options for re-specification of a water entitlement ie. conversion of an entitlement from medium reliability to high reliability;
- social and economic consideration ie. subject to a public benefit test, transfer rules may limit the volume of water that can be traded away from a sector or region within a given period.

Interim permanent trading arrangements are being progressively implemented across the larger irrigation areas to allow the flexibility of full tradeability before the full legislative framework is in place. Interim permanent trading arrangements are currently being implemented for the Mareeba-Dimbulah Irrigation Area to facilitate structural adjustment from tobacco growing to higher-valued horticulture and sugar production. By the end of 1999, interim permanent trading arrangements should be in place for six of the State’s eight largest irrigation schemes.

## 9.6 Environment and Water Quality

### 9.6.1 Integrated Resource Management

Under the COAG Water Resource Policy, the Queensland Government agreed to the adoption of integrated catchment management, where not already in place, including consultation with local government and the wider community.

DNR is designated as lead agency for Landcare and Integrated Catchment Management, and utilises effective coordinating and consultative processes with agencies including the Environmental Protection Agency (see box).

In 1997, the Landcare and Catchment Management Council was formed to replace the Queensland Landcare Council and the Catchment Management Coordinating Committee. The Council provides strategic advice to the Minister on landcare, catchment management and the implementation of Natural Heritage Trust projects in Queensland. The Council includes representatives from landcare

#### **Environmental Protection Agency**

The newly created EPA has been established with a charter to protect Queensland's environment in accordance with the *Environmental Protection Act 1994*.

The objective of the *Environmental Protection Act 1994* is to protect Queensland's environment while allowing for development that improves the quality of life of all Queenslanders.

The EPA plays a proactive role in monitoring, regulating and reporting on impacts on environment with a dual focus on pollution prevention and control.

and catchment management groups, industry, State Government, local Government, Queensland Conservation Council, Greening Australia and the Great Barrier Reef Marine Park Authority.

In 1997-98 DNR supported 23 integrated catchment management committees. Fifteen action plans were implemented. The Natural Resource Management Strategy for the Queensland Murray-Darling Basin was endorsed, which is Queensland's first natural resource management strategy. Catchment strategies for the Maranoa-Balonne and Border Rivers catchments were also endorsed.

### 9.6.2 National Water Quality Management Strategy

The policies and principles of the National Water Quality Management Strategy (NWQMS) are incorporated into Queensland legislation. The *Environmental Protection (Water) Policy 1997* (the EPP (Water)), is subordinate legislation to the Queensland *Environmental Protection Act 1994*. The EPP (Water) in effect delivers the NWQMS. The EPP (Water) provides a decision pathway for setting and formalising environmental values and water quality objectives for a specific waterway in accordance with the NWQMS.

The implementation of the main elements of the NWQMS is outlined below:

Implementation of National Water Quality Management Strategy	
<i>Australian Water Quality Guidelines for Fresh and Marine Waters</i>	EPP (Water) adopts the national guideline for use in deciding environmental values of water, water quality objectives to protect the environmental values of water and protocols to be used in sampling, measurement, analysis and reporting.
<i>Australian Drinking Water Guidelines</i>	Guidelines incorporated into the Queensland <i>Guidelines for Planning and Design of Water Supply Schemes</i> as the basis of practice in Queensland. Drinking water standards are monitored by the Queensland Department of Health.
<i>Guidelines for Groundwater Protection in Australia</i>	The EPP (Water) requires the development and implementation of environmental plans about protecting ground waters. The national guideline identifies vulnerability mapping, aquifer classification systems and wellhead protection as critical issues. These must be considered under the EPP (Water).
<i>Guidelines for Sewerage Systems (Effluent Management, Trade Waste)</i>	Document " <i>Treatment and Management of Sewage</i> " has been published by DNR and Department of Local Government and Planning. The Queensland Government also produces guidelines for the design of sewerage schemes.  As part of the Standard Sewerage Laws a " <i>Code of Practice for On-site Sewerage Facilities</i> " sets out performance requirements and criteria for the management of on-site sewerage facilities with the aim of ensuring that effluent quality, operation and maintenance objectives are met and environmental values are not compromised.
Strategy for reusing sewage effluent and biosolids	In July 1997 the <i>Queensland Water Recycling Strategy</i> was introduced to maximise water recycling throughout the State. Work on the strategy is expected to assist in defining Government policy, legislative changes, monitoring and funding protocols; best practice guidelines; and developing education programs. The final strategy, to be completed over three years, will provide a framework to guide

development of recycling.
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## 9.7 Public Consultation and Education

Public consultation and education is a major element of the water reform agenda to ensure that all sections of the community have an awareness and understanding of the importance of the water reform process in ensuring a long term sustainable water industry.

### 9.7.1 Public Education

The Queensland Government, through DNR is a major sponsor of Waterwise. Waterwise aims to create an awareness of the true value of water across all parts of the community and encourages active involvement by all Queenslanders in conserving and managing water resources. A key objective of the Waterwise program is to assist water authorities and local Governments to save money and the environment by delaying the need for costly new water and wastewater infrastructure through the implementation of water conservation and demand management.

Waterwise has a comprehensive schools program, providing resources to primary and secondary school teachers and with the assistance of local government, sponsors speakers to travel to schools. In 1998, the Merrimac State High School was created as Australia's first Waterwise school. Through this initiative, water use and water bills at the Merrimac High School were reduced by 50% with an annual estimated cost saving of \$13,000, from an initial capital outlay of \$19,000. This program is now being marketed to other schools in Queensland and through schools in the rest of Australia.

### 9.7.2 Community Consultation

Community consultation on all water reform elements is actively encouraged. Specifically:

- Changes to rural water pricing arrangements have been discussed with water users since 1993 when *What Price Water?* was released for wide consultation. *Rural Water Pricing and Management 1996* was also widely discussed. A consultation strategy for the 1999 price increments is currently being devised and will focus on heightening awareness of revenue shortfalls, and other pricing issues, in all relevant irrigation schemes and projects.
- Community reference panels are actively involved in the development of WAMPs and the forum for community input into WAMP development.
- The draft policy *Improving the Water Allocation and Management System in Queensland* was circulated for consultation with key stakeholder groups and will form the basis for wider consultation through 1999.

## 10. NATIONAL ROAD TRANSPORT REFORM

### 10.1 Overview

The National Road Transport Law (NRTL), established in the Heads of Government agreement, has been broken down by the National Road Transport Commission (NRTC) into six modules of legislation and accompanying regulations. Due to its size, the Vehicle Operations module has been subdivided into several regulations.

The following table presents an overview of Queensland's progress in implementing these modules:

INITIAL REFORM MODULES	QUEENSLAND TIMETABLE
Heavy Vehicles Charges	Implemented (July 1995)
Dangerous Goods	Implemented (August 1998)
Vehicle Registration	In Progress (April 1999)
Driver Licensing	Partial Implementation (April 1996) Final Implementation (December 1999)
Vehicle Operations	Implemented (December 1995)
Mass and Loading (M&L)	Implemented (December 1995)
Restricted Access Vehicles (RAV)	Implemented (January 1999)
Oversize/Overmass (OSOM)	Implemented (January 1999)
Australian Road Rules	In Progress (December 1999)
Vehicle Standards	In Progress (July 1999)
Truck Driving Hours	Implemented (October 1998)
Bus Driving Hours	Implemented (October 1998)
Compliance and Enforcement	Not available.

In addition to these formal modules, the NRTC has twice developed additional reform packages. The First Heavy Vehicle Reform Package (First Ten Point Plan) identifies a number of components from the NRTL modules which were agreed to be priorities for accelerated implementation. Queensland has implemented all but one of the items under the First Ten Point Plan.

The outstanding item is the Interstate Transfer of Driver Licences. Queensland permits transfers with no testing. Whilst Queensland Transport supports free interstate conversions the proposition was rejected by Cabinet when submitted for consideration. This project is closely linked to the review of licensing fees and may be progressed with the Driver Licensing module. Queensland has not nominated an implementation date as a direction from Cabinet will be required.

The Second Heavy Vehicle Reform Package (Second Ten Point Plan) introduced additional policy reforms and was endorsed by the Ministerial Council for Road Transport in February 1997. Much of the Second Ten Point Plan is not yet available for implementation. Available

items have either been implemented or will be finalised in the first half of 1999.

## **10.2 Assessment Framework**

In December 1998, the Australian Transport Council (ATC) endorsed an "Assessment Framework for Road Transport Reforms" and agreed that it be forwarded for endorsement by COAG. The framework captures the initial reform modules plus all other reforms proposed by the NRTC which have been endorsed nationally.

It is intended that this framework will assist the National Competition Council in its assessment of each jurisdiction's performance. It sets out the criteria by which jurisdictions should be assessed for each reform item in terms of the policy or legislative outcomes desired. In general, the adoption of template legislation has been rejected in favour of jurisdictions demonstrating their good faith towards the reform process by introducing whatever policy or legislation is required to produce these outcomes, which will create a nationally consistent operating environment for the road transport industry.

The framework also notes the target dates for each module. These dates are not definitive deadlines but are indicative of the implementation targets being pursued by each State/Territory.

## **10.3 Reform Progress**

### **10.3.1 Prior Achievements**

Queensland established the Transport Operations (Road Use Management) Act in 1995 to provide the framework and administrative structures for implementation of the reform modules. The TO(RUM) Act 1995 also provides the opportunity to revise existing Queensland road use legislation and provide a framework for managing road use which takes into account national and international best practice models.

Delivery of these reforms will facilitate an outcome of nationally consistent road transport legislation within one legislative structure. This is consistent with the original vision for the NRTL and allows the road transport industry to access all Queensland road transport law under a single piece of legislation and subordinate regulations. Queensland is the only state to have engaged in such a comprehensive law reform approach to the national process.

Queensland was the first jurisdiction to implement uniform registration charges for heavy vehicles and was the only jurisdiction to do so in accordance with the agreed national implementation date (July 1995).

Queensland was the second State to adopt national licence classifications (April 1996), which form the core of the National Driver Licensing Module. Queensland has also delivered two elements of the Second Ten Point Plan ahead of schedule.

### **10.3.2 Recent Achievements**

Queensland proclaimed the Transport Operations (Road Use Management - Dangerous Goods) Regulation in August 1998.

Queensland introduced the new national logbook ahead of schedule on 3 August 1998. The Truck Driving Hours and Bus Driving Hours were combined in the Transport Operations (Road Use Management - Fatigue Management) Regulation which was proclaimed on 30 October 1998.

The National Exchange of Vehicle and Driver Information System (NEVDIS), part of the Second Ten Point Plan, went "live" on 19 October 1998. Queensland Transport is well progressed with integrating NEVDIS and its internal mainframe systems.

The Oversize/Overmass and Restricted Access Vehicles components of the Vehicle Operations Module were implemented under the Transport Operations (Road Use Management) Regulation. These amendments were approved in December 1998 and commenced in January 1999.

### **10.3.3 1999 Reform Agenda**

Queensland will finalise implementation of the Vehicle Registration Module, including Short Term Registration from the Second Ten Point Plan, in April this year.

The driver licensing and vehicle registration computer mainframe is scheduled to interface with NEVDIS in April 1999. It is anticipated that Queensland will provide written-off (wrecked) vehicle data to NEVDIS in late 1999.

The Management of Speeding Heavy Vehicles policy, also from the Second Ten Point Plan, and the Vehicle Standards Module are scheduled for implementation by July 1999.

Both the Australian Road Rules and the National Driver Licensing Module are scheduled for implementation on 1 December 1999. The Queensland Police Service has advised that, due to conflicting training demands, it is unable to provide the necessary enforcement of these modules until this date. However, Queensland Transport will produce the required legislation by June 1999 as part of its legislative review program, and defer proclamation until the modules can be fully implemented. Also, as noted, Queensland has already adopted the national licence classifications.

# Legislation review schedule: Queensland

<i>Name of Legislation</i> <i>Review Name</i>	<i>Agency</i>	<i>Status</i>	<i>Review Model</i>	<i>Review Comments</i>	<i>Date of Review</i>	<i>Date Review Completed</i>	<i>Reform Progress</i>
<b>Building Act 1975</b> Standard Building Law & Building Regulation 1991 Review of Building Legislation	CILGP	Yet to begin	To be Determined		1998/1999		
<b>Local Government (Harbour Town Zoning) Act 1990</b> Review of Local Government (Harbour Town) Legislation	CILGP	Yet to begin	To be Determined		1998/1999		
<b>Local Government (Planning and Environment) Act 1990</b> Review of Integrated Planning Bill	CILGP	Completed	Reduced NCP Review	The legislation scheduled for review was the Local Government (Planning and Environment) Act 1990. The department addressed NCP issues in the ATI Cabinet Submission for the proposed Integrated Planning Bill and has shown that it does not restrict competition.	1996/1997	10/97	New Act (1997) is far less prescriptive than that which it replaces and merely sets up a planning framework.
<b>Local Government Act 1993, City of Brisbane Act 1924</b> Local Government Finance Standard 1994 Review of Local Government Legislation	CILGP	Underway	Department Review		1997/1999		
<b>Local Government Laws</b> Review of Local Government Laws	CILGP	Underway	Department Review	Process and program for review of Local Govt legislation are in place. Local Government Amendment Act 1997 received assent May 97. Applies NCP requirements to Local Govt.	1997/1999		

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<b><i>Sewerage and Water Supply Act 1949</i></b> <i>Sewerage and Water Supply Regulation 1987 &amp; Standard Water and Sewerage Laws</i> Review of Sewerage and Water Supply Legislation	CILGP	Yet to begin	To be Determined	Act administered jointly with Department of Natural Resources	1997/1998		
<b><i>Corrective Services Act 1988</i></b> <i>Corrective Services (Administration) Act 1988</i> Review of Corrective Services Legislation	CS	Yet to begin	To be Determined	The draft Corrective Services Legislation Amendment Bill 1999 has been tabled in Parliament. The policy objectives were approved by Cabinet in February 1999. The Bill seeks to abolish the Queensland Corrective Services Commission and the Government Owned Corporation - Queensland Corrections. The amendments also establish the Corrective Services Authority Council and provide for a new head of power for the new Department of Corrective Services. The Bill amends the Corrective Services (Administration) Act 1988. It is expected that the legislation in its new form will be reviewed in light of NCP during 1999.	1996/1997		
<b><i>Education (Capital Assistance) Act 1993</i></b>  Review of Education Capital Assistance Legislation	E	Completed	Reduced NCP Review	A formal review was not undertaken. The restriction related to affiliation will be resolved through proposed legislative amendment which will require schools to be listed (but not affiliate) with a group. Remaining issue was subjected to further analysis and was determined not to be restrictive.	1998/1999	03/98	Act is to be amended to remove the requirement for affiliation as a condition for accessing funds.
<b><i>Education (General Provisions) Act 1989</i></b> <i>Education (General Provisions) Regulation 1989</i>  Review of Education General Provisions Legislation	E	Underway	Department Review	This review has been brought forward to coincide with a general policy review of the legislation. Review of proposed new legislation pertaining to the establishment, registration and accountability of non-State schools will be completed in conjunction with the review of the Education (General Provisions) Act 1989.	1998/1999		



