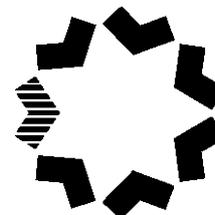


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PRESS RELEASE

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NATIONAL COMPETITION POLICY ASSESSMENT

The National Competition Council has today released a framework which outlines the National Competition Policy reform progress required by all Australian governments by July 2001.

In 1995 all governments agreed to remove restrictions on competition on an ongoing basis unless those restrictions could be shown to be in the public interest and would benefit the overall community.

Governments have been formally assessed on their reform progress every two years. The June 2001 assessment will be the third formal assessment.

The framework identifies a number of priority reform areas, and contains information on individual governments' progress in these areas.

The Council's assessment will form the basis of the Federal Treasurer's decision on National Competition Policy Payments from 2001-02.

Over the five years from 2001-02 an estimated total of \$3.8 billion is available to State and Territory governments - the pre-requisite for full payment is satisfactory reform progress.

Where review and reform activity does not satisfactorily address obligations, and the relevant government is not proposing to address the non-compliance, a reduction in National Competition Policy payments may be imposed.

On 3 November 2000 the Council of Australian Governments endorsed its commitment to National Competition Policy objectives but extended the timeframe for completion of the legislation review component of the reforms from December 2000 to June 2002.

For further information or comment contact: Anna Schulze 03 9285 7789

The complete *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms* is available at www.ncc.gov.au or phone (03) 9285 7789 / 7497

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: COMMONWEALTH

Following are brief indications of some of the key areas of concern in considering the Commonwealth's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

RAIL - National Rail (see chapter 10)

In September 1999, a competitive neutrality complaint was lodged against National Rail. The Commonwealth must confirm the status of the complaint and ensure that it has been dealt with as required by National Competition Policy competitive neutrality principles. As the Commonwealth has indicated that its intended privatisation would alleviate competitive neutrality issues the Commonwealth must also confirm the timetable for this privatisation.

PUBLIC SECTOR SUPERANNUATION (see chapter 20)

Legislation to introduce choice of funds has been before the Parliament since 1997. It has not yet been debated in the Senate. The Commonwealth needs to implement the policy decision to introduce choice of funds in order to comply with its National Competition Policy obligations.

COMMUNICATIONS - Broadcasting Services Act (see chapter 25)

The Commonwealth Broadcasting Services Act was reviewed by the Productivity Commission in 2000. For the Commonwealth to meet National Competition Policy requirements it will need to either make substantial changes to the legislation along the lines indicated by the review or, present convincing evidence to support a case that there is a net public benefit in departing from the review recommendations.

AUSTRALIA POST (see chapter 25)

Legislation to introduce competition to certain services and to implement an access regime was introduced into the Parliament in 2000. The Council is looking for confirmation of the enacting of the legislation and will take account of the subsequent use of the access regime to ascertain its effectiveness.

AUSTRALIA POST - Competitive Neutrality (see chapter 25)

In February 2000 a competitive neutrality complaint was lodged against Australia Post claiming preferential customs treatment. The Commonwealth has not yet responded to the complaint or the recommendations of the Commonwealth Competitive Neutrality Complaints Office. The Council expects the Commonwealth to provide an expeditious response to the recommendations.

PHARMACY REGULATION (see chapter 16)

The Commonwealth must address the apparent contradictions between the 2000 Wilkinson review of pharmacy recommendations and the Community Pharmacy Agreement. To meet its National Competition Policy requirements the Commonwealth needs to demonstrate convincing public interest justifications to support retention of restrictions.

ROAD TRANSPORT (see chapter 9)

The Council considered the Commonwealth's failure to have ensured passage of amendments to the Interstate Road Transport Act 1985 as a breach of its second tranche road reform obligations. The Council is seeking confirmation of the passage of these amendments.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: NEW SOUTH WALES

Following are brief indications of some of the key areas of concern in considering NSW's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

RAIL - *FreightCorp* (see chapter 10.1)

In September 1999, a competitive neutrality complaint was lodged against FreightCorp.

NSW must confirm the status of the complaint and ensure that it has been dealt with as required by National Competition Policy competitive neutrality principles. The Council will be taking account of actions by NSW to investigate the matters raised including any delays in considering the complaint. As NSW has indicated that its intended privatisation would alleviate competitive neutrality issues it must also confirm the timetable for this privatisation.

TAXI LICENSING (see chapter 11)

NSW's National Competition Policy review of taxi licensing restrictions recommended substantial regulatory reform. NSW needs to make significant further reform progress in relation to taxi regulation. A failure to progress reform is likely to be regarded as a substantial failure of compliance with National Competition Policy obligations.

