



**MICROECONOMIC REFORM  
BY AUSTRALIAN GOVERNMENTS  
1997-98**

*Annual Report Series 1997-98*



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**Inquiries:**

Media and Publications  
Productivity Commission  
Locked Bag 2  
Collins Street East Post Office  
Melbourne Vic 8003

Tel: (03) 9653 2244  
Fax: (03) 9653 2303  
Email: maps@pc.gov.au

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# Foreword

This report provides an overview of the major microeconomic reforms implemented in 1997-98, based on a list of reforms nominated by Commonwealth, State and Territory departments. It forms part of the Productivity Commission's annual report series of publications for 1997-98 (see page iv).

The categories of reform listed include: government business enterprises; specific industries, including electricity, gas, transport and water; general government services; the labour market; environmental management; and trade policy.

As in previous years, reforms introduced as a part of the National Competition Policy dominated the agenda. It is also apparent that microeconomic reform has affected all sectors and levels of government, enabling governments to lower the costs of providing services, with gains starting to flow to consumers and businesses.

The Commission gratefully acknowledges the assistance of Commonwealth, State and Territory officials who supplied the information on which this report is based.

Gary Banks  
Chairman

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## **Annual report series**

The Productivity Commission is releasing the following companion publications as part of the annual report series.

### *Annual Report 1997-98*

The report examines why Australian governments have undertaken microeconomic reform, and what is known about the benefits and how to deal with adjustment problems. It also outlines the role and functions of the new Commission and reports on operations in the past year.

### *Microeconomic Reform by Australian Governments 1997-98*

This report reviews and lists the microeconomic reforms undertaken by Commonwealth, State and Territory Governments during 1997-98.

### *Regulation and its Review 1997-98*

This publication assesses compliance with the Commonwealth Government's requirements for regulation impact analysis and reports on the activities of the Office of Regulation Review.

### *Trade and Assistance Review 1997-98*

The trade and assistance review contains the Commission's latest estimates of industry assistance and reviews recent developments and emerging issues in trade and assistance across all sectors of the economy.

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# Abbreviations

ABS	Australian Bureau of Statistics
ACTEW	ACT Energy and Water Corporation
AGPS	Australian Government Publishing Service
AIRC	Australian Industrial Relations Commission
APEC	Asia Pacific Economic Cooperation
APS	Australian Public Service
BOOT	build, own, operate and transfer
EU	European Union
GWh	gigawatt hour
HECS	Higher Education Contribution Scheme
IPARC	Independent Pricing and Regulatory Commission
ML	megalitre
MW	megawatt
MWh	megawatt hour
NCP	National Competition Policy
TAFE	technical and further education
TJ	terajoule
VET	vocational education and training

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# 1 Summary of reported reforms

**Since 1989-90, the Commission has annually reported on microeconomic reforms undertaken by Commonwealth, State and Territory Governments. This publication reports the major microeconomic reforms undertaken in 1997-98. It covers National Competition Policy, government business enterprises, government service provision (including regulation), the labour market, environmental management and trade reforms.**

The term ‘microeconomic reform’ is commonly used to refer to changes in government policy directed at improving the efficiency of use and allocation of Australia’s resources. As such, microeconomic reform is about making the economy work better for the benefit of the Australian community.

Microeconomic reform is a continual process. As one area is tackled, new issues emerge. It is therefore useful to review the implementation of microeconomic reforms by the Commonwealth, States and Territories regularly, and to highlight recent reforms.

Information on microeconomic reform initiatives implemented by Commonwealth, State and Territory Governments is collected by the Commission annually and used to compile a ‘review’ of reforms. Appendix A contains this information, which the Commission checks for consistency across jurisdictions (for example, whether initiatives submitted were substantially implemented in the reporting year rather than merely proposed).<sup>1</sup> *However, the Commission does not systematically check for omissions nor verify the nature and significance of reported reforms.*

Based on the information received, it is not possible to fully evaluate progress on microeconomic reform by Australian governments. The list of nominated reforms (appendix A) contains many examples of reforms that were implemented, but it does not review policy changes that might have restricted competition, hindered reform or reversed past reforms. Undertaking a comprehensive and balanced

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<sup>1</sup> Difficulties can arise in defining when reforms have been implemented. Implementation of a reform could occur when a process has been initiated (for example, when government calls for tenders for the provision of services) or when the process is complete (for example, when the services are awarded and provided by the successful tender). Some reforms are ongoing (for example, outsourcing and tariff reductions).



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appraisal of reform would require significantly more information on the nature and significance of the implemented or proposed reforms.

## **1.1 National Competition Policy**

The National Competition Policy (NCP), agreed to by all Australian State and Territory Governments in 1995, has been central to the microeconomic reform effort in recent years. The policy is based on the recommendations of an independent committee of inquiry (Hilmer report) completed in 1993.

The reforms are nationwide in scope because it was apparent to the Hilmer committee that Australia was a national market but that legislative restrictions which differed between jurisdictions were increasing the costs of firms selling into these markets. Such restrictions have become more important as technological advances in transport and communications have increased the volume of interstate and international trade (Hilmer, Raynor and Taperell 1993, p. xvii).

It was also apparent to the committee that it was increasingly difficult to justify the many exemptions from Australia's competition laws (made under the *Trade Practices Act 1974*) granted to particular industries or groups within the economy, including public utilities and selected professions, services and agricultural products. The committee recognised that sheltering particular sectors from competition was discriminatory and impeded Australia's ability to compete internationally (Hilmer, Raynor and Taperell 1993, p. xviii).

Given the scope of the reforms required, the committee believed that there was a need to establish a policy framework (the NCP) to promote a broad and nationally consistent approach to reform (Hilmer, Raynor and Taperell 1993, p. xviii). All Australian governments agreed on the NCP in 1995.