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<i>Review Name</i>							
<b><i>Education (Overseas Students) Act 1996</i></b>	<i>E</i>						
Review of Overseas Student Legislation		Underway	Department Review	Short form completed on recent amendments and this approach will be adopted for review of the Act.	1998/1999		
<b><i>Education (Teacher Registration) Act 1988</i></b>	<i>E</i>						
<i>Education (Teacher Registration) Regulation 1989 &amp; Board of Teacher Registration By-laws 1989</i>							
Review of Teachers Registration Legislation		Underway	Department Review		1998/1999		
<b><i>Grammar Schools Act 1975</i></b>	<i>E</i>						
Review of Grammar Schools Act		Completed	Department Review	Further consultation with Education will be necessary in 1999 prior to consideration by Cabinet. The main issue is that if certain provisions (eg being subject to Statutory Bodies Financial Arrangements Act) are repealed thus separating Grammar Schools from Govt, Grammar Schools lose title to land and have no govt guarantee over loans. Their ability to borrow for expansion would be curtailed. Grammar Schools will be looking to be given title to school land to enable them to borrow. [Dept to confirm status and wording]	1997/1998	10/97	
<b><i>Higher Education (General Provisions) Act 1989</i></b>	<i>E</i>						
Review of Higher Education General Provisions Act		Draft Scope	To be Determined	This review will coincide with a general policy review of the legislation.	1999/2000		

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<i>Review Name</i>							
<b>University Legislation</b>	<i>E</i>						
Review of Universities Legislation		Yet to begin	To be Determined	Separate but similar Acts along the lines of the University of Southern Queensland Act 1989 and University of Southern Queensland (Investment) Statute 1993 are in place for each Qld university, namely: Central Queensland University, Queensland University of Technology, James Cook University (NQ), University of Queensland, Griffith University and Gold Coast University College. Review will cover all such legislation including University of Sunshine Coast legislation passed in 1998 under gatekeeping arrangements.	1999/2000		
<b>Auctioneers and Agents Act 1971</b>	<i>EFT</i>						
<i>Auctioneers and Agents Regulation 1986</i> Review of Agents and Motor Dealers Legislation		Draft Scope	Targeted Public	Legislation will be replaced by the Agents and Motor Dealers' Bill which is the subject of legislation review. A version of the Bill (that is now being revised) was considered by the Coalition government but was not enacted. Consultant to be appointed to carry out the public benefit test on the legislation and proposed amendments. Review to be completed by August 1999.	1996/1997		
<b>Business Names Act 1962</b>	<i>EFT</i>						
<i>Business Names Regulation 1986</i> Review of Business Names Legislation		Draft Scope	Reduced NCP Review	Although the legislation is common to all states, a national review is not contemplated. Queensland's review will take account of interstate legislation review exercises.	1998/1999		
<b>Co-operative and Other Societies Act 1967</b>	<i>EFT</i>						
<i>Co-operative and Other Societies Regulation 1968</i> Review of Co-operatives Legislation		Completed	Joint Jurisdictional	A formal review was not undertaken in Queensland. New Co-operatives Act is based on work and NCP justification undertaken by Victoria as a national scheme of regulation. New legislation enacted 1 September 1997. Act replaces existing Cooperatives and Other Societies Act and Primary Producers Co-operative Associations Act.	1996/1997	04/97	New Act providing for a national scheme of regulation has been enacted.

<b>Name of Legislation</b>	<b>Agency</b>	<b>Status</b>	<b>Review Model</b>	<b>Review Comments</b>	<b>Date of Review</b>	<b>Date Review Completed</b>	<b>Reform Progress</b>
<b>Credit Act 1987</b>	<i>EFT</i>						
<i>Credit Regulations 1988</i> Review of Credit Legislation		Yet to begin	To be Determined	National review of the Uniform Consumer Credit Code will be undertaken after post implementation review of the legislation is complete. NCP review will occur in 1999/2000. Review of Credit Act 1987 and regulations will occur at that time.	1997/1998		
<b>Fair Trading Act 1989</b>	<i>EFT</i>						
<i>Fair Trading Regulation 1989</i> Review of the Fair Trading Legislation		Yet to begin	To be Determined		1997/1998		
<b>Funeral Benefit Business Act 1982</b>	<i>EFT</i>						
<i>Funeral Benefit Business Regulation 1989</i> Review of Funeral Benefit Business Legislation		Draft Scope	Department Review		1997/1998		
<b>Hawkers Act 1984</b>	<i>EFT</i>						
<i>Hawkers Regulation 1994</i> Review of Hawkens Legislation		Draft Scope	Reduced NCP Review	Restrictive provisions may be repealed. Short form report currently being developed to assess alternative reform options available.	1997/1998		
<b>Hire Purchase Act 1959</b>	<i>EFT</i>						
Review of Hire Purchase Act		Yet to begin	To be Determined	May be reviewed in concert with the Credit Act and the Uniform Consumer Credit Code.	1998/1999		
<b>Invasion of Privacy Act 1971</b>	<i>EFT</i>						
<i>Invasion of Privacy Regulations 1986</i> Review of Invasion of Privacy Act		Underway	Reduced NCP Review	Draft short form report has been received by Treasury for comment. A number of issues such as impact of Freedom of Information are being considered.	1998/1999		

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<i>Review Name</i>							
<b>Land Sale Act 1984</b>	<i>EFT</i>						
<i>Land Sale Regulation 1989</i> Review of Land Sale Legislation		Underway	Reduced NCP Review	The department is finalising the review report, as at the end of March 1999.	1996/1997		
<b>Loan Fund Companies Act 1982</b>	<i>EFT</i>						
Review of Loan Fund Companies Act		Yet to begin	To be Determined	Similar legislation exists in NSW but is not set down for review. Possibly a reduced NCP review could occur as no loan fund companies are currently operating under the Act.	1998/1999		
<b>Mercantile Act 1867</b>	<i>EFT</i>						
Review of Mercantile Act		Completed	Reformed without Review	Completion of review requirements confirmed on 10 December 1998 with letter to Department of Equity and Fair Trading.	1998/1999	08/98	Provisions previously identified as restrictions on competition have been repealed or contained within other legislation timetabled for review.
<b>Mobile Homes Act 1989</b>	<i>EFT</i>						
<i>Mobile Homes Regulation 1994</i> Review of Mobile Homes Legislation		Yet to begin	To be Determined		1997/1998		
<b>Partnership (Limited Liability) Act 1988</b>	<i>EFT</i>						
<i>Partnership (Limited Liability) Regulation 1993</i> Review of Partnership Legislation		Yet to begin	To be Determined	Both the Partnership Act and Partnership (Limited Liability) Act will be reviewed together.	1998/1999		
<b>Partnership Act 1891</b>	<i>EFT</i>						
Review of Partnership Act		Yet to begin	To be Determined	Both the Partnership Act and Partnership (Limited Liability) Act will be review together.	1998/1999		

<b>Name of Legislation</b>	<b>Agency</b>	<b>Status</b>	<b>Review Model</b>	<b>Review Comments</b>	<b>Date of Review</b>	<b>Date Review Completed</b>	<b>Reform Progress</b>
<b>Pawnbrokers Act 1984</b>	<i>EFT</i>						
<i>Pawnbrokers Regulation 1984</i> Review of Pawnbrokers and Secondhand Dealers Legislation		Draft Scope	Targeted Public	Combined with review of Second-hand Dealers legislation. A working group has been formed following requests from the Qld Policy Service to increase the reporting requirements. It is preferable to incorporate the NCP review as part of this process.	1997/1998		
<b>Primary Producers Co-operative Associations Act 1923</b>	<i>EFT</i>						
<i>Primary Producers Co-operative Association Regulation</i> Review of Cooperatives Legislation		Completed	Joint Jurisdictional	A formal review was not undertaken in Queensland. New Co-operatives Act is based on legislative work and NCP justification undertaken by Victoria as a national scheme of regulation. Act contains only minor NCP issues. New legislation enacted 1 September 1997. Act replaces existing Cooperatives and Other Societies Act and Primary Producers Co-operative Associations Act.	1996/1997	04/97	New Act providing for a national scheme of regulation has been enacted.
<b>Profiteering Prevention Act 1948</b>	<i>EFT</i>						
Review of Profiteering Prevention Act		Yet to begin	To be Determined		1998/1999		
<b>Queensland Building Services Authority Act 1991</b>	<i>EFT</i>						
<i>Queensland Building Services Authority Regulation 1992 &amp; Queensland Building Services Authority Policy 1995</i> Review of Queensland Building Services Authority Legislation		Underway	Department Review	Consultation with Builders Licensing Australia indicates that a national review of builders and trade contractor licensing provisions is not feasible. It is proposed that a combined legislation review of existing provisions and proposed legislative reforms be conducted at the same time. The NCP requirements for both primary and subordinate legislation will be incorporated within the RIS process.	1997/1998		

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<b>Residential Tenancies Act 1994</b>	<i>EFT</i>						
<i>Residential Tenancies Regulation 1995</i>							
Review of Residential Tenancies Legislation		Completed	Targeted Public	A public benefit test was undertaken in March 1998. The PBT supported the retention of the RTA's statutory monopoly over the administration of rental bonds. Cabinet agreed to the review recommendations.	1996/1997	04/98	Provisions subjected to PBT retained without change.
<b>Retirement Villages Act 1988</b>	<i>EFT</i>						
<i>Retirement Villages Regulation 1989</i>							
Review of Retirement Villages Legislation		Underway	Reduced NCP Review	Draft Bill released for public consultation some considerable time ago, but results required further consideration of various issues. Short-form PBT was conducted on the draft Bill. Some changes are being made to the Bill and, as a result, the PBT. Passage of the Bill has been deferred until mid 1999.	1996/1997		
<b>Sale of Goods Act 1896</b>	<i>EFT</i>						
<i>Sale of Goods (Vienna Convention) Act 1986</i>							
Review of Sale of Goods Legislation		Yet to begin	To be Determined		1998/1999		
<b>Second-hand Dealers and Collectors Act 1984</b>	<i>EFT</i>						
<i>Second-hand Dealers and Collectors Regulation 1994</i>							
Review of Second-hand Dealers Legislation		Draft Scope	Targeted Public	Combined with review of Pawnbrokers legislation. A working group has been formed following requests from the Qld Policy Service to increase the reporting requirements. It is preferable to incorporate the NCP review as part of this process.	1997/1998		
<b>Security Providers Act 1992</b>	<i>EFT</i>						
<i>Security Providers Regulation 1995</i>							
Review of Security Providers Legislation		Draft Scope	Targeted Public	Working group formed after requests from Qld Police Service to increase reporting requirements. NCP review to form part of this process.	1997/1998		

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<b>Review Name</b>							
<b>Trade Measurement Act 1990</b>	<i>EFT</i>						
<i>Trade Measurement (Administration) Act 1990</i>							
Review of Trade Measurement Legislation		Draft Scope	National Review	National review has been agreed to by CRR, SCOCA and the sub-committee for Trade Measurement. Queensland proposes to take lead jurisdiction role. Consultant will be engaged while funding requirements are still being negotiated among States. WA is understood to be contemplating withdrawing from the national review.	1998/1999		
<b>Travel Agents Act 1988</b>	<i>EFT</i>						
<i>Travel Agents Regulations 1988</i>							
National Review of Travel Agents Legislation		Underway	National Review	National Review is being undertaken under the co-ordination of Western Australia.	1997/1998		
<b>Beach Protection Act 1968</b>	<i>EPA</i>						
<i>Coastal Management Control Districts Regulation 1994</i>							
Review of Beach Protection Legislation		Completed	Reduced NCP Review	Review supported retention of provisions which do not materially restrict competition and are in the public interest. Review report made available to the public. No issues raised in response. NCC provided with report in February 1999.	1998/1999	11/98	Provisions subjected to PBT retained without change.
<b>Canals Act 1958</b>	<i>EPA</i>						
<i>Canals Regulation 1992</i>							
Review of Canals Legislation		Completed	Reduced NCP Review	Review supported retention of provisions which do not materially restrict competition and are in the public interest. Review report made available to the public. No issues raised in response. NCC provided with report in February 1999.	1998/1999	11/98	Provisions subjected to PBT retained without change.
<b>Coastal Protection &amp; Management Act 1995</b>	<i>EPA</i>						
Review of Coastal Protection Act		Completed	Reduced NCP Review	Review supported retention of provisions which do not materially restrict competition and are in the public interest. Review report made available to the public. No issues raised in response. NCC provided with report in February 1999.	1998/1999	11/98	Provisions subjected to PBT retained without change.

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<b>Contaminated Land Act 1991</b> <i>Contaminated Land Regulation 1991</i> Review of Environmental Protection Legislation	EPA	Draft Scope		Act subsumed within the Environmental Protection Act 1994 in 1997 without any increase in restrictions on competition. The EP Act is scheduled for review in 1998/99. For further details refer to EP Act entry.	1996/1997		
<b>Environmental Protection Act 1994</b> <i>EP (Interim) Regulation 1995</i> Review of Environmental Protection Legislation	EPA	Draft Scope	To be Determined	Review will incorporate Environmental Protection Policies and Regulations passed under gatekeeping arrangements in 1997/98, as well as contaminated land provisions which have been subsumed within this Act. Draft Terms of Reference and PBT Plan submitted to Treasury for endorsement.	1998/1999		
<b>Harbours (Reclamation of Land) Regulation 1979</b> <i>Marine Land (Dredging) By-Laws under the Harbours Act 1955 (sections 91-93)</i> Review of Harbours Land Reclamation Regulation	EPA	Not for review	Reformed without Review	No review was proposed unless ongoing extension of the operations of the restrictive provisions is necessary. Provisions currently expire on 1 July 1999. No review required.	1997/1998	11/98	Provisions sunset on 1 July 1999.
<b>Nature Conservation Act 1992</b> <i>Nature Conservation Regulation 1995 and Conservation Plans</i> Review of Nature Conservation Legislation	EPA	Underway	Reduced NCP Review	Short Form analysis completed in December 1998. Review outcomes have been publicly notified and targeted consultation has been undertaken in January 1999. NCC to be advised of outcome following completion of review.	1998/1999		
<b>Queensland Heritage Act 1992</b> <i>Queensland Heritage Regulation 1992</i> Review of Heritage Legislation	EPA	Completed	Reduced NCP Review	Review justified retention of provisions on public interest grounds. Review report has been made available to the public. No issues raised in response. NCC provided with report in February 1999.	1998/1999	12/98	Provisions subjected to PBT retained without change.