WATER (see chapter 8)

In NSW, on the ground progress with rural water reform (including pricing, allocation/trading, and environmental provision) will be a key focus for the Council.

AGRICULTURE - Grains Marketing (see chapter 13)

The Council is not satisfied that the announced extension of monopoly marketing powers over grains and oilseeds are consistent with the 1999 National Competition Policy review recommendations. To the extent that NSW has departed from the findings of the review, it will need to demonstrate that its approach is in the public interest.

AGRICULTURE - Rice Marketing (see chapter 13)

It is now five years since the National Competition Policy review of NSW rice marketing and the recommended reform and deregulation of the domestic rice market has not been achieved.

This matter needs to be resolved prior to the June 2001 assessment.

LIQUOR LICENSING (see chapter 21.7)

The Council will be looking closely at the rationale for the 'public needs' test if NSW proposes to retain this restriction following its current review. Previous reviews have provided little, if any, evidence of public harm due to the absence of such tests.

SHOP TRADING HOURS (see chapter 21.1)

NSW legislation restricts the ability of 'general' shops to trade on Sundays and public holidays but provides for exemptions. Whilst in practice the widespread use of exemptions has resulted in a significant deregulation of trading hours NSW will need to provide the Council with evidence of the public benefit case for the remaining restrictions.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: VICTORIA

Following are brief indications of some of the key areas of concern in considering Victoria's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

TAXI LICENSING (see chapter 11)

Victoria's National Competition Policy review of taxi licensing restrictions recommended substantial regulatory reform.

VIC needs to make significant further reform progress in relation to taxi regulation. A failure to progress reform is likely to be regarded as a substantial failure of compliance with National Competition Policy obligations.

LIQUOR LICENSING (see chapter 21.7)

Contrary to a 1998 review recommendation, the previous Victorian Government retained the '8 per cent rule' for holders of packaged liquor licenses which means that no licensee can hold more than 8 per cent of the total number of packaged liquor licenses.

The Council believed that the 'public interest' evidence provided by the Victorian Government gave little support to the argument that retaining the rule provides a net community benefit. A further review recently found that the restriction is not an effective way to help small business and creates inconvenience for consumers.

The Council will therefore expect VIC to implement appropriate reforms.

AGRICULTURE - Barley (see chapter 13)

On 15 December 2000, the Victorian government confirmed that the State's export barley market will sunset in mid-2001 as consistent with its 1997 review recommendations. VIC has met its National Competition Policy commitments in relation to barley review and reform and Council will now seek confirmation of the cessation of the monopoly consistent with the sunset clause.

WATER (see chapter 8)

In VIC, on the ground progress with rural water reform (including pricing, allocation / trading and environmental provision) will be a key focus for the Council.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: QUEENSLAND

Following are brief indications of some of the key areas of concern in considering QLD's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

WATER (see chapter 8)

In QLD, on the ground progress with urban and rural water reform (including pricing, allocation / trading and environmental provision) will be a key focus for the Council.

RAIL (see chapter 10)

Questions have previously been raised by the Council in respect to the application of competitive neutrality principles by Queensland Rail.

The QLD government's failure to develop a Community Service Obligation framework within the timeframe resulted in a suspension of National Competition Policy payments of 10 per cent (approximately \$8.6 million) following Council's second tranche assessment. Council will consider the matter further as part of its third tranche assessment should it remain outstanding.

AGRICULTURE - Sugar (see chapter 13)

QLD has implemented a number of reforms in the sugar industry following a review in 1995. However, consistent with the recommendations of the review, the vesting and single desk marketing powers for the domestic and export markets, have remained in place.

QLD has not implemented the recommendation to remove the constraints on growers' transferring sugar cane between mills.

As well as reassessing the success of earlier reforms, the Council will be looking for QLD to demonstrate that the current domestic marketing arrangements are delivering outcomes equivalent to the net benefits that might arise from a full reform of the marketing arrangements. QLD must also demonstrate a net public benefit reason for not pursuing the recommendation to remove the restrictions on cane transfers.

SHOP TRADING HOURS (see chapter 21)

QLD has chosen to address National Competition Policy questions regarding shop trading hours through the Queensland Industrial Relations Commission (QIRC).

Reviews of trading hours have been generally critical of restrictions and found widespread benefits from deregulation. The Council will be looking to ensure that competition issues are being adequately addressed within the QIRC process.

LEGAL SERVICES (see chapter 17)

Key restrictions in the legal services industry include the regulation of entry to the profession, reservation of legal practice, controls on the ownership and structure of legal practice ownership and monopoly of professional indemnity insurance for solicitors.

QLD is now considering its response to its 1999 review of the arrangements of the legal profession. If QLD implements the recommendations in relation to public indemnity insurance, they will need to provide practical access for solicitors to a choice of indemnity insurance providers.