Surveying the reported reforms in appendix A, it is apparent that many microeconomic reforms in 1997-98 were associated with, if not a direct result of, the NCP agreement.

## **1.2 Progress in microeconomic reform**

The Commonwealth Government's most significant microeconomic reforms in 1997-98 included the reform of regulation of the financial services (and associated) industries and further progress in labour market reform which has increased the onus on employers and employees to negotiate employment arrangements. At the

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State and Territory level, Victoria reported selling its electric power generation and transmission businesses, and Victoria, Queensland and South Australia reported that local governments are progressively being made subject to NCP provisions as they review their legislation to remove unnecessary restrictions on competition and apply the competitive neutrality principles.

However, the real importance of the NCP is the extent of reforms being implemented by jurisdictions. Tasmania, for example, reported that all of its government business enterprises (except the Port Arthur Historic Site Management Authority) are now subject to a full tax equivalent, dividend and guarantee fee regime; this will ensure that they compete with private firms on more equal terms. The State also reported the structural separation of the vertically integrated Hydro Electric Corporation into transmission, retail/distribution and generation and system control businesses owned by government. Further, it adopted the performance based Building Code of Australia and corporatised several businesses, as well as making other reforms.

Over a number of years, microeconomic reforms have had a significant cumulative effect on how Australian governments deliver services. Service providers, including government business enterprises, are progressively adopting competitive neutrality principles, operating in a more commercial manner and receiving funding directly from the government budget for identified community service obligations. Australian governments have sought to place government business enterprises on an equal footing with their competitors by progressively increasing the contestability of previously closed markets. Where appropriate, government is structurally dividing business units and separating regulation from administration; it is corporatising many government business enterprises and privatising others. Among other objectives, these changes are designed to benefit consumers by increasing competition.

There is also accumulating evidence — although it is harder to evaluate — that microeconomic reform is lowering costs. Appendix A includes many such reports, such as net savings of \$45 million over seven years from the contracting out of building maintenance in South Australia; savings to port users of \$18 million over 1996-97 and 1997-98 in New South Wales; and an estimated saving of \$30 million over 10 years, from the Commonwealth sale of an auxiliary veterans' hospital. As with port charges, some gains from microeconomic reform are directly passed back to consumers. North Power reported that prices fell by up to 30 per cent following the extension of electricity industry contestability to consumers using at least 160 MWh of electricity per year. Further, governments stated that opening up their authorities to competition would lead them to 'respond commercially' or risk losing

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business. Other examples of reforms that directly assisted businesses and consumers are reported below (see also Productivity Commission 1998a).

It is apparent that the microeconomic reform effort is most advanced in the utility industries (gas, electricity, water, and road and rail transport) and for particular government services (such as information technology). It is also apparent that much remains to be done in other government service areas (such as health) and that there is a considerable body of legislation yet to be reviewed for anticompetitive provisions (NCC 1998, p. 21).

The remainder of this chapter provides an overview of microeconomic reforms implemented by Australian governments in 1997-98. The reforms are categorised under the following headings:

- implementation of the National Competition Policy;
- government business enterprise reforms;
- government service provision and regulation reform;
- labour market reforms;
- environmental management reforms; and
- trade reforms.

### **1.3 Implementation of the National Competition Policy**

The Commonwealth and all State and Territory Governments made significant progress in addressing the requirements of their NCP commitments in 1997-98. The pace of these reforms differed between industries, but the combined effect on the economy to date has been significant (NCC 1998). These reforms are reported in tables A.2 and A.3 of appendix A.

In 1997-98 important reforms were implemented in the:

- electricity industry;
- gas industry;
- rail and road transport industries; and
- water industry.

The establishment of a competitive National Electricity Market covering southern and eastern Australia is an important part of the NCP. Despite repeated delays that reflect its complexity, the establishment of a National Electricity Market continues

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to move closer to realisation. Queensland split its State owned wholesale and retail electricity industry into 15 separate government owned businesses, and began phasing in retail contestability for large retail users of electricity. The New South Wales Government increased the contestable share of its electricity market to 47 per cent by June 1998 (from 40 per cent in June 1997).<sup>2</sup>

In 1997-98 the Australian Competition and Consumer Commission released a determination on the National Electricity Code which granted certain exemptions to part IV of the Trades Practices Act because the Australian Competition and Consumer Commission concluded that the public benefit of the arrangements or conduct outweighed their anti competitive effects.

The NCP contains competitive neutrality provisions which seek to ensure that government business enterprises do not enjoy net competitive advantages over private sector competitors as a result of government ownership. Given the competitive neutrality requirement that prices fully reflect costs, many government business enterprises have removed cross subsidies. Pricing reform in Western Australian government business enterprises removed cross subsidies between residential and business consumers, and returned efficiency gains to consumers in the form of lower real prices and a higher quality of service; given such NCP reforms, nonresidential electricity bills fell by an estimated 19 per cent between 1992-93 and 1997-98 for Western Australian businesses on the South West Interconnected System.

Access provisions are central to the success of the NCP because they can assist competition in certain industries by allowing businesses to use ‘bottle-neck’ facilities managed by other businesses. However, six conditions must be met before access is granted — for example, the provision of access must promote competition and it must be uneconomical for a potential competitor to develop another such facility. Government business enterprises manage many such ‘bottle-neck’ facilities while the private sector manages others.

When gas was brought within the ambit of the NCP process, jurisdictions committed to introduce access arrangements. In 1997-98 all States and Territories introduced legislation to allow third party access to natural gas pipelines based on the National Gas Code. New South Wales estimated that its access legislation will result in savings of \$60 million per year for commercial gas users. Since January 1998, gas customers in Western Australia using at least 250 TJ per year at a single

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<sup>2</sup> Additional NCP electricity industry reforms, relevant to specific government business enterprises, are discussed in the next section.