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<i>Review Name</i>							
<b><i>Ambulance Service Act 1991</i></b>	<i>ES</i>						
Review of Ambulance Service Act		Draft Scope	To be Determined	Discussions are being held with QES and Ambulance Services on the nature and extent of review. Ambulance Services are currently preparing an issues paper.	1998/1999		
<b><i>Fire Services Act 1990</i></b>	<i>ES</i>						
Review of Fire Services Act		Yet to begin	To be Determined	Discussions are being held with QES on the nature and extent of review.	1998/1999		
<b><i>Private Employment Agencies 1983</i></b>	<i>ETIR</i>						
<i>Private Employment Agencies Regulation 1989</i>							
Review of Private Employment Agency Legislation		Yet to begin	To be Determined		1998/1999		
<b><i>Trading (Allowable Hours) Act 1990</i></b>	<i>ETIR</i>						
<i>Trading (Allowable Hours) Regulation 1994</i>							
Review of Trading Hours Legislation		Yet to begin	To be Determined	The recent Queensland Industrial Relations Commission decision not to extend Sunday trading hours has been appealed. The appeal will be heard by the Industrial Court. NCP review will not begin until there is a decision on the appeal which is not expected until the end of May 1999.	1998/1999		
<b><i>Vocational Education, Training and Employment Act 1991</i></b>	<i>ETIR</i>						
<i>Vocational Education, Training and Employment Regulation 1991</i>							
Review of Vocational Education, Training and Employment Legislation		Yet to begin	To be Determined	Minor review carried out on proposed new VET legislation (two Bills) with a view to undertaking a full review in 18 months once State and Commonwealth changes have taken effect and impacts can be more accurately defined. These Bills were proposed under the previous Government, but no action has been taken by the present State Government to proceed with these Bills.	1998/1999		

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<i>Review Name</i>							
<b>WorkCover Qld Act 1997</b>	ETIR						
Review of WorkCover Act		Yet to begin	To be Determined	The legislation originally scheduled for review were the Workers' Compensation Act 1990 and Workers' Compensation Regulation 1992.  The 1996 Queensland Government endorsed the recommendations of the Kennedy Inquiry into Workers' Compensation arrangements in Queensland which includes the retention of the current monopoly accident insurance arrangements for three years with a further review at the end of that time.	1999/2000		
<b>Workplace Health and Safety Act 1995</b>	ETIR						
<i>Workplace Health and Safety Regulations 1995 and 1997</i> Review of Workplace Health and Safety Act 1995 and Regulation 1997		Underway	Department Review	The Act and 1997 Regulation will be reviewed concurrently in accordance with approved PBT Plan and ToR. An overall framework has been developed for examining the Act and the 1997 Regulation and 1995 Regulation.	1998/1999		
<b>Workplace Health and Safety Act 1995</b>	ETIR						
<i>Workplace Health and Safety Regulations 1995 and 1997</i> Review of Workplace Health and Safety Regulation 1995		Underway	Department Review	The 1995 Regulation will be reviewed, (and as required) remade and transferred to the 1997 Regulation with NCP requirements being addressed when these activities occur. Review was originally scheduled for 1996/97 but an overall framework has been developed for examining the Act and the 1997 Regulation and 1995 Regulation.	1996/1997		

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<b>Child Care Act 1991</b> <i>Child Care (Child Care Centres) Regulation 1991 &amp; Child Care (Family Day Care) Regulation 1991</i> Review of Child Care Legislation	FYCC	Underway	Department Review	Draft report under consideration in February 1999. Department advised that the Minister responsible for the legislation is about to establish a forum to examine all aspects of child care legislation (eg considering a less prescriptive approach) in consultation with a wide cross section of stakeholders. Therefore, the review report is somewhat redundant. NCP will be addressed as part of the forum's deliberations.	1997/1998	02/99	
<b>Cremation Act 1913</b> <i>Cremation Regulation 1987</i> Review of Cremation Legislation	H	Repealed	Reformed without Review	Decision taken by department to repeal the restrictive provisions without a formal NCP review.	1996/1997	12/98	Anti-competitive provisions were repealed in late 1998.
<b>Fluoridation of Public Water Supplies Act 1963</b> <i>Fluoridation of Public Water Supplies Regulation 1964</i> Review of Fluoridation of Public Water Supply Legislation	H	Repealed	Reformed without Review	Decision taken by Department to repeal the restrictive provisions without formal NCP review.	1996/1997	09/97	Anti-competitive provisions were repealed in late 1997.
<b>Food Act 1981</b> <i>Food Hygiene Regulations 1989, Food Standards Regulation 1994</i> Review of Food Legislation	H	Underway	National Review	Three reviews: Model Food Act; Food Hygiene Standards; and Food Regulations. The Food Regulation is being examined as a national review (the Blair Review) under NCP. This review is at a stage where comments on draft proposals are being sought by end February 1999. RIS is being revised for proposed changes to the Food Act. This legislation was listed as "Not proposed" for state-based review in Queensland Legislation Review Timetable.	1999/2000		

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<b>Health Act 1937</b>	<i>H</i>						
Review of Health (Drugs and Poisons) Regulation 1996		Draft Scope	National Review	Review of drugs, poisons and controlled substances provisions in the Health (Drugs and Poisons) Regulation 1996 under Part 4 of the Health Act 1937. CRR has agreed to a national review process. Terms of review are expected to be finalised shortly, as at the end of March 1999.	1998/1999		
<b>Health Act 1937</b>	<i>H</i>						
Review of Health (Nursing Homes) Regulation 1982		Completed	Department Review	Review of relevant provisions in the Health (Nursing Homes) Regulation 1982 under Part 3, Division 5 of the Health Act 1937. Department has examined Commonwealth's Aged Care Act 1997 to determine its impact on this legislation. Current legislation lapsed on 1 July 1998 and it is proposed that Cabinet consider in due course new legislation which provides a negative licensing scheme.	1996/1997	07/98	Restrictive provisions expired on 1 July 1998.
<b>Health Act 1937</b>	<i>H</i>						
Review of Health (Private Hospitals) Regulation 1978		Completed	Targeted Public	Review of relevant provisions in the Health (Private Hospitals) Regulation 1978 under Part 3, Division 4 of the Health Act 1937. The Private Health Facilities Bill will replace existing Regulation under Health Act that was scheduled for review. Review has justified retention of licensing regime in the interests of patient wellbeing and rejected the formal adoption of planning controls.  Cabinet approved preparation of a new Bill in August 1998. Completed review report was forwarded to Treasury in February 1999. Summary of final review report to accompany Cabinet Submission proposing introduction of the Bill.	1996/1997	02/99	Review has justified retention of a licensing regime in the interests of patient wellbeing. The review rejected the formal adoption of planning controls.
<b>Health Act 1937</b>	<i>H</i>						
Review of Hyperbaric Chamber Therapy under Part 6 of Health Regulation 1996		Underway	Reduced NCP Review	Terms of Reference and PBT Plan were finalised early in 1999.	1997/1998		

<i>Name of Legislation</i>	<i>Agency</i>	<i>Status</i>	<i>Review Model</i>	<i>Review Comments</i>	<i>Date of Review</i>	<i>Date Review Completed</i>	<i>Reform Progress</i>
<b>Health Act 1937</b>	<i>H</i>						
Review of Pest Management under Parts 10&12 of the Health Regulation 1996		Underway	Targeted Public	Review of relevant provisions in Parts 10 and 12 of the Health Regulation 1996 under Part 4, Division 7 of the Health Act 1937. Terms of Reference and PBT Plan were finalised early in 1999.	1997/1998		
<b>Health Act 1937</b>	<i>H</i>						
Review of Therapeutic Goods under Part 16 of the Health Regulation 1996		Not for review		Proposal to adopt Commonwealth legislation. Any review should be a national review.	1997/1998		Queensland Health Minister has approved proposal to adopt the Commonwealth legislation.
<b>Health Act 1937</b>	<i>H</i>						
Skin Penetration,Beauty Therapy,Hairdressing Review under Health Regulation 1996		Underway	Targeted Public	Review of relevant provisions in Parts 5 and 15 of the Health Regulation 1996 under the Health Act 1937. The PBT is well advanced and the review is nearing completion as at the end of March 1999.	1997/1998		
<b>Health Practitioner Legislation</b>	<i>H</i>						
Review of Health and Medical Practitioner Registration Acts		Completed	Targeted Public	Stage 1 of review examined generic issues. That review is complete. Stage 2 will examine as separate reviews: Pharmacy as a national review; ownership controls for Optometry; certain restrictions in dental profession; and restrictions on core practice across professions.	1996/1997	05/98	Generally, registration/licensing provisions have been retained; some titles continue to be reserved; commercial controls removed apart from Pharmacy and Optometry as these will be subject of separate reviews; considerable lessening of advertising controls. ATP Submission for new legislation resulting from Stage 1 review endorsed by Cabinet in May 1998. New legislation still being drafted.
<b>Health Practitioner Legislation</b>	<i>H</i>						
Review of Ownership Restrictions under the Optometrists Act 1974 and By-Law 1984		Underway	Targeted Public	A second-stage Health Practitioner Legislation review, not individually scheduled in Queensland Legislation Review Timetable. The PBT will be undertaken in the first half of 1999.	1998/1999		

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<b>Health Practitioner Legislation</b>	<i>H</i>						
Review of Ownership Restrictions under the Pharmacy Act 1976 and By-Laws 1984		Draft Scope	National Review	Review of relevant provisions under Part 4 of the Pharmacy Act 1976. A second-stage Health Practitioner Legislation review, not individually scheduled in Queensland Legislation Review Timetable.	1998/1999		
<b>Health Practitioner Legislation</b>	<i>H</i>						
Review of Restrictions on Practice in Health Practitioner Legislation		Draft Scope	Targeted Public	A second-stage Health Practitioner Legislation review, not individually scheduled in Queensland Legislation Review Timetable. Terms of Reference and PBT Plan are expected to be finalised in March 1999.	1998/1999		
<b>Health Practitioner Legislation</b>	<i>H</i>						
Review of Restrictions on Practice under the Dental Act 1971 and By-Law 1988		Underway	Targeted Public	A second-stage Health Practitioner Legislation review, not individually scheduled in Queensland Legislation Review Timetable. Terms of Reference and PBT Plan have been finalised. The PBT is expected to be undertaken in the first half of 1999.	1998/1999		
<b>Health Services Act 1991</b>	<i>H</i>						
<i>Health Services (Public Hospitals Fees and Charges) Regulation 1992</i> Review of Public Hospitals Fees and Charges in Health Services Regulation 1992		Completed	Reformed without Review	Department decided that the anti-competitive provisions would be repealed (Current legislation titled Health Services Regulation 1992).	1996/1997	07/97	Anti-competitive provisions were repealed in 1997.
<b>Mental Health Act 1974</b>	<i>H</i>						
Review of Mental Health Act		Completed	Reformed without Review	No formal NCP review was undertaken. Health and Justice Departments have jointly examined this matter and have determined that the restrictions will be repealed.	1997/1998	12/98	The anti-competitive provisions will be repealed under the Guardianship and Administration Bill that is being developed by the Department of Justice.

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<i>Review Name</i>							
<b>Nursing Act 1992</b>	H						
<i>Nursing By-Law 1993</i>							
Review of Nursing Legislation		Yet to begin	To be Determined		1998/1999		
<b>State Housing Act 1945 and State Housing (Freeholding of Land) Act 1957</b>	HO						
<i>State Housing Regulation 1986 and Interest Rate Orders</i>							
Review of the State Housing Legislation		Draft Scope	Department Review	PBT Plan is being finalised, as at the end of March 1999. Review is expected to be completed by mid 1999.	1996/1997		
<b>Legal Practitioners Act 1995</b>	J						
Review of Legal Practitioners Act		Yet to begin	To be Determined	Broad review of contemporary issues in legal profession commenced in December 1998 with release of discussion paper. NCP issues such as conveyancing will be addressed in review. NCP will be taken into account in development of legislative proposals flowing from the review.	1998/1999		
<b>Queensland Law Society Act 1952</b>	J						
<i>Queensland Law Society Rule 1987, Queensland Law Society (Indemnity) Rule 1987 &amp; Continuing Legal Education Rule</i>							
Review of Queensland Law Society Legislation		Yet to begin	To be Determined	Indemnity Rule proposed by NCC for national review. Now to be reviewed by State in conjunction with other QLS legislation.	1998/1999		
<b>Trustee Companies Act 1968</b>	J						
Review of Trustee Companies Act		Yet to begin	To be Determined	A draft uniform trustee companies Bill has been developed by the Standing Committee of Attorneys-General. Any anti-competitive provisions will be examined prior to seeking introduction of the Bill. It is expected to be completed during 1998/99.	1997/1998		

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<b>Coal Industry (Control) Act 1948</b> <i>Orders under Coal Industry (Control) Act 1948</i> Review of Coal Industry Legislation	ME	Repealed	Reformed without Review	Act repealed without formal NCP review.	1996/1997	12/97	The Act has been repealed.
<b>Electricity Act 1994</b> <i>Electricity Regulation 1994</i> Review of Electricity Legislation	ME	Underway	Department Review	Part of the broader CoAG electricity reform process. A separate legislation review exercise has not been undertaken. Following amendments to the legislation to give effect to the CoAG reforms, several provisions remaining in the legislation have been identified as potentially restricting competition. These aspects are currently being examined under NCP, as at the end of March 1999.	1996/1997		Three tranches of significant amendments to the Act were passed and changes made to the Regulation as part of the reforms. These legislative amendments during 1997 gave effect to CoAG reforms including the establishment of a National Electricity Market.
<b>Explosives Act 1952</b> <i>Explosives Regulation 1955</i> Review of Explosives Legislation	ME	Not for review		NCC supported removal of legislation from review timetable on the basis that the provisions are in the public interest and are not for the purpose of restricting competition.	1998/1999		Legislation is moving in the direction of national standards and has been modernised recently.
<b>Gas Act 1965</b> <i>Gas Regulations 1989</i> Review of Gas and Petroleum Legislation	ME	Underway	Targeted Public	Part of the broader CoAG gas reforms and includes a fundamental review of Gas and Petroleum legislation. A Discussion Paper outlining the department's position on key policy issues was released in February 1999. New legislation is expected to be considered by Parliament by the end of 1999.	1996/1997		
<b>Gas Suppliers (Shareholdings) Act 1972</b>  Review of Gas Suppliers Shareholding Act	ME	Underway	Department Review	The restriction limits the level of ownership of shares in a nominated gas supplier and has only ever related to one company. In July 1998, the proclamation under the Act expired, removing that company from the protection of the Act. Consideration is being given to repeal of the Act in 1999.	1997/1998		