COMPETITIVE NEUTRALITY - TAFE Institutes (see chapter 22)

All jurisdictions except QLD apply competitive neutrality principles to the business activities of TAFE institutions which aim to remove any potential for Government owned businesses to compete unfairly with private businesses.

QLD is reviewing the application of competitive neutrality to TAFEs as part of National Competition Policy obligations. QLD will need to provide a robust public benefit case, should it decide against the application of competitive neutrality principles for its TAFE institutes.

LIQUOR LICENSING (see chapter 21.7)

The Council will be looking closely at the rationale for the 'public needs' test if QLD proposes to retain this restriction following its current review. Reviews in other jurisdictions have provided little, if any, evidence of public harm due to the absence of such tests. In addition, strong evidence would be required to support the QLD government's decision to retain provisions that restrict the sale of take away liquor to hoteliers.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: WESTERN AUSTRALIA

Following are brief indications of some of the key areas of concern in considering WA's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

RAIL - Westrail Freight (see chapter 10)

Westrail provides infrastructure, freight and passenger services. WA announced in 1998 that the freight business was to be sold.

WA will need to demonstrate that all of the issues relevant to its reform obligations relating to the structural reform of public monopolies have been considered and implemented appropriately.

TAXI LICENSING (see chapter 11)

WA's National Competition Policy review of taxi licensing restrictions recommended substantial regulatory reform.

WA needs to make significant further reform progress in relation to taxi regulation. A failure to progress reform is likely to be regarded as a substantial failure of compliance with National Competition Policy obligations.

WATER (see chapter 8)

In WA, on the ground progress with rural water reform (including pricing, allocation/trading and environmental provision) will be a key focus for the Council.

AGRICULTURE - Grain Marketing (see chapter 13)

WA, to date, has not demonstrated that there is a net community benefit from the Grain Pool of WA (GPWA) monopoly over bulk exports of feed and malting barley, canola and lupins. WA must prove this net community benefit in order to meet its National Competition Policy obligations.

AGRICULTURE - Potato Marketing (see chapter 13)

WA, to date, has not clearly demonstrated a net public benefit for retaining the Potato Marketing Board's monopoly over delivery and marketing of WA potatoes.

Independent, objective, transparent, consultative, robust review processes are important to achieving good regulatory outcomes. The Council will look carefully at the conduct of the 1998 National Competition Policy review of potato marketing to determine whether it was conducted in a bona fide manner.

SHOP TRADING HOURS (see chapter 21)

The Council is seeking the release of the 1999 review of shop trading hours (or at a minimum, public documentation of the public interest case supporting current arrangements) and expects the Government to remove restrictions where appropriate.

LIQUOR LICENSING (see chapter 21)

The Council will be looking closely at the rationale for the 'proof-of-need' test if WA proposes to retain this restriction following its current review. Previous reviews have provided little, if any, evidence of public harm due to the absence of such tests.

ROAD TRANSPORT (see chapter 9)

WA has not yet implemented legislation to introduce the national driver's licence classifications, compulsory photographic licences, the national heavy vehicle registration scheme and amend regulation-making powers contained in the Road Traffic Act 1974.

In order to meet National Competition Policy requirements the Council requires WA to confirm passage of this outstanding matter.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: SOUTH AUSTRALIA

Following are brief indications of some of the key areas of concern in considering SA's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

TAXI LICENSING (see chapter 11)

SA's National Competition Policy review of taxi licensing restrictions recommended substantial regulatory reform. SA needs to make significant further reform progress in relation to taxi regulation. A failure to progress reform is likely to be regarded as a substantial failure of compliance with National Competition Policy obligations.

AGRICULTURE - Barley Marketing (see chapter 13)

The Council expects SA to implement the recommendations of its 1997 National Competition Policy review and deregulate the export barley market by removing the Australian Barley Board's legislative monopoly.

If SA fails to implement the public interest reforms it will need to show compelling evidence that circumstances have fundamentally changed over the past three years so that public interest would no longer be served by deregulation.

AGRICULTURE - Oats Marketing (see chapter 13)

The Council expects SA to implement the recommendations of its 1997 National Competition Policy review and deregulate the export oats market by removing the ABB Ltd's legislative monopoly.

If SA fails to implement the recommended reforms it will need to show compelling evidence that circumstances have fundamentally changed over the past three years which would indicate that public interest would no longer be served by deregulation.

WATER (see chapter 8)

In SA, on the ground progress with rural water reform (including pricing, allocation/trading and environmental provision) will be a key focus for the Council.

WORKERS COMPENSATION INSURANCE (see chapter 20)

SA released a draft review of its workers compensation scheme in early 2000. The Council does not believe that the arguments presented in the Draft Report, by themselves, provide a sufficiently convincing case to support the primary recommendation to retain the statutory monopoly.