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site have been able to contract directly with any gas supplier. The Western Australian Government also established a Dampier–Bunbury natural gas pipeline corridor which new suppliers, in addition to the existing supplier, may use. The South Australian Government established the Independent Pricing and Access Regulator to arbitrate access requests for all natural gas pipelines in that State. The construction of a \$50 million interconnection pipeline between the Victorian and New South Wales gas systems has also assisted the development of an integrated and competitive national gas industry.

A large and relatively isolated country, Australia depends on competitively priced transport services. Transport departments in all jurisdictions signed an inter-governmental agreement in early 1998 to establish the Australian Rail Track Corporation which will be subject to the provisions of the *Companies Act 1981*. The corporation will, among other advantages, increase contestability and competition in the industry by acting as a one-stop shop for interstate rail operators wanting access to track. The Victorian Government reported that private rail freight providers now operate in that State as a result of its access arrangements.

Road transport reform has centred around the standardisation of regulations between jurisdictions. Key reforms in 1997-98 included the introduction of nationally agreed uniform arrangements for the transport of dangerous goods and a national approach to the enforcement of road worthiness. Across jurisdictions, the Northern Territory commenced stage one of the linking of motor vehicle registration and driver licensing on a national basis; New South Wales and the Northern Territory implemented measures that allow the introduction of higher productivity trucks; Victoria began implementing the second round of the National Heavy Vehicle Reform Package by introducing, among other reforms, a nationally agreed policy targeting irresponsible road transport operators; and Tasmania rationalised its public vehicle licensing legislation.

Increasing competition between water users and environmental concerns has motivated reform in the water industry. The need for reform has been great because most water is used for irrigation, yet payments by users of bulk water often have not covered the capital or environmental costs of provision. The environmental effects of Australia's water use policies have included rising salinity and blue-green algae outbreaks in important waterways. In 1997-98, in a pricing decision which recognised environmental management costs, the Independent Pricing and Regulatory Tribunal of New South Wales decreased the subsidy to users of bulk water by further raising the price of water. To allow water to flow to its highest value use, New South Wales introduced water entitlement transfers between industrial and irrigation users, and allowed limited transfers with users in Victoria and South Australia. These reforms resulted in 80 per cent of Victorian residential

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properties receiving an average reduction of 18 per cent in water rates. South Australia introduced access arrangements for spare off-peak capacity for water supply to properties in the Barossa Valley.

While reforms affecting the electricity, gas, transport and water industries were reported above, other industries (including the forestry industry) were also significantly affected.

The increasing depth of reach of the NCP into the public sector is demonstrated by three jurisdictions (Victoria, Queensland and South Australia) that reported that the coverage of the NCP is being progressively extended to local government. Local councils are now required to operate in a competitively neutral manner, and to review their operations and by-laws to eliminate anticompetitive content (by June 1999 in Victoria and by 2000 in South Australia).

## **1.4 Government business enterprise reforms**

NCP reforms relating to entire industries were discussed in the above section, whereas this section outlines those relating to specific government business enterprises. These reforms are reported in tables A.2 and A.3 of appendix A.

The NCP requires governments to reform their business enterprises by:

- restructuring them;
- making them compete on an equal footing with private businesses; and
- establishing independent price regulators where they retain monopoly power.

Several jurisdictions implemented important structural reforms in 1997-98, of which many were in the electricity industry. In 1997-98, Tasmania separated the vertically integrated Hydro Electric Commission into transmission, retail/distribution and generation/system control entities. The Government retained control of generation and system control but corporatised the other two entities, which now operate at arms length from Government. Victoria separated its gas industry into three gas retailers, three distributors, a transmission company, a company responsible for the operation of gas market systems, and one to provide central services to the gas entities.

Corporatisation is important because it makes the board of a government business enterprise legally responsible for its operations and thus ensures that the enterprise operates independently from government. A number of government business enterprises were corporatised in 1997-98, including the remaining Commonwealth

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owned airports, the private health insurance arm of the Health Insurance Commission (Medibank Private) and the Commonwealth Rehabilitation Service (which became CRS Australia). At the State level, Rail Services Australia (which provides rail maintenance services) in New South Wales, the Victorian Urban Land Authority and the service delivery elements of the Queensland Corrective Services Commission were corporatised. The Commonwealth, New South Wales and Victorian Governments legislated to make the Snowy Mountains Hydro-Electric Authority subject to the *Corporations Act 1989*; this is expected to increase the authority's potential to compete in the energy market. CanDeliver (which bids for outsourced activities in the Australian Capital Territory) and Tasmania's Metropolitan Transport Trust were also incorporated.

Government business enterprises have been subject to a greater commercial focus in recent years to ensure that they operate in an efficient manner. This has been achieved by moving the enterprises towards full recovery of costs, and by gradually applying the same taxes (or their equivalent), incentives and regulations that apply to private sector firms. These changes are an important component of the NCP and will gradually ensure that government business enterprises compete on a more equal basis with private sector enterprises. In 1997-98, New South Wales commercialised Great Southern Energy and Queensland commercialised a large number of enterprises including TAB Queensland, the Property Services Group of the Department of State Development, State Water Projects and Sunlover Holidays (a division of the Queensland Tourist and Travel Corporation).

Where government business enterprises retain a monopoly or near monopoly influence on prices, the NCP calls on governments to establish independent bodies to scrutinise prices. The Independent Pricing and Regulatory Commission has determined electricity and gas network use charges in the Australian Capital Territory from 1997-98, and Tasmania established an independent Electricity Regulator in that year.