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<i>Review Name</i>							
<b>Liquid Fuel Supply Act 1984</b>	ME						
Review of Liquid Fuel Supply Act		Not for review		NCC supported removal of Act from review timetable on the grounds that the legislation is in place to serve the public interest in terms of controlling liquid fuel usage in times of shortage or emergencies. Provisions have never been used.	1997/1998		
<b>Transport Infrastructure Act 1994</b>	MR						
<i>Various modal-specific Regulations</i>							
Review of Main Roads Restrictions in Transport Infrastructure Legislation		Underway	Department Review	Assessment of various NCP issues for Main Roads, comprising: full review of limitations on services able to be provided at access points to limited-access main roads; and short-form reviews of policies underlying road-side advertising restrictions and delivery of Main Roads work by local government.	1998/1999		
<b>Gladstone Area Water Board Act 1984</b>	NR						
Review of Gladstone Area Water Board Act		Underway	Department Review	Urban Water Board legislation, that was listed jointly with Water Resources legislation, will be reviewed separately.  Department has advised that the restrictive provisions may no longer be required, and these will be the subject of consultation with industry.	1997/1999		
<b>Land Act 1994</b>	NR						
Review of Land Act		Underway	Targeted Public	Review is nearing completion.	1996/1997		
<b>Metropolitan Water Supply and Sewerage Act 1909, and Sewerage and Water Supply Act 1949</b>	NR						
<i>Standard Sewerage and Water Supply Laws</i>							
Review of Water Supply Legislation		Underway	To be Determined	Review is part of broader water reform agenda. Discussion paper on regulation of provision of water services to be released for consultation by mid 1999.	1997/1999		

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<b>South East Queensland Water Board Act 1979, and Townsville/Thuringowa Water Supply Board 1987</b>	NR						
Review of SouthEast and Townsville/Thuringowa Water Board Legislation		Underway	To be Determined	Part of broader CoAG water reform agenda. New institutional reforms for each Board are being pursued with likely repeal of existing Acts.	1997/1999		
<b>Surveyors Act 1977</b>	NR						
<i>Surveyors Regulations 1992</i> Review of Surveyors Legislation		Completed	Targeted Public	A new legislative framework has been developed. Review completed November 1997. Review supported retention of regulation of cadastral surveyors. Revised proposal calls for removal of certain anti-competitive provisions. Mutual recognition implications have been considered. Issues subject to consideration by Cabinet Committee. Bill to be revised in light of recent deliberations.	1996/1997	11/97	
<b>Valuers Registration Act 1992</b>	NR						
<i>Valuers Registration Regulation 1992</i> Review of Valuers Registration Legislation		Underway	Department Review	Review is nearing completion.	1996/1997		
<b>Water Resources Act 1989</b>	NR						
<i>Water Resources (Watercourse Protection) Regulation 1993, Water Resources (Rates and Charges) Regulation 1992</i> Review of Water Resources Legislation		Underway	To be Determined	Part of broader CoAG water reform agenda. Discussion paper on modules for new legislation are progressively being released for discussion.	1997/1999		
<b>South Bank Corporation Act 1989</b>	P&C						
<i>South Bank Corporation By-law 1992, South Bank Corporation Regulation 1992</i> Review of South Bank Corporation Legislation		Draft Scope	Department Review	Terms of Reference and PBT Plan will be finalised by the end of March 1999.	1998/1999		

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<b><i>Agricultural and Veterinary Chemicals (Queensland) Act 1994</i></b>	<i>PI</i>						
Review of Agricultural and Veterinary Chemicals Legislation		Underway	National Review	Three pieces of related legislation to be reviewed covering registration and control of use provisions. Review to be undertaken by Commonwealth Department of Primary Industries and Energy.	1997/1998		
<b><i>Agricultural Chemicals Distribution Control Act 1996</i></b>	<i>PI</i>						
<i>Agricultural Chemicals Distribution Control Regulations 1970</i> Review of Agricultural and Veterinary Chemicals Legislation		Underway	National Review	Three related pieces of Qld legislation to be reviewed covering registration and control of use provisions. Review to be undertaken by Commonwealth Department of Primary Industries and Energy.	1997/1998		
<b><i>Chemical Usage (Agricultural and Veterinary) Control Act 1988</i></b>	<i>PI</i>						
<i>Chemical Usage (Agricultural and Veterinary) Control Regulation 1989</i> Review of Agricultural and Veterinary Chemicals Legislation		Underway	National Review	Three related pieces to legislation to be reviewed covering registration and control of use provisions. Review to be undertaken by Commonwealth Department of Primary Industries and Energy.	1997/1998		
<b><i>Chicken Meat Industry Committee Act</i></b>	<i>PI</i>						
Review of Chicken Meat Act		Completed	Targeted Public	Committee signed off on review report in November 1997. Grower representative submitted dissenting report. Treasury engaged independent consultant to examine both reports. As a result, additional recommendations were added to the committee's recommendations that are consistent with potential outcome of NSW review. These do not jeopardise the net public benefit nor impose further restrictions. Grower and processor representatives agreed to expanded proposal.  Temporary TPA exemption for collective bargaining arrangements expire on 30 June 1999. Review has shown there to be a public benefit in continuing this legislative exemption in the CMIC Act.	1996/1997	11/97	In December 1998, Cabinet approved that legislation be drafted that will provide: less deterministic role for industry committee; legislative authorisation for collective bargaining arrangements with option for individual growers to negotiate directly with processor; minimum contract conditions; maximum period for mediation; and arbitration on certain contract conditions but excluding initial growing fee. In ATP decision of 8 March 1999, Cabinet agreed the drafting of legislative amendments which are to be submitted to Parliament prior to June 1999.

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<b>Review Name</b>							
<b>City of Brisbane Market Act 1960</b>	PI						
<i>City of Brisbane Market Regulation (formerly By-law) 1982</i>							
Review of City of Brisbane Market Legislation		Completed	Full Public Review	Joint review covering ownership, competitive neutrality and legislation review.	1997/1998	05/98	Review recommended privatisation option be explored, with corporatisation as second preference. With change of State government, corporatisation will be pursued (target date 1 July 1999) and restrictions will be wound back. "Exclusivity" (ie the legislative monopoly held by the Brisbane market Authority) to terminate on 31 August 1999 and other restrictions to terminate on 31 December 1999.
<b>Dairy Industry Act 1993</b>	PI						
<i>Dairy Industry Regulation 1993, Dairy Industry (Market Milk Prices) Order 1995</i>							
Review of Dairy Industry Legislation		Completed	Full Public Review	Legislative amendments being developed for extending supply management arrangements, etc.	1997/1998	07/98	Post farm-gate deregulation occurred on 31 December 1998. Restrictive provisions governing farm-gate arrangements (including broadening scope of supply management arrangements to cover CQ and NQ) have been extended until 31 December 2003. Further review is to occur prior to 1 January 2003 to determine extent of government involvement in dairy industry. Earlier review may be required should industry changes and/or market forces compel shorter transition period. Cabinet considered Policy Submission (in 7/98), ATP Submission (in 10/98) and ATI Submission (in 11/98).
<b>Egg Industry (Restructuring) Act 1993</b>	PI						
Review of Egg Industry Act		Completed	Reformed without Review	Act allowed to sunset on 31 December 1998 thereby removing all anti-competitive legislative provisions.	1997/1998		All anti-competitive provisions have been removed through the sunset of the Act on 31 December 1998.
<b>Farm Produce Marketing Act 1964</b>	PI						
<i>Farm Produce Marketing Regulation 1984</i>							
Review of Farm Produce Marketing Legislation		Underway	Full Public Review	Draft report under consideration, as at the end of March 1999. Final report expected by 30 June 1999. Current legislation sunsets on 31 December 1999.	1997/1998		

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<i>Review Name</i>							
<b>Fisheries Act 1994</b>	<i>PI</i>						
<i>Fisheries Regulation 1995</i> Review of Fisheries Legislation		Draft Scope	To be Determined	Queensland has partly funded a consultancy commissioned by WA Dept of Agriculture to develop a common approach to reviewing state fisheries legislation. Scope for state-based review is presently being developed. Review to commence in March 1999. It is expected to be a Full Public Review.	1998/1999		
<b>Forestry Act 1959</b>	<i>PI</i>						
<i>Forestry Regulation 1987</i> Review of Forestry Legislation		Underway	Department Review	Review, nearing completion, shows net public benefit in retaining funding of Timber Research and Development Advisory Council. However, economic cost but social benefits result from retaining crown sawlog allocation system for now. As allocations are increasingly traded and there is more competitive tendering, economic costs likely to be reduced. Review outcomes linked to review of Regional Forest Agreements. Result of RFA review may cause industry restructuring as supply of native sawlogs is expected to decrease. Issues raised in NCP analysis be taken into account during RFA review. Market structure and mechanism for moving to fully competitive tendering will be considered at that time.  TPA exemption for sawlog allocation system (a policy not legislative provision) extended to allow completion of NCP review requirements. Based on findings of near-completed review. As allocation system may breach the TPA, exemption will apply until Decemebr 1999 to enable time to complete review of allocation system and to assess impact of RFA and resultant structural adjustment.	1996/1997		
<b>Fruit Marketing Organisation Act 1923</b>	<i>PI</i>						
Review of Fruit Marketing Act		Completed	Department Review	A general review is underway. This review is combined with a review of the Primary Producers' Organisation and Marketing Act 1926. Only NCP issue to consider in the FMO Act is future status of currently dormant market intervention mechanisms.	1997/1998	02/99	On 8 March 1999, Cabinet gave Authority to Prepare a Bill which includes the repeal of all the marketing provisions in the Act.

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<b><i>Grain Industry (Restructuring) Act 1993</i></b>	<i>PI</i>						
Review of Grain Industry Act		Completed	Targeted Public	Aspects of NCP review (review panel composition and ToR) were based on Cabinet decision following previous non-NCP review of Act that failed to conclude issues under review at that time. Review supported retention of statutory marketing arrangements through Grainco for export barley. Outcome influenced by Japan Food Authority policies on sourcing barley from SMAs and status of interstate SMA arrangements. Joint Victoria-South Australia review recommended removal of ABB's statutory monopoly. Queensland is monitoring implementation stage of that review to determine its consequences for Queensland. A related review of accountability requirements applying to Grainco was completed in November 1998. This review recommended a supervisory panel be established in lieu of current Govt appointments to the Board of Grainco. The application of a number of Acts to Grainco will also be modified.	1996/1997	06/97	Statutory monopoly of Grainco for export barley retained, wheat regulation extended but "parked" while Commonwealth provisions still apply, regulation of all other grains removed. Export barley arrangements to be reviewed if there is a change either to interstate SMAs or to Japan Food Authority policy on sourcing barley from SMAs. In March 1999, Cabinet to consider an ATP Submission to extend the single-desk selling arrangements for export barley for a period of up to three years. Earlier review may be required should industry changes and/or market forces compel a shorter transition period. The ATP Submission will also propose amendments to the accountability provisions in the Act.
<b><i>Primary Producers' Organisation and Marketing Act 1926</i></b>	<i>PI</i>						
<i>Orders in Council for tobacco leaf</i> Review of Orders in Council for Tobacco Leaf		Completed	Department Review	Review found Orders in Council to be totally unnecessary as Tobacco Leaf Marketing Board no longer exists.	1996/1997	10/98	Repealed in October 1998.
<b><i>Primary Producers' Organisation and Marketing Act 1926</i></b>	<i>PI</i>						
<i>Orders in Council for tobacco leaf</i> Review of Primary Producers' Organisation and Marketing Legislation		Completed	Department Review	General review combined with Fruit Marketing Organisation Act 1923. The only restrictive provision relates to establishing marketing boards. It is intended that the creation of such boards in future (none exist at present) will be via industry-specific legislation on each occasion, subject to a prior public benefit test as required under NCP.	1996/1997	02/99	On 8 March 1999, Cabinet gave Authority to Prepare a Bill which includes the repeal of all existing provisions relating to marketing boards in the Act. Restrictive provisions to be repealed via the "PILA" Bill 1999 (expected by 30 June 1999).

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<b>Sawmills Licensing Act 1936</b>	<i>PI</i>						
<i>Sawmills Licensing Regulation 1965</i> Review of Sawmills Licensing Act		Underway	Department Review	Nearing completion. Draft report under consideration February 1999. Cabinet to consider in February 1999 an ATP Submission recommending extending temporary TPA exemption by regulation for one year until 30 June 2000 to permit completion of current NCP review.	1996/1997		
<b>Sugar Industry Act 1991</b>	<i>PI</i>						
<i>Sugar Industry Regulation 1991, Sugar Industry (Assignment Grant) Guideline 1995</i> Review of Sugar Industry Legislation		Completed	Full Public Review	Combined with review of Sugar Milling Rationalisation Act 1991.	1996/1997	11/96	Both Commonwealth and Queensland Governments have endorsed reform package. New legislation is being prepared for introduction into Parliament prior to June 1999. PBTs may be required in some cases where legislative provisions depart from review recommendations.
<b>Sugar Milling Rationalisation Act 1991</b>	<i>PI</i>						
Review of Sugar Industry Legislation		Completed	Full Public Review	Reviewed at same time as Sugar Industry Act 1991.	1996/1997	11/96	As per Sugar Industry Act 1991.
<b>Veterinary Surgeons Act 1936</b>	<i>PI</i>						
<i>Veterinary Surgeons Regulation 1991 and various Orders in Council</i> Review of Veterinary Surgeons Legislation		Underway	Full Public Review	Independent chair to be appointed and reference group established.	1998/1999		
<b>Architects Act 1985</b>	<i>PW</i>						
<i>Architects Regulation 1985</i> Review of Architects Legislation		Yet to begin	National Review	Candidate for national review as all jurisdictions have given support in response to Commonwealth proposal. CRR is to set up working group to undertake preliminary work on review using as input (near) completed reviews by Victoria and Northern Territory. Review will apply the recently developed guidelines for reviewing the professions. Subsequent stages including consultation strategy yet to be determined.	1998/1999		