Should the SA government decide to retain the statutory monopoly, the Council considers that it would need to demonstrate a stronger justification.

SHOP TRADING HOURS (see chapter 21)

SA reviewed its shop trading hours legislation in 1998 but the report has not been released publicly. Without this report the Council cannot be sure that the limited reforms taken by SA to date meet its National Competition Policy obligations.

The Council is looking for SA to release the report without undue delay (or at a minimum, public documentation of the public interest case supporting current arrangements) and expects the Government to implement review recommendations where appropriate.

LIQUOR LICENSING (see chapter 21.7)

The Council will be looking closely at the rationale for the 'proof-of-need' test if SA proposes to retain this restriction following its forthcoming review. Previous reviews have provided little, if any, evidence of public harm due to the absence of such tests.

DENTISTS (see chapter 16)

SA reviewed its regulation of the dentistry profession in early 1999. The Departmental review recommended that all ownership restrictions, direct and indirect should be removed. Despite this recommendation, SA intends to maintain the restrictions.

To meet its National Competition Policy requirements SA will need to demonstrate the net community benefit in the restrictions. Among other things, SA needs to indicate any flaws in the review's analysis and reasoning in relation to the recommendation to remove all ownership restrictions.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: TASMANIA

Following are brief indications of some of the key areas of concern in considering Tasmania's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

TAXI LICENSING (see chapter 11)

Tasmania's National Competition Policy review of taxi licensing restrictions recommended substantial regulatory reform.

Tasmania needs to make significant reform progress in relation to taxi regulation. A failure to progress reform is likely to be regarded as a substantial failure of compliance with National Competition Policy obligations.

LIQUOR LICENSING (see chapter 21.7)

Tasmania is the only jurisdiction which has not commenced a review of its liquor licensing legislation.

The restrictions that currently exist in Tasmanian legislation raise a number of concerns.

For instance, Tasmania's legislation currently prevents supermarkets from selling alcohol. It also contains the '9 litre rule' that prevents non-hotel sellers of take away liquor in quantities less than 9 litres in any one sale (except for Tasmanian wine which may be sold in any quantity).

Tasmania must ensure that its review is completed and will need to provide convincing evidence that the above restrictions provide a net community benefit.

SHOP TRADING HOURS (see chapter 21.1)

A review of Tasmania's shop trading legislation determined that restrictions to shop trading hours cannot be justified in the public interest. Despite the review outcome, the Tasmanian Government has continued to maintain legislative restrictions and has not yet responded to the review recommendations.

Reviews of trading hours have been generally critical of restrictions and found widespread benefits from deregulation. The Council will be looking for implementation of the Tasmanian review recommendations by no later than 30 June 2002.

WATER (see chapter 8)

In Tasmania, on the ground progress with rural water reform (including pricing, allocation / trading and environmental provision) will be a key focus for the Council.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: AUSTRALIAN CAPITAL TERRITORY (ACT)

Following are brief indications of some of the key areas of concern in considering the ACT's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

TAXI LICENSING (see chapter 11)

The ACT's National Competition Policy review of taxi licensing restrictions recommended substantial regulatory reform. The ACT needs to make significant further reform progress in relation to taxi regulation. A failure to progress reform is likely to be regarded as a substantial failure of compliance with National Competition Policy obligations.

NATIONAL COMPETITION POLICY REQUIREMENTS FOR: NORTHERN TERRITORY

Following are brief indications of some of the key areas of concern in considering NT's compliance with National Competition Policy obligations. The Council's formal statements in relation to these reforms are contained in the *Framework for the Third Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms*. This is available at www.ncc.gov.au or by phone (03) 9285 7789 / 7497.

ROAD TRANSPORT (see chapter 9)

The Northern Territory has one reform to be completed from the Council's second tranche assessment as part of the National Competition Policy road reforms.

It was determined that the Northern Territory's decision not to introduce a demerit points arrangement to all license holders did not comply with the National Competition Policy road reform obligations. Acting on advice received from the Council, the Treasurer has imposed a suspension of 5 percent of the Territory's National Competition Policy payments. The Treasurer imposed the suspension pending a further assessment by Council.

NT will need to implement this reform or obtain an exemption from the Australian Transport Council.

WATER (see chapter 8)

In the Northern Territory, on the ground progress with water reform (including pricing, allocation / trading and environmental provision) will be a key focus for the Council.

LIQUOR LICENSING (see chapter 21.7)

The Council will be looking closely at the rationale for the 'public needs' test if NT proposes to retain this restriction following its current review. Reviews in other jurisdictions have provided little, if any, evidence of public harm due to the absence of such tests.