Another strategy to improve service delivery by government business enterprises, and to increase price competition, is to remove legislative restrictions on the contestability of markets. The introduction of contestability is an important part of the NCP, as is the willingness of some government business enterprises to contest service provision in the 'territories' of others. In 1997-98, this type of reform was concentrated in the electricity industry. Contestability was introduced for Integral Energy's new connections in New South Wales, for example. Integral Energy reported that it was one of the enterprises that contested metering provision and meter data agent services elsewhere in south east Australia. The contestability may also be progressively introduced to markets because government business enterprises then have a chance to adjust gradually to increased competition. In

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1997-98, electricity contestability across New South Wales was extended from consumers who use at least 4 GWh per year to those who consume at least 750 MWh per year (a typical small to medium sized factory). Northern Power reported that prices have fallen by up to 30 per cent with the introduction of contestability. It also reported successfully contesting power construction and connection works and meter provision in other localities. Western Australia further opened its electricity distribution system to third party competition, as did the Northern Territory with electricity supply.

The number of privatisations reported by jurisdictions increased from 24 in 1996-97 to 33 for 1997-98 (table 1.1), partly reflecting the Commonwealth sale of 14 airport leases. The rise continued from the 18 privatisations reported in 1995-96 and 16 in 1994-95.

A number of government business enterprises were made subject to the competitive neutrality provisions of the NCP. As previously mentioned, all such enterprises in Tasmania now make tax equivalent payments, as do those in South Australia that were previously exempt. The Australian Capital Territory reported that the Gungahlin Development Authority and CanDeliver are subject to a full competitive neutrality regime.

Another aspect of a competitive neutrality regime is the funding of community service obligations directly from the government budget. The Australian Capital Territory identified those obligations relevant to the supply of urban water and sewerage services, for example, and now funds them through the budget.

## **1.5 Government service provision and regulation reforms**

Australian governments undertook a broad range of other reforms in 1997-98 to increase the efficiency of public administration and service delivery. Government service and regulation reforms may also relate to the NCP because they seek to place government service providers on a competitively neutral footing with private providers. Again, these reforms are reported in tables A.2 and A.3 appendix A.

The reforms may be loosely grouped into the areas of regulatory reform, competitive tendering, purchaser-provider splits and alterations to the pricing of government provided services (table 1.2).<sup>3</sup>

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<sup>3</sup> 'Purchaser-provider splits' involve separating the policy and purchasing roles of government from the service delivery role.



**Table 1** Error! Reference source not found.1 **Reported privatisations of government business enterprises, by jurisdiction, 1997-98**

<i>Jurisdiction</i>	<i>Industry</i>	<i>Details</i>
Cwth	Airports	Airport leases for Canberra, Darwin, Adelaide, Townsville, Coolangatta, Hobart, Launceston, Alice Springs, Parafield, Tennant Creek, Mount Isa, Archerfield, Moorabbin and Jandakot airports were sold for \$730 million.
	Shipping	The shipping business units of ANL Limited were sold.
	Telecomm.	The Commonwealth sold one third of its equity in Telstra.
	Hospital	Auxiliary veterans' hospital was sold by tender to a private operator.
	Insurance	The Australian Industry Development Corporation was sold to a private consortium.
	Secretarial services	Auscript (which supplies court and other transcription services) was sold.
	Rail	The Australian National Railways Commission was sold for \$95.4 million. Australia Southern Railroad bought Australian National's SA/NT freight business; Great Southern Railway purchased the interstate passenger business; and Australian Transport Network, Tasrail as a whole.
NSW	Gambling	NSW TAB was sold.
Vic	Electricity	PowerNet Victoria (transmission), Southern Hydro (generation) and Victorian Electricity Metering Business were sold for approximately \$3 billion.
	Transport (bus)	Six suburban bus routes operated by Met Bus were sold to Melbourne Bus Link.
Qld	Financial services	Suncorp and QIDC merged with Metway Bank and the Government's shareholding was subsequently sold.
WA	Electricity	The 120 MW Bunbury Power Station was sold.
	Gas	The Dampier–Bunbury natural gas pipeline was sold to Epic Energy Australia for \$2.4 billion.
SA	Grain handling	Grain bulk handling facilities in six ports were sold.
Tas	Construction	The Construction Industry Long Service Leave Scheme was privatised.
	Services	The Government sold its supply and warehouse functions.
NT	Tourism	The Government's remaining share in the Ayers Rock Resort was sold for \$220 million.

*Source:* Information provided by the Commonwealth, State and Territory Governments.

**Table 1** ~~Error! Reference source not found.~~ **2 Reported reforms to government services and regulation, by jurisdiction, 1997-98**

<i>Nature of reform</i>	<i>Jurisdiction</i>	<i>Sector/class</i>
Regulatory and legislative reform	Cwlth	Aged care, broadcasting, building, cooperatives, community services, company law, coastal shipping, financial, forestry, health insurance, meat processing, pharmaceuticals, VET, wool
	NSW	Aboriginal housing, rail, trustees, VET, water
	Vic	Building planning, bus transport, dried fruits, fisheries, second-hand dealing, tomato processing, VET, water
	Qld	Auditing, business licensing, entertainment, land development, mining, transport
	WA	Grain marketing, pipeline corridor, real estate
	SA	Barley, electricity, rural health
	Tas	Fisheries, electricity, transport, trustee, VET
	ACT	Petrol retailing, establishment of IPARC
	NT	Education, property leasing, VET
	Competitive tendering and contracting	Cwlth
NSW		Information technology, community services, rail maintenance, rate and tax valuation
Vic		Building provision, financial services for disabled residents, forestry, hospitals, school administration
Qld		Property management, seniors village, TAFE information technology
WA		Purchase of domestic air travel
SA		Apprenticeship training, building maintenance
Tas		Community and health services, project and technical services, public housing, registration renewals, road maintenance, vehicle fleet management
NT		Library computer and some cataloguing
Purchaser-provider splits	Cwlth	Health insurance, residential aged care
	Qld	Housing
	SA	Administration and management of primary industries, communication services
	Tas and NT	VET
Pricing of government services	Cwlth	Child care, student places, university administration
	NSW	Bulk water, data supply, port charges
	Vic	Water

*Source:* Information provided by the Commonwealth, State and Territory Governments.