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<b>Professional Engineers Act 1988</b>	PW						
<i>Professional Engineers Regulation 1992</i> Review of Professional Engineers Legislation		Yet to begin	To be Determined		1998/1999		
<b>Industrial Development Act 1963</b>	SD						
Review on Industrial Development Act		Completed	Reformed without Review	As the intention of the Act is not to limit use to industrial purposes, the definition section of the Act has been amended to remove this limitation. Submissions to Cabinet -ATP March 1998 and API October 1998.	1996/1997	09/97	The Act was amended in 1998 to remove sole restriction on competition.
<b>Retail Shop Leases Act 1994</b>	SD						
<i>Retail Shop Leases Regulation 1994</i> Review of Retail Shop Leases Legislation		Underway	Department Review		1998/1999		
<b>State Transport (People-movers) Act 1989</b>	T						
Review of People Movers Act		Underway	Department Review	The Act is to be repealed and certain provisions saved in the Transport Infrastructure Act and the Transport Operations (Passenger Transport) Act. The provisions transferred to these two Acts will be examined as a separate exercise to determine if any of the transferred provisions actually restrict competition. (A full review of the Transport Operations (Passenger Transport) Act is also currently underway.) The review of this Act was originally set down to occur in 1996/97. The review commenced on time and the course of action (as described) was determined. Delays in undertaking necessary legislative changes have occurred, and in view of recent developments in respect of the provisions of People Movers Infrastructure (Post-31 December) there is now some doubt in respect of the appropriateness of repeal. If repeal does not occur as planned, it will be necessary to renew the process and undertake a full PBT assessment.	1998/1999		



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<b>State Transport Act 1960</b>	T						
<i>State Transport Regulation 1987</i> Review of Restricted Goods Legislation		Completed	Reduced NCP Review	The Act has been repealed by proclamation of certain provisions of the Transport Operations (Road Use Management) Act. Any future legislative control of restricted goods will be via regulation and subject to public benefit test requirements.	1996/1997	09/98	The Act has been repealed.
<b>Tow-Truck Act 1973</b>	T						
<i>Tow-Truck Regulation 1988</i> Review of Tow Truck Legislation		Completed	Reduced NCP Review	Public benefit justification has been provided in short-form for: the consumer protection and industry regulation provisions in the Act (which actually facilitate a competitive industry); and proposed amendments to strengthen consumer protection giving effect to Criminal Justice Commission recommendations. Public notification has occurred. Sections of industry have since raised concerns. As a result, Queensland Transport has revised some proposals. The proposed changes do not affect the public benefit justification.	1997/1998	01/99	Cabinet approved a policy submission on this issue in February 1999. As a result, drafting of necessary legislative amendments has commenced. Amendments will strengthen consumer protection provisions and retain industry regulatory provisions.
<b>Transport Infrastructure - Ports</b>	T						
<i>Transport Infrastructure (Ports) Regulation 1994 under the Transport Infrastructure Act 1994</i> Review of Harbour Towage Restrictions		Draft Scope	Department Review	This review examines harbourage towage restrictions in the Transport Infrastructure (Ports) Regulation 1994 under the Transport Infrastructure Act. Post-31 December, draft Terms of Reference and PBT Plan have been prepared and liaison is continuing with Treasury to finalise the documents.	1998/1999		
<b>Transport Infrastructure - Ports</b>	T						
<i>Transport Infrastructure (Ports) Regulation 1994 under the Transport Infrastructure Act 1994</i> Review of Restrictions on Port Activities Outside Prescribed Port Limits		Draft Scope	Department Review	Review examines restrictions on port activities outside of port limits in the Transport Infrastructure (Ports) Regulation 1994 under the Transport Infrastructure Act 1994. Post-31 December, draft terms of Reference and PBT Plan have been prepared and liaison is continuing with Treasury to finalise the documents.	1998/1999		

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<b><i>Transport Operations (Marine Safety) Act 1994</i></b>	<i>T</i>						
<i>Transport Operations (Marine Safety) Regulation 1995</i>		Completed	Department Review	Review recommends some pro-competitive legislative changes to take effect at end of three-year transition period for transfer of responsibility for pilotage services from Transport Dept to port authorities. Review recommends licensing of marine pilots by Queensland Govt to be retained, designated provider provisions to be removed in favour of periodic competitive tendering for service provision that includes a schedule of pilotage fees, and price controls to be removed. Licensing of marine pilots ensures safety of vessels/crews and avoids port closures and environmental damage caused by maritime accidents.	1996/1997	09/98	Transport Minister is, as at the end of March 1999, considering the review report's findings and recommendations.
<b><i>Transport Operations (Passenger Transport) Act 1994</i></b>	<i>T</i>						
<i>Transport Operations (Passenger Transport) Regulation 1994</i>		Underway	Full Public Review	A Terms of Reference and PBT Plan have been prepared and approved by Cabinet. An interdepartmental steering committee has been established comprising Transport, Treasury and the Department of the Premier and Cabinet. Post-31 December, a discussion paper has been prepared and distributed to stakeholders. Submissions are due by the end of March 1999, and public hearings are scheduled in April 1999.	1998/1999		
<b><i>Art Unions and Public Amusements Act 1992</i></b>	<i>TR</i>						
<i>Art Unions and Public Amusements Regulation 1992</i>		Yet to begin	To be Determined	New legislation being developed - the Charitable and Non-profit Gaming Bill. NCP requirements will be considered in developing the Bill.	1998/1999		

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<i>Review Name</i>							
<b>Casino Agreement Acts</b>	TR						
Review of Casino Agreements Legislation		Completed	Reduced NCP Review	These four Agreement Acts covering casinos at the Gold Coast, Brisbane, Townsville and Cairns were not originally scheduled for review on the basis that they underpin commercial arrangements entered into prior to NCP for the provision of major casino/tourism facilities provided by the private sector. A confidential summary report on the review of the four Agreement Acts was provided to the NCC as part of 1998 Annual Report. This matter is subject to Productivity Commission inquiry into gambling.	1997/1998	03/98	
<b>Casino Control Act 1982</b>	TR						
<i>Casino Control Regulation 1984</i> Review of Casino Control Legislation		Yet to begin	To be Determined	This matter is subject to the Productivity Commissions inquiry into gambling.	1998/1999		
<b>Financial Intermediaries Act 1996</b>	TR						
Review of Financial Intermediaries Act		Completed	Reformed without Review	The Act has become redundant and may possibly be repealed. This is the result of the proposed reforms to the financial services sector resulting from the Wallis Inquiry and the establishment of the Australian Prudential Regulation Authority, in line with the recommendations of the Wallis Inquiry.	1998/1999	10/98	Act is redundant and is expected to be repealed.
<b>Gaming Machine Act 1991</b>	TR						
<i>Gaming Machine Regulation 1991</i> Review of Gaming Machine Legislation		Yet to begin	To be Determined	General review is expected in 1999. This matter is subject to Productivity Commission's gambling inquiry.	1997/1998		
<b>Keno Act 1996</b>	TR						
Review of Keno Act		Completed	Reduced NCP Review	NCP issues were to be fully examined prior to introduction of the Bill. Certain outstanding NCP matters were examined and a draft report compiled subsequently. This matter is subject to Productivity Commission's inquiry into gambling.	1996/1997	04/98	

<i>Name of Legislation</i>	<i>Agency</i>	<i>Status</i>	<i>Review Model</i>	<i>Review Comments</i>	<i>Date of Review</i>	<i>Date Review Completed</i>	<i>Reform Progress</i>
<i>Review Name</i>							
<b>Lotteries Act 1997</b>	TR						
Review of Lotteries Act		Completed	Department Review	The 1997 Act amounts to a winding-back of anti-competitive provisions by replacing the statutory monopoly provisions with a limited period of exclusivity to enable the Golden Casket Corporation time to mature in a commercial environment following its corporatisation. Certain outstanding NCP matters were examined and a report compiled subsequently. This matter is subject to Productivity Commission inquiry into gambling.	1998/1999	04/98	Statutory monopoly provisions applying to the Golden Casket Corporation have been replaced with a limited duration exclusive licence.
<b>Motor Accident Insurance Act 1994</b>	TR						
Review of CTP Insurance Legislation		Draft Scope	To be Determined	It is proposed that the NCP review be linked to (and possibly proceed) the statutory review of Act that must occur from 1 September 1999.	1998/1999		
<b>Superannuation (Government and Other Employees) Act 1988 and other superannuation legislation</b>	TR						
Review of Superannuation Legislation		Yet to begin	To be Determined	Issue of Statutory Monopoly is being considered as part of a general review of superannuation arrangements for the public sector. Any residual NCP issues will be examined at the conclusion of the general review.	1996/1997		
<b>Tobacco Products (Licensing) Act 1988</b>	TR						
<i>Tobacco Products (Licensing) Regulation 1993</i>							
Review of Tobacco Products Legislation		Completed	Reformed without Review	Restrictive provisions no longer have effect constitutionally following High Court decision in Ha & Lim v NSW. Only transitional provisions remain which have no NCP implications.	1998/1999	10/98	Provisions that were deemed to restrict competition no longer have effect constitutionally following High Court decision in Ha & Lim v NSW.

<i>Name of Legislation</i>	<i>Agency</i>	<i>Status</i>	<i>Review Model</i>	<i>Review Comments</i>	<i>Date of Review</i>	<i>Date Review Completed</i>	<i>Reform Progress</i>
<b><i>Wagering Bill</i></b>	TR						
Review of Wagering Bill (that replaces part of Racing and Betting Act 1980)		Completed	Department Review	Two components in reviewing racing and betting legislation: firstly the Racing Industry Taskforce examined the statutory monopoly of the QLD TAB. This was addressed in developing the Wagering Bill. Second aspect is the review of the provisions of the Racing and Betting Act relating to bookmakers, conduct of race meetings and other related restrictions concerning the operation of race events. That review will be undertaken as a separate exercise. The review process to be subject to the Productivity Commission inquiry into gambling.	1997/1998	02/98	The statutory monopoly arrangements applying to TAB will be replaced by an exclusive licence of limited duration upon proclamation of the Wagering Act in 1999.
<b><i>Indy Car Grand Prix Act 1990</i></b>	TSR						
<i>Indy Car Grand Prix Regulations 1990</i> Review of Indy Car Grand Prix Legislation		Completed	Reduced NCP Review	Short-form justification, that included RIS process, supported retention of all legislative provisions under review. Legislation gives effect to conditions for staging the race, including sole promoter role, that are contained in agreements with international owner of the rights to stage the race worldwide. All services and products associated with the Gold Coast event (eg catering) are competitively tendered.	1996/1997	10/98	Provisions subjected to PBT retained without change.
<b><i>Liquor Act 1992</i></b>	TSR						
<i>Liquor Regulation 1992</i> Review of Liquor Act		Underway	Full Public Review	The review began in October 1998 and is expected to be completed by the middle of 1999. An issues paper has been prepared and public hearings are being held, as at March 1999.	1998/1999		

<i>Name of Legislation</i>	<i>Agency</i>	<i>Status</i>	<i>Review Model</i>	<i>Review Comments</i>	<i>Date of Review</i>	<i>Date Review Completed</i>	<i>Reform Progress</i>
<b><i>Racing and Betting Act 1980</i></b> <i>Racing and Betting Act Regulation 1981, Racing and Betting Act Notification and Rules of Greyhound Racing</i> Review of Racing and Betting Legislation	TSR	Yet to begin	To be Determined	Two components in reviewing racing and betting legislation: firstly the Racing Industry Taskforce examined the statutory monopoly of the QLD TAB. This was addressed in developing the Wagering Bill. Second aspect is the review of the provisions of the Racing and Betting Act relating to bookmakers, conduct of race meetings and other related restrictions concerning the operation of race events. That review will be undertaken as a separate exercise and is expected to begin in 1999. The review process to be subject to the Productivity Commission inquiry into gambling.	1997/1998		
<b><i>Racing Venues Development Act 1982</i></b>  Review of Racing Venues Development Act	TSR	Completed	Reformed without Review	An NCP review of this Act was not undertaken. However, amendments to racing legislation are to be made following a Racing Industry Task Force review of the racing industry.	1998/1999		To be amended upon proclamation of Racing Amendment Legislation in 1999.
<b><i>Wine Industry Act 1994</i></b> <i>Wine Industry Regulation 1995</i> Review of Wine Industry Legislation	TSR	Underway	Department Review		1998/1999		

**ANTI-COMPETTIVE LEGISLATION ENACTED DURING 1998**  
**ADDITIONAL TO ENTRIES IN THE LEGISLATION REVIEW SCHEDULE: QUEENSLAND**

<b>Title of Legislation</b>	<b>Agency</b>	<b>PBT Justification</b>	<b>Comment</b>
<i>Marine Park (Moreton Bay) Amendment Zoning Plan (No. 1)</i>	EPA	No	Legislation excluded from NCP review on the basis of being for legitimate natural resource management purposes. The amendment confers a benefit by allowing continuance of non-conforming activity for existing operator. Non-conforming activity will be phased out in 1999 after ecological and economic study is completed.
<i>Offshore Minerals Act 1998</i>	ME	No	The new legislation closely follows the Commonwealth Offshore Minerals Act 1994, and is aimed at providing adequate management of Queensland's offshore minerals. Not seen as unnecessarily restricting competition.
<i>Mineral Resources Amendment Act 1998</i>	ME	No	Additional requirement enacted for mineral development licence holders. Not seen as a significant restriction on competition.
<i>Gas Pipelines Access (Queensland) Act 1998</i>	ME	No	Based on Queensland's commitment to apply the National Gas Pipelines Access Law. New Act will require pipeline operators and users to comply with the National Gas Access Code. Commencement is contingent on acceptance of derogations being reviewed by the NCC.
<i>Standard Sewerage Law and Standard Water Supply Law</i>	NR	No	Adopts National Plumbing and Drainage Code and separates regulations on plumbing and drainage standards from those dealing with management of water and sewerage utilities. No increase in restrictions on competition. The restrictive provisions will be examined as part of the scheduled review.
<i>Transport Operations (Passenger Transport) Act 1994</i>	T	No	Amendment made to prevent charter bus operators from behaving like taxis. Failure to rectify this matter may undermine the entry requirements of the Act. The restrictive provisions of the Act are scheduled for review in 1998/99.

