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## **NATIONAL COMPETITION POLICY PAYMENTS TO STATES AND TERRITORIES FOR 2003-04**

The Treasurer today announced that the Australian Government will make competition payments to the States and Territories of more than \$578 million in 2003-04.

The payments follow an independent assessment by the National Competition Council of progress by the States and Territories in implementing National Competition Policy (NCP) reform commitments.

The estimated maximum level of competition payments in 2003-04 is \$759 million. The National Competition Council (NCC) recommended \$53.9 million in the form of permanent deductions and \$126.9 million in suspensions.

The National Competition Council has indicated that it will recommend that specific suspensions be lifted and reimbursed if and when jurisdictions sufficiently progress reform. Similarly, with respect to pool suspensions, the Council will reassess these penalties in subsequent assessments and, where satisfactory progress is made, may recommend that the suspension be lifted or reduced and the suspended amounts reimbursed.

When NCP agreements were adopted by all the Australian, State and Territory governments in 1995, legislation reviews and associated reforms were to have been completed by 2000. In November 2000, the Council of Australian Governments agreed to extend the deadline for these reviews to June 2002. Subsequently, governments were provided a further year in which to finalise their reviews and responses. This year's recommendations by the NCC recognise the length of time that jurisdictions have had to undertake NCP reform commitments entered into in 1995.

NCP does not require governments to repeal all restrictions on competition or to deregulate or privatise industries. It requires governments to undertake transparent and rigorous reviews of legislation that restrict competition and to reform those competitive restrictions, except where it would be contrary to the public interest to do so.

The public interest test means that restrictions on competition that are of net benefit to the community as a whole can be maintained, unless that net benefit can be achieved in other, less anti-competitive, ways.

Payments and penalties for 2003-04 (subject to adjustment for changes in CPI, population estimates and supplementary assessments) are:

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Maximum Available Payments	\$254.4m	\$188.1m	\$146m	\$74.6m	\$58.1m	\$18.1m	\$12.2m	\$7.4m
Permanent Deductions	\$25.4m	—	\$7.3m	\$14.9m	\$5.8m	—	—	\$0.4m
Suspensions	\$25.4m	\$9.4m	\$51.1m	\$26.1m	\$11.6m	\$0.9m	\$1.2m	\$1.1m
Actual Payments	<b>\$203.5m</b>	<b>\$178.7m</b>	<b>\$87.9m</b>	<b>\$33.6m</b>	<b>\$40.7m</b>	<b>\$17.2m</b>	<b>\$11.0m</b>	<b>\$5.9m</b>

In early 2004 the Council will conduct supplementary assessments of New South Wales' and Victoria's progress with implementing water reform. These processes may have implications for these States' competition payments.

Details of the 2003 assessment will be available on the National Competition Council's website ([www.ncc.gov.au](http://www.ncc.gov.au)).

These competition payments are entirely separate from GST revenue and Budget Balancing Assistance paid to the States. A separate release on these payments has been issued today showing payments to the States exceeding the guaranteed amount by \$575 million in 2003-04.

CANBERRA  
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