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Regulation has a pervasive effect on the way in which people and businesses behave. To improve the quality of regulation, in March 1997 the Commonwealth mandated that all Commonwealth departments and regulatory agencies must prepare a Regulation Impact Statement for new and amended regulations that affect businesses. This procedure seeks to ensure that regulations address policy problems in the most efficient and effective manner. In October 1997 the Industry Commission (1997a) published *A Guide to Regulation* that Commonwealth departments and regulatory agencies must follow when preparing a Regulation Impact Statement (see also Productivity Commission 1998b).

In 1997-98 a number of regulatory and legislative reforms involved the coordination of legislative amendments between jurisdictions. All States and Territories adopted the performance based Building Code of Australia and amended legislation to allow cooperatives to compete on an equal basis with companies. They also removed certain limitations on entry into the satellite delivery of pay television, and opened the cruise trade and all trade with Christmas Island to international shippers. Concerning other coastal trade, they lowered fees and abolished certain requirements (such as consultation with the maritime unions and the Australian Shipowners Association) so it became cheaper and somewhat easier for international shippers to obtain a permit. Responding to the Wallis report recommendations (Wallis *et al.* 1997), the Commonwealth also extensively modified regulatory arrangements for the financial service industries by establishing a common prudential regulator for the banking, insurance and superannuation industries (the Australian Prudential Regulation Authority), among other measures.

Motivated by the NCP, significant regulatory and legislative reforms also occurred in the States. Queensland removed the moratorium on third party haulage of coal by rail, and the Australian Capital Territory established an Independent Pricing and Regulatory Commission for energy and water. Tasmania established an independent Electricity Regulator, an Electricity Ombudsman and developed a Tasmanian Electricity Code (modelled on the National Electricity Code) which details appropriate standards of security and reliability for electricity supply and sets out access arrangements. South Australia also established an electricity industry pricing regulator.

A wide range of government services were subject to competitive tendering and contracting out in 1997-98. Services affected included information technology, building maintenance, building construction, and community and health services. Victoria contracted out supervision of timber harvesting in East Gippsland, the construction and operation of a hospital in the Latrobe Valley and the construction of a new Melbourne County Court.

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Pricing reforms continued in the water supply industry: New South Wales decreased the subsidy to users of bulk water by raising the price of irrigation water; and Victoria reformed its domestic water pricing schedule so all consumers (including the Government) pay for use on the basis of consumption, and via a flat property charge rather than the rateable value of their property. Tasmania separated the purchasing of training resources from the supply of training, and South Australia implemented full cost recovery — along with a funder/owner/purchaser/provider model — for fisheries and aquaculture.

The remaining sections of this chapter cover areas of the microeconomic reform agenda that are less closely, or not directly, associated with the NCP. Labour markets are specifically exempt from the provisions of the NCP. Environmental management reforms may involve elements of the NCP because they can include reform to water management policies; however, water management policies have been dealt with above. Trade reform, while also not closely linked with the NCP, has implications for other areas of reform.

## **1.6 Labour market reforms**

Reform of labour market arrangements has been a priority of recent Australian governments. The stated aim of the Commonwealth Government's legislation is to 'provide a safety net of fair minimum wages and conditions' while ensuring that workplace arrangements are negotiated between employers and employees with a much reduced role for third party intervention (Reith 1996). The focus on workplace level negotiations seeks to facilitate labour market flexibility so working arrangements may be adjusted to fit the opportunities facing enterprises and the preferences of their employees. Over time, as adjustment occurs, enterprise bargaining is expected to increase productivity.

Under the *Workplace Relations and Other Legislation Amendment Act 1996* (item 50, schedule 5), provisions in federal awards outside the 20 allowable matters (or those deemed incidental but related to allowable matters, or exceptional) ceased to have effect from 30 June 1998. Award simplification is being given full effect by the application of the principles developed by the Australian Industrial Relations Commission during its review of the hospitality award in December 1997. These principles are being progressively applied to the 3200 federal awards that existed in December 1997; in the year to June 1998, simplification had commenced for just under 700 federal awards (AIRC 1998).

The reshaping of Australia's industrial relations environment will continue as the coverage of, and experience in, enterprise bargaining increases. The Commonwealth

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Government has also raised the possibility of further reform, including removing superannuation and tallies from the list of allowable award matters.

At the Commonwealth level, 39 agency agreements have now been negotiated (covering 60 per cent of Australian Public Service staff) and substantial agreement has been reached on reducing 10 awards and two determinations to one award. Further, around 1400 Australian Workplace Agreements were signed in the Australian Public Service during 1997-98.

Change has also occurred at the State and Territory level. In New South Wales, 394 enterprise agreements had been approved as at 30 June 1998, and the Government amended the *Industrial Relations Act 1991* to reduce the average time taken to process agreements. Consequently, agreements were processed in an average of 21 days under the *Industrial Relations Act 1996*, compared with an average of 81 days under the 1991 Act.