# Queensland Competition Authority

## Individual Complaint Summary

Target of Complaint	Complainant	Date of Receipt of Complaint	Nature of Complaint	Findings of Investigation and Recommendation	Date of Advice of Recommendation to Complainant	Date of Advice of Recommendation to Target of Complaint	Action taken or proposed following Recommendation of Complaints Mechanism	Other Relevant Information
Queensland Rail (QR)	Coachtrans Australia	2 July 1997	Sita Queensland Pty Ltd, trading as Coachtrans Australia, lodged a complaint alleging that the principle of competitive neutrality had been breached by the prices that QR was charging for the Brisbane to Gold Coast passenger rail service and by certain procedural and regulatory advantages enjoyed by QR.	<p><b>Findings</b></p> <p>The Authority investigated the complaint and concluded that:</p> <ul style="list-style-type: none"> <li>The fares charged by QR for its Brisbane to Gold Coast services breach the principle of competitive neutrality; but</li> <li>QR does not enjoy any procedural or regulatory advantage in respect of Brisbane to Gold Coast services which breach the principle of competitive neutrality.</li> </ul> <p><b>Recommendations</b></p> <p>The Authority recommended that:</p> <ul style="list-style-type: none"> <li>A CSO (Community Service Obligation) framework be developed for the Brisbane to Gold Coast public transport service which: <ul style="list-style-type: none"> <li>(i) complies with the principle of competitive neutrality;</li> <li>(ii) achieves an efficient resource allocation within the public transport market in South East Queensland;</li> <li>(iii) promotes competition in the public transport market;</li> </ul> </li> <li>until such time as the appropriate framework is established and implemented, the Queensland Government should, within six</li> </ul>	9 July 1998	10 July 1998	<p>The Authority submitted its report to the Honourable the Premier and the Treasurer. The Ministers have:</p> <p>(a) rejected the QCA's decision that there has been a breach of the principle of competitive neutrality in relation to the fares charged by QR for its Brisbane to Gold Coast services, on the basis that "the information available [to the Ministers] was not sufficiently conclusive to support the QCA's decision; and</p> <p>(b) accepted the QCA's decision that QR does not enjoy any procedural or regulatory advantages in respect of the Brisbane to Gold Coast services which breach the principle of competitive neutrality.</p> <p>The Ministers have also requested that Queensland Transport develop, as a matter of priority, a CSO framework which takes</p>	



				<p>months of the Report, ensure that passengers currently travelling by bus retain access to those or equivalent public transport services; and</p> <ul style="list-style-type: none"><li>• Queensland Transport and QR establish a framework to facilitate adherence to the protocols required under the <i>Government Owned Corporations Act 1993</i> in respect of the establishment of prices for QR services and the payment of CSOs.</li></ul> <p>Furthermore, the Authority suggested that in the interests of an overall efficient allocation of resources, the framework adopted in due course to remedy the breach of competitive neutrality should also reflect the contribution of public transport relative to private transport to the transport needs of the region.</p>			<p>account of the principle of competitive neutrality, based on model studies for South East Queensland.</p>	
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## **NCP Training – List of Training Materials**

Full Cost Pricing Software and Training	<i>Software Users Guide: Identification and Review of Type 3 Business Activities</i>
	<i>Competitive Neutrality Resource Kit – Full Cost Pricing – Data Sheets – Application of Full Cost Pricing</i>
	<i>Competitive Neutrality Resource Kit – Full Cost Pricing – Workbook (Student) Application of Full Cost Pricing</i>
Meeting the Challenge Workshops	<i>Notice about the NCP Meeting the Challenge Workshops</i>
	<i>Managing the Purchaser/Provider Separation: Handbook Notes</i>
	<i>Customer Service Agreements – Sample agreement</i>
	<i>Developing Service Level Agreements</i>
	<i>Developing Effective Tender Specifications</i>
	<i>Tendering and Contract Management</i>
	<i>Writing Business Plans for Business Units</i>
	<i>How to Make the Change in a Competitive Environment: A Real Life NCP Case Study</i>
Study Tour – Identifying Obstacles to Commercialising	<i>The Road to Commercialisation – Identify the Obstacles Study Tour Workbook</i>
Accounting Issues Consultancy	<i>Discussion Paper on Accounting Issues</i>
Public Interest Test Workshops and Local Law Workshops	<i>Public Interest Test Examples</i>
	<i>Public Interest Test Examples Volume 2</i>
	<i>Public Interest Test Examples Volume 3</i>
	<i>Public Interest Test Workshop Manual</i>
	<i>Local Law Review Workshop – Workshop Kit</i>
	<i>Local Government Bulletin 12/98 – Sample Public Interest Tests and Impact of Integrated Planning Act on Existing Model Local Laws</i>
Establishing Complaint Processes or Accreditation & Investigations by Referees	<i>Local Government Business Activities and Competitive Neutrality – Part 1 – Complaint Process – June 1998</i>
	<i>Local Government Business Activities and Competitive Neutrality – Part 2 – Referee Investigations - November 1998 (Draft) (final version with accompanying CD Rom to be released in 1999)</i>
Commercialisation and Corporatisation Guidelines	<i>Establishing a Commercialised Business Unit: Exploring the Choices for In-House Service Providers</i>
Cross-subsides and Community Service Obligation Disclosure	<i>Progress Report and Case Studies for Cross-Subsidies and Inefficient Water Pricing: Identification and Reporting to Achieve Better Outcomes</i>

**TABLE 2.1 COMPETITIVE NEUTRALITY REFORMS APPLIED TO 31 DECEMBER 1998**

<b>Type 1 Significant Business Activities</b>				
<b>Council</b>	<b>Activity</b>	<b>Reform applied(to Dec 1998)</b>	<b>Comment</b>	<b>Complaints</b>
Brisbane	Brisbane Transport	Commercialised July 1998	Review for possible corporatisation in future	In-house
	Water & Sewerage	Commercialised July 1998	Review for possible corporatisation in future	In-house
	Cleansing (Refuse)	Full Cost Pricing July 1998		In-house
Gold Coast	Water & Sewerage	Commercialised July 1998	Review for possible corporatisation in future	In-house
	Cleansing (Refuse)	Full cost pricing July 1998	Commercialisation from July 1999	In-house
Ipswich	Water and Sewerage	Commercialised July 1998	Review for possible corporatisation in future	In-house
Logan	Water & Sewerage	Commercialised July 1998	Review for possible corporatisation in future	QCA appointed as Referee
Maroochy	Water & Sewerage	Full cost pricing July 1998	Commercialisation from July 1999	Seeking Accreditation
<b>Townsville</b>	Water & Sewerage	Commercialised July 1998		QCA appointed as Referee
<b>Type 2 Significant Business Activities</b>				
Caboolture	Water & Sewerage	Commercialised July 1998		In-house
Cairns	Water & Sewerage	Full cost pricing July 1998	Review for commercialisation in July 1999	In-house
	Cleansing (Refuse)	Full cost pricing July 1998	Activity contracted out until 2003	In-house
Caloundra	Water & Sewerage	Commercialised July 1998		QCA appointed as Referee
Hervey Bay	Water & Sewerage	Commercialised July 1998		QCA appointed as Referee
Ipswich	Cleansing (Refuse)	Commercialised July 1998	Review for corporatisation in 2000	In-house
Logan	Cleansing (Refuse)	Commercialised July 1998		QCA appointed as Referee
Mackay	Water & Sewerage	Commercialised July 1998		QCA appointed as Referee
Maroochy	Cleansing (Refuse)	Full cost pricing July 1998	Review for commercialisation when the current cleansing contract expires in December 2002	Seeking Accreditation
Noosa	Water & Sewerage	Full cost pricing July 1998	Consider for commercialisation in 2 years	QCA appointed as Referee
Pine Rivers	Water & Sewerage	Full cost pricing July 1998		QCA appointed as Referee
Redland	Water & Sewerage	Commercialised July 1998		QCA appointed as Referee
Rockhampton	Water & Sewerage	Commercialised July 1998		QCA appointed as Referee
Thuringowa	Water & Sewerage	Full cost pricing July 1998	Commercialise from July 1999 <sup>1</sup>	QCA appointed as Referee
Toowoomba	Water & Sewerage	Full cost pricing July 1998	Review for commercialisation	In-house
Townsville	Cleansing (Refuse)	Commercialised July 1998		QCA appointed as Referee

<sup>1</sup> Originally resolved to commercialise from July 1998, but later resolved to implement full cost pricing from July 1998 with commercialisation from July 1999.

**TABLE 2.2: FURTHER APPLICATION OF REFORMS**

<b>Type 3 Business Activities</b>		
<b>Council</b>	<b>Activity</b>	<b>Reform to be Applied</b>
Banana	Road business activities	Code of Competitive Conduct
Boonah	Private works	Code of Competitive Conduct
Brisbane	+QEII Sports Complex	Code of Competitive Conduct
	+Sleeman Sports Complex	Code of Competitive Conduct
	+Golf Courses	Code of Competitive Conduct
	+City Pools	Code of Competitive Conduct
	+Brisbane Entertainment Centre	Code of Competitive Conduct
Burnett	Caravan Parks	Code of Competitive Conduct
Gold Coast	+Building Services	Code of Competitive Conduct
	+Tourism (Tourist Parks)	Code of Competitive Conduct
	+Quarry	Code of Competitive Conduct
Isis	+ Private Works	Code of Competitive Conduct
Mackay	+Entertainment	Code of Competitive Conduct
	+Sport & recreation	Code of Competitive Conduct
	+Building Services	Code of Competitive Conduct
	+Road business activities	Code of Competitive Conduct
Mareeba	Design	Advised it intends to apply Code of Competitive Conduct - but did not supply details of resolution
Mount Isa	Tourism (Riversleigh Fossil Museum & Tourist Centre)	Code of Competitive Conduct
Murilla	+Road business activities	Code of Competitive Conduct
Pine Rivers	+Building Services	Code of Competitive Conduct
Redland	+Land Development	Code of Competitive Conduct
	+Private Works (administrative schemes for land management (mowing))	Code of Competitive Conduct
	+Respite Care	Code of Competitive Conduct
	+Cultural (Community Halls)	Code of Competitive Conduct
	+Family Day Care	Code of Competitive Conduct from Jan 1999
	+Building Services	Commercialisation
	+Outside School Hours Care	Commercialisation from July 1999
	+Caravan Parks & camping	Commercialisation from July 1999
	+Childcare	Commercialisation from Jan. 1999
	+Cemetery Management Operations	Commercialisation from July 1999
+Entertainment Centre/Hall	Commercialisation from July 1999	
Thuringowa	Building Services (regulatory & certification units)	Full cost pricing
Tiaro	Private Works	Code of Competitive Conduct to be applied in 1999/2000
	Road business activities	Code of Competitive Conduct to be applied in 1999/2000
Toowoomba	+Entertainment	Full cost pricing
	+ Cemeteries	Code of Competitive Conduct
	+ Competitive Development Assessment	Code of Competitive Conduct
	+Road business activities	Full Cost Pricing
	+Sport & recreation	Full Cost Pricing
Whitsunday	Proserpine/ Whitsunday Airport	Code of Competitive Conduct

<b>Other Business Activities</b>		
Bendemere	Other road activities	Code of Competitive Conduct
Biggenden	Other road activities	Code of Competitive Conduct
Burnett	Other road activities	Code of Competitive Conduct
	Water & Sewerage	Code of Competitive Conduct
Cairns	+Other road activities	Code of Competitive Conduct
Esk	+Other Road Activities	Code of Competitive Conduct
	+Water & Sewerage	Code of Competitive Conduct
	+Refuse Management	Code of Competitive Conduct
	Engineering Management	Code of Competitive Conduct
Isis	+Water & Sewerage	Code of Competitive Conduct
Jericho	Other Road Activities	Code of Competitive Conduct
	Water & Sewerage	Code of Competitive Conduct
MacKay	Other road activities	Code of Competitive Conduct
	Refuse Management	Code of Competitive Conduct
	Plant & Equipment	Code of Competitive Conduct
	Workshop	Code of Competitive Conduct
	Cemeteries	Code of Competitive Conduct
	Design	Code of Competitive Conduct
	Public Toilets	Code of Competitive Conduct
	Land Development	Code of Competitive Conduct
	Plumbing Permits and Inspections	Code of Competitive Conduct
Mareeba	Other Road Activities	Advised it intends to apply Code of Competitive Conduct - but did not supply details of resolution
Maryborough	+Aerodromes	Code of Competitive Conduct
Miriam Vale	Other road activities (roads and drainage activity)	Code of Competitive Conduct
	Water & Sewerage	Code of Competitive Conduct
Paroo	+Other Road Activities	Code of Competitive Conduct
Redland	+Plant & Equipment (Fleet Management Operations)	Commercialisation from July 1999
	+Other road activities	Code of Competitive Conduct Will consider commercialisation from July 1999
	+Quarry	Code of Competitive Conduct
Tiaro	Other Road Activities	Code of Competitive Conduct to be applied in 1999/2000
	Water & Sewerage	Code of Competitive Conduct to be applied in 1999/2000
	Refuse Management	Code of Competitive Conduct to be applied in 1999/2000
Toowoomba	+∇Laboratory	Code of Competitive Conduct
Warwick	Other Road Activities	Code of Competitive Conduct
	Water & Sewerage	Full cost pricing
	Refuse Management	Full cost pricing

+ Local government has established a complaint process (or in some cases substantially commenced its establishment) although it has not yet implemented its competitive neutrality reform.

∇Local government intends to seek Queensland Competition Authority accreditation of the business activity.