In Queensland 699 enterprise agreements were approved in 1997-98, covering 122 000 employees. Eleven per cent were negotiated with the State Government and 7 per cent with local governments. Around 36 per cent involved businesses with 20 or fewer employees, 28 per cent involved businesses with 21–100 employees and 18 per cent involved businesses with more than 100 employees.

In Western Australia, a total of 3910 employers and around 149 000 employees had entered into Workplace Agreements as at June 1998, and a further 1232 employers and 149 000 employees had negotiated industrial agreements. Workplace and Industrial Agreements now cover 94 per cent of Western Australia's public sector workforce.<sup>4</sup> In 1997-98 the number of employees entering Workplace Agreements regularly exceeded the number entering Industrial Agreements.

In South Australia, 276 enterprise agreements covering around 29 000 employees (or 21 per cent of employees covered by State agreements) were approved during 1997-98.

The Northern Territory negotiated a public sector enterprise agreement covering 12 500 employees, as well as agreements with teachers and educators (2500) and police (750).

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<sup>4</sup> In Western Australia, State Workplace Agreements are made between an employer and employee, and may be individual or collective, while Industrial Agreements are collective agreements that may include one or several employers.

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## Selected reforms

In exchange for a commitment to reform work arrangements to meet internationally competitive levels, the Commonwealth Government established a redundancy fund (via a levy on cargo) for stevedoring companies. Government reforms for the stevedoring industry aim to end overmanning, remove restrictive work practices, raise container crane productivity to around 25 containers per hour, improve reliability and lower the level of industrial disputes. In a separate move, the Commonwealth Government implemented the shipping reform package which, among other reforms, abolished the pooled labour system for manning Australian ships.

The improved flexibility that can be achieved using enterprise bargaining is exemplified by an agreement negotiated with the federal Department of Finance and Administration (including Comcar — the Commonwealth’s chauffeur service) and the Commonwealth. This agreement streamlined recruitment and deployment, and linked productivity and performance to salary and promotion.

At the State and Territory level, a test case brought before the Industrial Relations Commission of New South Wales in March 1998 confirmed the flexibility available for enterprises to tailor part time work to the needs of their businesses. The Victorian Government made schools responsible for staffing decisions (including the hiring of teaching staff) so schools can make more efficient use of their budgets. South Australia amended its *Long Service Leave Act 1987* to allow the ‘cashing out’ of accrued long service leave (among other changes).

Two States partly relaxed legislative backing for monopolies on the supply of labour. Western Australia removed the monopoly previously enjoyed by legal practitioners when carrying out certain industrial relations work in that State, and Victoria introduced legislation that allows people not registered as veterinarians to own a veterinary practice.

New South Wales is to replace prescriptive safety regulation with outcomes based regulation in two industries. The Department of Mineral Resources reported that mine safety regulation will be changed from a highly prescriptive regulatory system to a more flexible, outcomes based one. In the electricity sector, the replacement of three prescriptive regulations is expected to reduce the industry’s accident rate by 50 per cent and to result in cost savings in excess of \$2 million per year (as estimated by the New South Wales Department of Energy).

Queensland, in a move to financially reward firms with good workers compensation records and to penalise those with poor records, introduced a firm-specific,

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continuously adjustable, experience based workers compensation rating. This eliminates industry averaging whereby employers were previously either rewarded or penalised depending on the performance of other firms in their industry. Queensland also introduced legislation that allows large employers to self-insure. In a reform which is expected to lower costs, South Australia now allows workers compensation claims agents to negotiate with firms on the percentage they receive from the employer's annual workers compensation premium.

Seeking to increase competition and relevance in training, Western Australia allowed employers the option of sending apprentices to private training organisations instead of TAFE colleges, and South Australia decentralised its labour market programs to Regional Development Boards so they would be more responsive to local business needs.

## **1.7 Environmental management reforms**

As highlighted in last year's microeconomic reform report (Industry Commission 1997b, p. 10), governments are increasingly using financial incentives and licensing arrangements to achieve environmental goals. In New South Wales, occupiers of certain waste treatment facilities now pay increased contributions to cover environmental costs such as the emission of greenhouse gases and loss of amenity, in addition to recovering operating and capital costs. Additional incentives are offered to processors of waste whereby government fees may be partly offset with exemptions and rebates gained from reuse or recycling.

An important development in environmental management reform in 1998 was the agreement by all jurisdictions to a National Environment Protection Measure on ambient air quality. This agreement established nationwide quality standards for sulphur dioxide, nitrogen dioxide, lead particles, photochemical oxidant (such as ozone) and carbon monoxide, along with a monitoring and reporting protocol. All jurisdictions also agreed to a national approach to tracking controlled wastes moved between jurisdictions for recovery or final disposal.

Among other adjustments to fees or licence conditions, the Environmental Management Charge for use of the Great Barrier Reef Marine Park was increased from \$2 to \$4 per person per day, and the Queensland *Environmental Protection Act 1994* was amended to remove licence fees for operators who can demonstrate that they meet environmentally relevant activity best practice standards. Queensland expects the latter measure to save industry \$2.3 million per year.

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## 1.8 Trade reforms

Australia has been an active participant in international efforts to liberalise trade.<sup>5</sup> In 1997-98 the tariff on sugar imports was abolished. As previously scheduled, the tariff on passenger motor vehicle imports was lowered from 22.5 per cent to 20 per cent on 1 January 1998. Reductions of 2.5 per cent a year are scheduled to continue until passenger motor vehicle tariffs reach 15 per cent in 2000; the tariffs will remain at this level until 2005, when they are scheduled to drop to 10 per cent. Tariffs on clothing, footwear and textiles were also lowered in 1997-98; these tariff reductions will continue until 2000 (at which time they will be 25 per cent, 15 per cent or 10 per cent), remain stable until 2005, then fall to a maximum of 17.5 per cent.