**TABLE 2.3 COMPARISON OF LOCAL LAWS BEFORE AND AFTER REVIEWS FOR ANTI-COMPETITIVE PROVISIONS AND REDUNDANT PROVISIONS**

Council	No of Law 1994	Current No of Laws	Council	No of Laws 1994	Current No of Laws	Council	No of Laws 1994	Current No of Laws
Albert *	40	33	Diamantina	18	22	Moreton *	98	29
Allora *	39	14	Douglas	51	52	Mornington	17	17
Aramac	19	22	Duaringa	53	29	Mount Isa	45	23
Atherton	48	51	Eacham	26	26	Mount Morgan	30	23
Aurukun	17	17	Eidsvold	32	20	Mulgrave *	50	31
Balonne	33	24	Emerald	45	24	Mundubbera	48	29
Banana	52	28	Esk	45	20	Murgon	41	42
Barcaldine	26	22	Etheridge	30	8	Murilla	41	28
Bauhinia	31	6	Fitzroy	40	42	Murweh	36	36
Barcoo	19	19	Flinders	32	13	Nanango	39	37
Beaudesert	45	35	Gatton	36	37	Nebo	27	24
Belyando	43	31	Gayndah	41	22	Noosa	29	24
Bendemere	26	10	Gladstone	44	27	Paroo	39	26
Biggenden	45	7	Glengallan *	39	13	Peak Downs	29	9
Blackall	29	24	Gold Coast	41	49	Perry	41	27
Boonah	48	25	Goondiwindi	37	24	Pine Rivers	44	31
Booringa	34	15	Herberton	43	42	Pittsworth	47	21
Bouli	34	34	Hervey Bay	47	36	Quilpie	31	31
Bowen	55	45	Hinchinbrook	55	10	Redcliffe	44	38
Brisbane	21	26	Ilfracombe	20	23	Redland	48	33
Broadsound	40	22	Inglewood	44	19	Richmond	26	22
Bulloo	31	21	Ipswich	43	37	Rockhampton	55	39
Bundaberg	49	31	Isisford	28	20	Roma	41	25
Bungil	37	23	Isis	37	42	Rosalie	46	29
Burdekin	40	34	Jericho	32	17	Rosenthal *	24	9
Burke	26	29	Johnstone	50	40	Sarina	40	25
Burnett	103	47	Jondaryan	31	28	Stanthorpe	35	20
Caboolture	42	39	Kilcoy	28	30	Tambo	33	33
Cairns	48	50	Kilkivan	38	18	Tara	29	27
Calliope	26	17	Kingaroy	53	39	Taroom	75	46
Caloundra	50	51	Kolan	39	19	Thuringowa	32	33
Cambooya	33	11	Laidley	33	20	Tiaro	31	16
Cardwell	53	46	Livingstone	51	52	Toowoomba	45	32
Carpentaria	42	42	Logan	36	38	Torres	34	39
Charters Towers	30	26	Longreach	30	40	Townsville	40	40
Chinchilla	47	23	Mackay	68	41	Waggamba	40	15
Clifton	39	20	Mareeba	50	31	Wambo	36	25
Cloncurry	39	4	Maroochy	54	31	Warroo	47	35
Cook	42	47	Maryborough	48	42	Warwick	37	24
Cooloola	60	43	McKinlay	25	6	Whitsunday	58	34
Crows Nest	45	37	Millmerran	35	35	Winton	28	21
Croydon	21	21	Mirani	36	21	Wondai	48	21
Dalby	41	16	Miriam Vale	28	21	Woocoo	26	36
Dalrymple	15	18	Monto	33	22	<b>Total</b>		3659

\* indicates local governments subject to amalgamations

<b>Joint Local Governments</b>	<b>No of Laws 1994</b>	<b>Current No of Laws</b>
Caloundra-Maroochy Water Supply Board	2	4
Dalby-Wambo Aerodrome Board	1	1
Dalby-Wambo Library Board	3	3
Dalby-Wambo Saleyards Board	5	5
Emerald-Peak Downs Saleyards Board	5	5
Gladstone-Calliope Aerodrome Board	1	1
Goondiwindi-Waggamba Aerodrome Board	1	1
Roma-Bungil Show Grounds and Saleyards Board	9	8
Rockhampton District Saleyards Board	6	6
<b>Total</b>	<b>33</b>	<b>34</b>

**TABLE 2.4 APPLICATION OF TWO PART TARIFFS TO TYPE 1 AND 2 WATER BUSINESS ACTIVITIES**

Council	Category	Current Tariff Structure		Tariff Details
			Annual Access or Base Charge	Consumption Charge (\$/c per kL)
Brisbane (a)	Domestic	Two-part tariff	\$100	70c
	Com/Ind: metered	Two-part tariff	\$330 (20mm dia. connection) to \$74,160 (300mm dia. connection)	\$0.67 to \$1.10 per kL
	Com/Ind : unmetered	Property value	83c to 1.4c per \$1 ucw	na
Caboolture (b) (universal)	Domestic Commercial/Industrial	Two-part tariff	\$256 all users - \$147.50 infrastructure - (\$108.50 water usage allowance. This gives 350 kL - refund if 350kL is not used)	>350kL - 82/kLc
Cairns (b)	Domestic	Two-part tariff	\$100 metered \$253 unmetered (units)	51c per kL
	Commercial metered/ Comm./Indust. unmetered	Two-part tariff Unit based	\$100 \$14.88 per unit; may be 1 to 170 units	68c/kL
Caloundra (b)	Domestic	Two-part tariff	\$80	75c/kL
	Commercial/Industrial			75c/kL
Gold Coast (b)(c)	Domestic	Fixed charge/ excess	\$264 (for 300kL)	300-340kL: \$1.02; >340kL: \$1.30.
	Commercial/Industrial	Fixed charge/ excess	\$264 (for 300kL)	300-340kL: \$1.02; >340kL: \$1.30.
Hervey Bay (b)	Domestic	Two-part tariff	\$153	78c/kL
	Commercial/Industrial	Two-part tariff	\$153	78c/kL
Ipswich (b)(d)	All metered (domestic 87%) and others	Two-part tariff	\$135	0-450kL: 35c; 450-600kL: 60c; >600kL: \$1.06
	Unmetered: Domestic	Fixed Charge	\$560	na



Council	Category	Current Tariff Structure	Tariff Details	
			Annual Access or Base Charge	Consumption Charge (\$/c per kL)
	Unmetered: Com/Ind	Fixed Charge	\$1214 (500m <sup>2</sup> ) - \$10655.20 (>2500m <sup>2</sup> )	on area
Logan (b) (e)	Domestic	Two-part tariff	\$135 x Flow Capacity Factor (FCF). FCF determined by (mm) 20mm = 1, to 200mm = 100	70c
	Commercial/Industrial		non-residential = \$200 x FCF	
Mackay (a)	Domestic	Fixed charge/ excess	\$230 for 300kL	301-1500kL: 43c; >1500kL: 60c
	Commercial/Industrial	Two-part tariff	\$141 per factor (g) - may be 1 to 120 factors	0-1500kL per factor: 42c; >1500kL per factor: 58c
Maroochy (b)	Domestic	Two-part tariff	\$145	87c/kL
	Commercial/Industrial	Two-part tariff	\$372-\$14,550	87c/kL
Noosa (b)	Domestic	Two-part tariff	\$125	64c per kL
	Commercial/Industrial	Two-part tariff	\$125-\$12,500	64c/kL
Pine Rivers (h)	Domestic	Fixed charge	\$263 (15mm dia. connection) \$342 (20-25mm dia. connection)	No consumption charge
	Commercial/Industrial	Fixed charge	\$224 to \$1670	up to 600 kL per _ year - 76c between 600 and 1200 per _ year - 78c over 1200 kL per _ year - 80c
Redland (b)	Domestic	Two-part tariff	\$179.60	0-360kL - 18c/ above 360kL - 70c
	Commercial/Industrial	Two-part tariff	\$290-\$3400	0-360kL - 18ckL. > 360kL - 70c
Rockhampton	Domestic	Fixed charge	\$410.98	na
(b)(f)	Commercial/Industrial		unit based, see schedule	
Thuringowa	Domestic	Unit/ excess	\$375.60 (for 768kL) \$31.30/unit x 12 units	>768kL: 95c kL
	Commercial/Industrial		various unit-based; see schedule	

Council	Category	Current Tariff Structure		Tariff Details
			Annual Access or Base Charge	Consumption Charge (\$/c per kL)
Toowoomba (b)	Domestic	Two-part	\$247	0-324kL: 38c; >324kL: \$1.00 38c up to max. consump. Applicable to property. \$1.00 above max. consump. Applicable to property.
	Commercial/Industrial	Two-part tariff	\$247 - \$13,382 (150mm)	0-324kL/38c 324kL - \$1.00
Townsville	Domestic	Fixed charge/ excess	\$346.88 (for 776kL)	>776kL: \$1.05/kL
	Commercial/Industrial	Fixed charge/ excess	various by consumption. See schedule	

- (a) Council has been granted an extension under the Act to 31/3/98 to complete the review and make a resolution
- (b) Report and resolution on application of a two part tariff completed by 31/12/98
- (c) Two-part tariff to apply from 2000/01
- (d) 85% metered and steady progress to full metering
- (e) Two-part tariff system implemented in 1998-99 Budget
- (f) Rockhampton is largely unmetered. Although the review recommended introducing a two-part tariff, Rockhampton has resolved not to apply a two-part tariff at this stage and to undertake a further review within three years
- (g) Commercial/industrial buildings and uses are allocated a factor between 1 and 120 dependant on Land Use and determined in accordance with the Council's Budget Resolution
- (h) Where properties are metered, charges for excess water use may be levied if council considers water is being wasted
- (i) Water charge varies according to land use/business type (public halls and churches are charged \$69pa)

## NEW WATER INFRASTRUCTURE

Completed Projects 1994-98		
Development <sup>2</sup>	Results of Studies	Status of Project
<p>Teemburra Dam (Teemburra Creek, Pioneer Valley)</p> <p>Project cost \$59.3 million 137,600 ML storage</p> <p>Development part of the Queensland Sugar Industry Infrastructure Package</p>	<p>University of Queensland concluded that the “economic return on the project would justify the dam”.</p> <p>James Cook University concluded that the development of the dam and diversion will have no significant environmental or social impacts. Any effect on the storage area and the downstream habitats of Teemburra Creek and Palmtree Creek of a dam of 137,000 ML capacity could be mitigated with appropriate management strategies.</p>	Completed
<p>Walla Weir</p> <p>Project cost \$14 million 29,000 ML storage</p> <p>Development part of the Queensland Sugar Industry Infrastructure Package</p>	<p>Project assessed to be economically viable.</p> <p>Environmental impacts assessed as:</p> <ul style="list-style-type: none"> <li>• potential impacts on lungfish habitats;</li> <li>• potential impacts on <i>Elseysa</i> tortise habitat and potential extinction in ponded area;</li> <li>• potential impacts on <i>Bertya cunninhamii</i> plant species;</li> <li>• potential impacts on platypus;</li> <li>• potential impacts on downstream fisheries.</li> </ul> <p>(Long term baseline studies on lungfish and turtle in progress).</p> <p>Environmental Management Implementation Plan to define storage operation practices to minimise identified impacts.</p> <p>An allowance for environmental flows made for Walla Weir in anticipation of the completion of the Burnett WAMP.</p>	Completed
<p>Borumba Dam Stage II (Yabba Creek)</p> <p>Project cost \$3.1 million 12,000 ML additional storage capacity</p>	<p>Project assessed to be economically viable.</p> <p>Environmental impacts assessed as:</p> <ul style="list-style-type: none"> <li>• marginal impacts on river flows;</li> <li>• no notable impact on Yabba Creek biota;</li> <li>• some concerns regarding impacts on fish.</li> </ul> <p>EMP required to include a water release strategy to minimise impacts on Mary River Cod and Mary River Turtles.</p> <p>Estimated environmental flow allowances built into the new development in anticipation of the WAMP.</p>	Completed

<sup>2</sup> New schemes are required, as a minimum to cover the ARMCANZ Lower Bound costs of providing water services, with progress towards the ARCANZ Upper Bound were possible.

Projects approved in 1998		
Development	Results of studies	Status
<p>St George Off Stream Storage</p> <p>Project cost \$15 million 55,000 ML storage</p>	<p>Government has had a commitment to redress the relatively low level of reliability of existing allocations since 1994 due to siltation of Beardmore Dam and revision of storage volume calculation.</p> <p>Alternatives considered included:</p> <ul style="list-style-type: none"> <li>• alternative sites;</li> <li>• alternative volumes of storage;</li> <li>• demand management;</li> <li>• alternative management options for storage;</li> <li>• do nothing.</li> </ul> <p>Final option selected was development of 25,000 off-stream cell to supplement allocations in existing St George Irrigation Project, plus 30,000 cell to supplement natural flows (primarily for stock and domestic purposes).</p> <p>25,000 ML cell economically viable, 30,000 ML cell not justified on purely economic grounds, but may be justified on the basis of other non-economic criteria.</p> <p>Environmental impacts of storage assessed as:</p> <ul style="list-style-type: none"> <li>• reduced frequency of small floods;</li> <li>• reduced floodplain inundation;</li> <li>• average length of in-river drought periods likely to increase;</li> <li>• replacement of some aquatic vegetation by terrestrial vegetation;</li> <li>• reduction in the size of populations of frogs, waterbirds and their predators;</li> <li>• decrease in breeding frequency of waterbirds and frogs.</li> </ul> <p>Impacts to be addressed through an EMP and through environmental flows specified by the WAMP.</p> <p>Development of St George off-stream storage within the parameters of the interim cap policy.</p>	<p>Impact Assessment Studies completed.</p> <p>Planning and design well advanced.</p> <p>Negotiations for land resumption proceeding.</p>

<b>Impact assessment studies completed 1998</b>		
<b>Development</b>	<b>Results of studies</b>	<b>Status</b>
Starlee Dam on the Comet River	Economically viable and manageable environmental impacts.	Government decision not to proceed on the basis of expected unfavorable impacts identified by the WAMP process.
Nathan Dam on Dawson River	<p>Project assessed to be economically viable.</p> <p>Environmental impacts assessed to be:</p> <ul style="list-style-type: none"> <li>• loss of riparian corridor and riparian vegetation</li> <li>• impacts on boggomosses;</li> <li>• potential impact on downstream fisheries;</li> <li>• impacts on aquatic fauna.</li> </ul> <p>Final assessment that environmental impacts are not insignificant but not of a magnitude to interfere with the development of the proposed dam.</p> <p>Impacts to be managed through Environmental Management Plan and River Operations Management Plan.</p>	<p>SUDAW (a private sector consortium currently evaluating development of Nathan Dam on the basis of no Government funding.</p> <p>Assessment by SUDAW approaching completion. SUDAW proposal proceeds, Nathan Dam will be the first major private sector development of a large-scale irrigation dam on a commercial basis in Queensland.</p>

<b>Project planning assessment studies completed 1998</b>		
<b>Development</b>	<b>Results of studies</b>	<b>Status</b>
Upper Teviot Brook Dam	Proposed development not financially viable at this stage	No further investigations planned
St Helen's Creek Dam	Draft Terms of Reference for study prepared	Government decision not to proceed with investigations
Finch Hatton Creek Dam	Draft Terms of Reference for study prepared	Government decision not to proceed with investigations
Stone River Dam	Proposed development not economically viable at this stage	Opportunities for groundwater development are being investigated
Dam on Flinders River at Richmond	Proposed development not economically viable at this stage	<p>No further investigations planned.</p> <p>Private investigations for off-stream storages for irrigation is proceeding</p>

<b>Project planning assessment studies completed 1998</b>		
<b>Development</b>	<b>Results of studies</b>	<b>Status</b>
Raising Jones Weir (Burnett River at Mundubbera)	Preliminary studies indicated prima facie feasibility	Planning, assessment and design currently proceeding
Raising Bucca Weir (Kolan River near Gin Gin)	Preliminary studies indicated prima facie feasibility	Planning, assessment and design currently proceeding
Condamine Weir	Terms of reference completed and expressions of interest currently being assessed.	
Paradise Dam on Burnett River	Preliminary engineering studies completed	Further investigations to proceed

#### **Other Information**

A weir on the Mary River near Gympie, Mary River Tidal Barrage and raising Kinchart Dam at conceptual stages only.

## Local Government NCP Financial Incentive Package: Council Allocations and Payments

COUNCIL	Review Pool		Implementation Pool			Total	
	Maximum Allocation*	1998 Payments**	Maximum Allocation*	1998 Payments**	1999 Payments**	Maximum Allocation*	1998 & 1999 Payments**
Brisbane	\$2,250,000	\$2,100,000	\$42,751,600	\$2,400,000	\$10,745,400	\$45,001,600	\$15,245,400
Gold Coast	\$400,000	\$280,000	\$12,880,600	\$605,400	\$2,665,600	\$13,280,600	\$3,551,000
Logan	\$215,000	\$140,000	\$5,905,600	\$409,350	\$1,442,150	\$6,120,600	\$1,991,500
Maroochy	\$140,000	\$98,000	\$5,583,600	\$360,350	\$1,319,250	\$5,723,600	\$1,777,600
Ipswich	\$215,000	\$140,000	\$5,199,600	\$341,050	\$1,215,350	\$5,414,600	\$1,696,400
Townsville	\$215,000	\$140,000	\$4,206,600	\$240,700	\$863,500	\$4,421,600	\$1,244,200
Cairns	\$140,000	\$98,000	\$3,770,600	\$226,650	\$539,950	\$3,910,600	\$864,600
Redland	\$120,000	\$84,000	\$3,734,600	\$178,250	\$791,150	\$3,854,600	\$1,053,400
Pine Rivers	\$120,000	\$84,000	\$3,342,600	\$177,000	\$312,000	\$3,462,600	\$573,000
Mackay	\$120,000	\$84,000	\$3,021,600	\$174,800	\$756,500	\$3,141,600	\$1,015,300
Rockhampton	\$120,000	\$84,000	\$2,567,600	\$144,700	\$479,800	\$2,687,600	\$708,500
Caloundra	\$120,000	\$84,000	\$2,444,600	\$135,450	\$603,450	\$2,564,600	\$822,900
Hervey Bay	\$120,000	\$84,000	\$1,914,600	\$130,400	\$418,000	\$2,034,600	\$632,400
Caboolture	\$120,000	\$84,000	\$1,882,600	\$101,200	\$540,100	\$2,002,600	\$725,300
Toowoomba	\$120,000	\$84,000	\$1,762,600	\$89,300	\$214,300	\$1,882,600	\$387,600
Noosa	\$120,000	\$84,000	\$1,464,600	\$103,900	\$181,200	\$1,584,600	\$369,100
Thuringowa	\$120,000	\$84,000	\$1,187,600	\$81,500	\$163,700	\$1,307,600	\$329,200
<b>Sub-total</b>	<b>\$4,775,000</b>	<b>\$3,836,000</b>	<b>\$103,621,200</b>	<b>\$5,900,000</b>	<b>\$23,251,400</b>	<b>\$108,396,200</b>	<b>\$32,987,400</b>
Redcliffe	\$55,000	\$25,000	\$1,386,600	-	\$47,400	\$1,441,600	\$72,400
Bundaberg	\$55,000	\$25,000	\$1,381,600	-	\$31,600	\$1,436,600	\$56,600
Coolool	\$55,000	\$25,000	\$1,311,600	-	-	\$1,366,600	\$25,000
Beaudesert	\$55,000	\$25,000	\$1,290,600	-	\$36,100	\$1,345,600	\$61,100
Gladstone	\$55,000	\$25,000	\$1,085,600	-	\$53,300	\$1,140,600	\$78,300
Mount Isa	\$43,000	\$20,500	\$923,600	-	\$199,500	\$966,600	\$220,000
Burdekin	\$43,000	\$20,500	\$827,600	-	\$31,600	\$870,600	\$52,100
Maryborough	\$43,000	\$20,500	\$772,600	-	\$38,800	\$815,600	\$59,300
Johnstone	\$35,000	\$20,500	\$761,600	-	\$31,600	\$796,600	\$52,100
Bowen	\$35,000	\$20,500	\$759,600	-	\$35,500	\$794,600	\$56,000
Mareeba	\$43,000	\$20,500	\$746,600	-	\$31,600	\$789,600	\$52,100
Dalby	\$35,000	\$18,000	\$721,600	-	\$31,600	\$756,600	\$49,600
Calliope	\$35,000	\$20,500	\$712,600	-	\$46,500	\$747,600	\$67,000
Livingstone	\$43,000	\$20,500	\$684,600	-	\$31,600	\$727,600	\$52,100
Banana	\$35,000	\$20,500	\$681,600	-	\$57,400	\$716,600	\$77,900
Warwick	\$35,000	\$20,500	\$665,600	-	\$92,800	\$700,600	\$113,300
Burnett	\$55,000	\$25,000	\$641,600	-	\$114,700	\$696,600	\$139,700
Whitsunday	\$35,000	\$20,500	\$641,600	-	\$38,000	\$676,600	\$58,500
Cardwell	\$25,000	\$16,000	\$587,600	-	\$33,500	\$612,600	\$49,500
Douglas	\$35,000	\$20,500	\$577,600	-	\$31,600	\$612,600	\$52,100
Gatton	\$25,000	\$18,500	\$547,600	-	\$47,400	\$572,600	\$65,900
Emerald	\$43,000	\$18,000	\$508,600	-	\$31,600	\$551,600	\$49,600
Wambo	\$25,000	\$18,500	\$509,600	-	\$74,800	\$534,600	\$93,300
Esk	\$35,000	\$20,500	\$486,600	-	\$93,800	\$521,600	\$114,300
Crow's Nest	\$23,000	\$14,000	\$478,600	-	\$78,500	\$501,600	\$92,500
Belyando	\$25,000	\$16,000	\$469,600	-	\$45,200	\$494,600	\$61,200
Cloncurry	\$25,000	\$16,000	\$435,600	-	-	\$460,600	\$16,000
Hinchinbrook	\$35,000	\$20,500	\$414,600	-	\$42,100	\$449,600	\$62,600
Dalrymple	\$35,000	\$18,000	\$392,600	-	-	\$427,600	\$18,000
Charters Towers	\$25,000	\$16,000	\$391,600	-	\$34,100	\$416,600	\$50,100
Sarina	\$23,000	\$14,000	\$378,600	-	-	\$401,600	\$14,000
Kingaroy	\$25,000	\$16,000	\$346,600	-	\$42,900	\$371,600	\$58,900
Blackall	\$18,000	\$13,000	\$347,600	-	\$31,600	\$365,600	\$44,600
Isis	\$25,000	\$16,000	\$336,600	-	\$63,200	\$361,600	\$79,200
Duaringa	\$25,000	\$16,000	\$333,600	-	\$31,600	\$358,600	\$47,600
Nanango	\$25,000	\$16,000	\$321,600	-	\$31,600	\$346,600	\$47,600
Chinchilla	\$23,000	\$14,000	\$317,600	-	\$31,600	\$340,600	\$45,600
Fitzroy	\$25,000	\$16,000	\$315,600	-	\$31,600	\$340,600	\$47,600
Stanthorpe	\$25,000	\$16,000	\$308,600	-	\$41,800	\$333,600	\$57,800
Peak Downs	\$25,000	\$16,000	\$307,600	-	\$79,500	\$332,600	\$95,500
Inglewood	\$18,000	\$13,000	\$306,600	-	\$32,100	\$324,600	\$45,100
Waggamba	\$23,000	\$14,000	\$297,600	-	\$31,600	\$320,600	\$45,600
Atherton	\$25,000	\$16,000	\$289,600	-	\$31,600	\$314,600	\$47,600
Carpentaria	\$25,000	\$16,000	\$278,600	-	\$31,600	\$303,600	\$47,600
Balonne	\$25,000	\$16,000	\$276,600	-	\$31,600	\$301,600	\$47,600
Barcoo	\$18,000	\$13,000	\$278,600	-	-	\$296,600	\$13,000

COUNCIL	Review Pool		Implementation Pool			Total	
	Maximum Allocation*	1998 Payments**	Maximum Allocation*	1998 Payments**	1999 Payments**	Maximum Allocation*	1998 & 1999 Payments**
Herberton	\$23,000	\$14,000	\$273,600	-	\$31,600	\$296,600	\$45,600
Flinders	\$25,000	\$16,000	\$259,600	-	\$31,600	\$284,600	\$47,600
Millmerran	\$18,000	\$13,000	\$265,600	-	\$31,600	\$283,600	\$44,600
Rosalie	\$18,000	\$13,000	\$259,600	-	\$32,700	\$277,600	\$45,700
Longreach	\$25,000	\$16,000	\$246,600	-	\$31,600	\$271,600	\$47,600
Pittsworth	\$18,000	\$13,000	\$249,600	-	\$6,700	\$267,600	\$19,700
Eacham	\$23,000	\$14,000	\$243,600	-	-	\$266,600	\$14,000
Jondaryan	\$23,000	\$14,000	\$233,600	-	\$31,600	\$256,600	\$45,600
Tiaro	\$18,000	\$13,000	\$236,600	-	\$33,500	\$254,600	\$46,500
Murgon	\$25,000	\$16,000	\$227,600	-	-	\$252,600	\$16,000
Torres	\$18,000	\$13,000	\$232,600	-	\$31,600	\$250,600	\$44,600
Barcaldine	\$25,000	\$16,000	\$219,600	-	\$15,800	\$244,600	\$31,800
Boonah	\$23,000	\$14,000	\$221,600	-	\$34,000	\$244,600	\$48,000
Wondai	\$18,000	\$13,000	\$225,600	-	\$31,600	\$243,600	\$44,600
Winton	\$25,000	\$16,000	\$217,600	-	\$15,800	\$242,600	\$31,800
Kilkivan	\$23,000	\$14,000	\$218,600	-	\$31,900	\$241,600	\$45,900
Goondiwindi	\$23,000	\$14,000	\$209,600	-	\$33,600	\$232,600	\$47,600
Booringa	\$23,000	\$14,000	\$205,600	-	-	\$228,600	\$14,000
Richmond	\$18,000	\$13,000	\$210,600	-	\$31,600	\$228,600	\$44,600
Boulia	\$25,000	\$16,000	\$197,600	-	\$31,600	\$222,600	\$47,600
Aramac	\$18,000	\$13,000	\$195,600	-	\$15,800	\$213,600	\$28,800
Isisford	\$18,000	\$13,000	\$188,600	-	-	\$206,600	\$13,000
Kilcoy	\$18,000	\$13,000	\$188,600	-	\$31,600	\$206,600	\$44,600
Nebo	\$18,000	\$13,000	\$188,600	-	\$31,600	\$206,600	\$44,600
Paroo	\$18,000	\$13,000	\$186,600	-	\$35,900	\$204,600	\$48,900
Murilla	\$18,000	\$13,000	\$183,600	-	\$43,800	\$201,600	\$56,800
Tambo	\$18,000	\$13,000	\$183,600	-	-	\$201,600	\$13,000
Laidley	\$25,000	\$16,000	\$172,600	-	-	\$197,600	\$16,000
Bulloo	\$18,000	\$13,000	\$178,600	-	-	\$196,600	\$13,000
Bungil	\$18,000	\$13,000	\$178,600	-	\$31,600	\$196,600	\$44,600
Biggenden	\$18,000	\$13,000	\$177,600	-	\$35,000	\$195,600	\$48,000
Jericho	\$18,000	\$13,000	\$177,600	-	\$34,800	\$195,600	\$47,800
Diamantina	\$18,000	\$13,000	\$175,600	-	\$31,600	\$193,600	\$44,600
Mirani	\$23,000	\$14,000	\$170,600	-	\$31,600	\$193,600	\$45,600
Gayndah	\$18,000	\$13,000	\$173,600	-	-	\$191,600	\$13,000
Burke	\$18,000	\$13,000	\$172,600	-	-	\$190,600	\$13,000
Cambooya	\$18,000	\$13,000	\$172,600	-	\$31,600	\$190,600	\$44,600
Croydon	\$18,000	\$13,000	\$170,600	-	\$31,600	\$188,600	\$44,600
Warroo	\$18,000	\$13,000	\$170,600	-	\$15,800	\$188,600	\$28,800
Miriam Vale	\$18,000	\$13,000	\$169,600	-	\$39,800	\$187,600	\$52,800
Broadsound	\$23,000	\$14,000	\$161,600	-	\$31,600	\$184,600	\$45,600
Monto	\$18,000	\$13,000	\$164,600	-	\$15,800	\$182,600	\$28,800
Etheridge	\$23,000	\$14,000	\$153,600	-	\$31,600	\$176,600	\$45,600
Bauhinia	\$18,000	\$13,000	\$154,600	-	\$31,600	\$172,600	\$44,600
McKinlay	\$18,000	\$13,000	\$151,600	-	\$31,600	\$169,600	\$44,600
Mundubbera	\$18,000	\$13,000	\$150,600	-	-	\$168,600	\$13,000
Clifton	\$18,000	\$13,000	\$145,600	-	\$6,400	\$163,600	\$19,400
Taroom	\$23,000	\$14,000	\$129,600	-	\$31,600	\$152,600	\$45,600
Bendemere	\$18,000	\$13,000	\$130,600	-	\$1,100	\$148,600	\$14,100
Woocoo	\$18,000	\$13,000	\$128,600	-	\$31,600	\$146,600	\$44,600
Perry	\$18,000	\$13,000	\$122,600	-	\$31,600	\$140,600	\$44,600
Quilpie	\$18,000	\$13,000	\$122,600	-	-	\$140,600	\$13,000
Murweh	\$25,000	\$16,000	\$106,600	-	-	\$131,600	\$16,000
Roma	\$25,000	\$16,000	\$106,600	-	-	\$131,600	\$16,000
Momington	\$23,000	\$16,500	\$106,600	-	-	\$129,600	\$16,500
Aurukun	\$18,000	\$13,000	\$106,600	-	-	\$124,600	\$13,000
Cook	\$18,000	\$13,000	\$106,600	-	\$31,600	\$124,600	\$44,600
Eidsvold	\$18,000	\$13,000	\$106,600	-	\$31,600	\$124,600	\$44,600
Ilfracombe	\$18,000	\$13,000	\$106,600	-	\$31,600	\$124,600	\$44,600
Kolan	\$18,000	\$13,000	\$106,600	-	-	\$124,600	\$13,000
Mount Morgan	\$18,000	\$13,000	\$106,600	-	-	\$124,600	\$13,000
Tara	\$18,000	\$13,000	\$106,600	-	-	\$124,600	\$13,000
<b>Sub-total</b>	<b>\$2,758,000</b>	<b>\$1,694,500</b>	<b>\$37,851,800</b>	<b>-</b>	<b>\$3,275,900</b>	<b>\$40,609,800</b>	<b>\$4,970,400</b>
<b>TOTAL</b>	<b>\$7,533,000</b>	<b>\$5,530,500</b>	<b>\$141,473,000</b>	<b>\$5,900,000</b>	<b>\$26,527,300</b>	<b>\$149,006,000</b>	<b>\$37,957,800</b>

\* Not indexed in line with competition payments from the Commonwealth to the Queensland Government.

\*\* Indexed.