Other reforms that change the cost structures of industries can also influence Australia's export competitiveness. The Commonwealth has withdrawn from direct supervision of post-slaughter floor security functions, for example; this change has reduced the Australian Quarantine and Inspection Service's overall inspection costs to industry.

Bilateral negotiations have been an important element of trade reform in recent years. In 1997-98 the export of foods between Australia and New Zealand was deregulated in accordance with the Trans-Tasman Mutual Recognition Treaty, with both countries recognising each other's food standards. Further, the European Union Mutual Recognition Agreement (covering medicinal products manufacturing, inspection and batch certification) was signed on 24 June 1998, liberalising trade between Australia and the European Union in the relevant commodities.

Electronic documentation and certification of export meat and meat products to Japan was introduced in 1997-98. Australia is continuing to negotiate with other countries to allow electronic documentation and certification.

Another reform during 1997-98 liberalised international air service arrangements with 17 countries. The new arrangements increased capacity for both passenger and freight services and, in four cases, liberalised air freight agreements. They also offer scope for increased competition and lower prices.

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<sup>5</sup> See Productivity Commission (1998c) for a comprehensive review of recent developments in trade policy.



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# A Reported microeconomic reforms 1997-98

**Microeconomic reforms that were substantially implemented by the Commonwealth, States and Territories in 1997-98 are listed in this appendix.**

Reforms are listed under several categories:

- table A.1 Government business enterprise reforms (see discussion in section 1.4 of chapter 1);
- table A.2 Government service provision and regulation reforms: industry specific (see discussion in section 1.5);
- table A.3 Government service provision and regulation reforms: general (see discussion in section 1.5);
- table A.4 Labour market reforms (see discussion in section 1.6);
- table A.5 Environmental management reforms (see discussion in section 1.7);  
and
- table A.6 Trade policy reforms (see discussion in section 1.8).

The information provided in this appendix was provided by Commonwealth, State and Territory departments. As noted in chapter 1, the Commission does not systematically check for omissions or verify the nature and significance of reported reforms.



## A.1 Government business enterprise reforms

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Airports	Cwlth	July 1998	<p>Federal airport leases for Canberra, Darwin, Adelaide, Townsville, Coolangatta, Hobart, Launceston, Alice Springs, Parafield, Tennant Creek, Mount Isa, Archerfield, Moorabbin and Jandakot airports were sold for \$730 million.</p> <p>The Commonwealth continues to own the Sydney Basin and Essendon airports, with the Minister for Finance and Administration assuming shareholder responsibility and the Minister for Transport and Regional Services maintaining a regulatory role.</p> <p>The Sydney Basin airports (Kingsford Smith, Bankstown, Hoxton Park and Camden airports) and Essendon Airport were corporatised.</p>	<p>Continued leasing and corporatisation of airports is expected to improve efficiency and innovation in airport infrastructure, with significant spin-off benefits for the Australian tourism industry, exporters and the business community generally. Airport owners have committed over \$160 million in development expenditure over the next 10 years.</p> <p>Aeronautical services at each major airport are now subject to a price cap (CPI-X) to be administered by the Australian Competition and Consumer Commission. The outcome of the new price regulations is that airport operators must reduce real prices for five years on a specified set of services.</p> <p>These institutional changes are expected to ensure that the remaining Commonwealth airports operate on a competitively neutral basis with private sector airports, and to provide them with the best possible opportunity to compete against the newly privatised airports.</p>
Commercialisation	NT	July 1997	The application of commercialisation principles to all government business enterprises was completed.	This increases the commercial orientation of government business enterprises and complies with National Competition Policy requirements.
Commercialisation	ACT	1997-98	Community service obligations for Exhibition Park in Canberra were identified for funding in the 1997-98 budget, and will be reviewed in 1998. The Park has a new Board and a more commercially oriented approach in its business plan.	These reforms will improve the commercial viability of this business by separating out Exhibition Park in Canberra's community service obligations from its business functions.

Competitive neutrality	SA	1997-98	Government business enterprises under the tax equivalent regime became liable for actual State taxes (or their equivalent) through the removal of exemptions.	This is a significant step in the implementation of competitive neutrality principles.
Competitive neutrality	Tas	July 1997	A full tax equivalent, dividend and guarantee fee regime was extended to all government business enterprises, except the Port Arthur Historic Site Management Authority.	The extension of the competitive neutrality regime will improve resource allocation. Returns to the Government were increased by \$304 000 in 1997-98.
Competitive neutrality and corporatisation	ACT	1997-98	CanDeliver (which bids for outsourced activities in the Australian Capital Territory) was developed on a full cost recovery basis, including the application of tax and tax equivalents and compliance with the <i>Trade Practices Act 1974</i> .  CanDeliver was restructured as a Territory owned corporation under the <i>ACT Territory Owned Corporations Act 1990</i> , and was made subject to the provision of the Corporations Law.	CanDeliver was established to bid, as the head contractor, for contestable service in the Commonwealth and ACT Governments. Services such as corporate services, accommodation and payroll services are managed by CanDeliver using smaller subcontractors from the region. The changes ensure that CanDeliver competes on a level playing field with other potential providers.  Advice is still being obtained regarding the application of tax equivalents.
Competitive neutrality	ACT	1997-98	The Gungahlin Development Authority was made subject to the full competitive neutrality regime in relation to taxation, debt guarantees, separation of regulatory functions and full cost attribution.	The authority was established in August 1996 to provide, develop and manage, on behalf of the Territory, land in the Gungahlin central area.
Competitive neutrality (utility service pricing)	WA	1997-98	The Government continued to reform prices charged by government trading enterprises.  The reform is driven by the need for continued reduction of cross-subsidisation between business and residential customers.	Efficiency gains are being returned to the consumer in the form of higher quality service and lower real prices.  <ul style="list-style-type: none"> <li>Residential <b>electricity</b> tariffs increased by 3.75 per cent in 1997-98 but average Statewide residential electricity bills are expected to fall in real terms. Average nonresidential electricity bills on the South West Interconnected System fell by an estimated 18.9 per cent between 1992-93 and 1997-98.</li> </ul>

## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Contracting out (corrective services)	WA	1997-98	The construction and operation of a new 750 bed medium security prison was contracted out. Various options for financing, design, construction and operation of the project are being considered. It is estimated that the project will cost \$750 million.	<ul style="list-style-type: none"> <li>Residential <b>gas</b> tariffs were subject to some minor restructuring from July 1997 and gas tariffs for businesses remained unchanged.</li> <li>The Water Corporation continued to implement tariff reform measures. Real <b>water</b> costs for the average metropolitan household increased by an average of 3.2 per cent per year between 1992-93 and 1997-98 while real water costs for an average medium size commercial business fell by almost 10 per cent each year.</li> <li>The <b>urban transport</b> fare strategy promoted by the Department of Transport is based on the cost of providing services and recovering an appropriate contribution from users. In 1997-98 the estimated cost recovery rate on operating expenditure was 31 per cent.</li> <li>Westrail's <b>freight</b> rates continued to fall in real terms in 1997-98. There was also a slight reduction in nominal terms.</li> </ul> <p>The Government will test the cost of private sector provision against public sector provision of the service to achieve better value for money and quality. The project will address the need for additional prison capacity and will be operational by 2000.</p>
Corporate governance	Cwlth	1997	Centrelink — a statutory authority with an Executive Board of Management composed of both public and private sector members — was established.	The establishment of the Board has sharpened the agency's focus on strategy, value for money, quality and accountability.

Corporatisation	ACT	1997-98	Significant government business activities such as Totalcare Industries (which provides services formerly undertaken by the Department of Health such as linen cleaning and sterilisation) were corporatised or commercialised. Elements of the Department of Urban Services were transferred to Totalcare Industries from 1 January 1997. The services corporatised were asset maintenance, works development, works delivery, surveying, ACT Fleet and accommodation management services. The transfers involved a total of 615 staff.	The move from transitional tied arrangements to corporatisation will open the way to procure services in the marketplace.
Corporatisation (corrective services)	Qld	1997-98	The service delivery elements of the Queensland Corrective Services Commission were corporatised. The Commission was split into two organisations. First, the Queensland Corrective Services Commission became the new purchaser of correctional services in Queensland. Second, a new corporatised entity, Queensland Corrections, was established as a government owned corporation (under the <i>Government Owned Corporation Act 1989</i> ) with responsibility for service delivery functions.	Benefits include ensuring the efficient provision of corrective services within Queensland and effective regulatory reform through a purchaser-provider split in the provision of corrective services.
Education	ACT	1998	Implementation of a new management plan to address competition policy issues for the Canberra Institute of Technology Solutions began. Following a Government review, implementation of tax equivalence commenced.	The initiative involves the implementation of competitive neutrality for Canberra Institute of Technology Solutions.
Education (hotel school)	ACT	1997-98	The Hotel School moved to operating on a commercial basis, and is now subject to all taxes (including fringe benefits, payroll and sales taxes).	This represents progress towards a more commercially self-sufficient entity.

## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Electricity	Cwlth	October 1997	<p>Corporatisation legislation for the Snowy Mountains Hydro-electric Authority was passed.</p> <p>The authority will not be corporatised until the corporatisation legislation is fully proclaimed (expected in late 1999). Following corporatisation, the Snowy Hydro company will be governed by the Corporations Law, reporting to three shareholder governments through a board of directors. Management will therefore change from the accountability and governance procedures imposed by Commonwealth legislation and guidelines to that required of all companies.</p>	The future corporatisation of the authority as Snowy Hydro Limited will allow it to compete on equal terms in the electricity market. Following corporatisation, NSW, Victoria and the Commonwealth are expected to hold shares in proportion to existing electricity entitlements. The two States have passed complementary corporatisation legislation.
Electricity	NSW	1997-98	Great Southern Energy extended contestability. In 1997-98, electricity contestability across New South Wales was extended from consumers who use at least 4 GWh per year to those who consume at least 750 MWh.	This is consistent with National Competition Policy obligations to move towards a competitive National Electricity Market.
Electricity	NSW	1997-98	<p>Integral Energy:</p> <ul style="list-style-type: none"> <li>• introduced contestability for new customer connections;</li> <li>• introduced contestable metering provision and contested meter data agent services in NSW, Victoria, the ACT and South Australia; and</li> <li>• continued the introduction of retail electrical contestability.</li> </ul>	These measures are consistent with National Competition Policy obligations to move towards a competitive National Electricity Market.
Electricity	NSW	1997-98	<p>North Power:</p> <ul style="list-style-type: none"> <li>• continued the electricity pricing reforms started in 1995-96;</li> </ul>	Retail contestability has been extended to customers who consume more than 160 MWh per year, leading electricity prices to fall by up to 30 per cent.

			<ul style="list-style-type: none"> <li>• agreed to the staged introduction of competition in the energy market;</li> <li>• progressed the development of competitive markets for electrical network services;</li> <li>• introduced new licence compliance requirements relating to areas such as energy efficiency, demand management and the environment; and</li> <li>• made successful forays into energy-related contestable markets such as metering, connection works and construction (made possible through corporatisation and industry deregulation).</li> </ul>	<p>Continued refinement of network and retail electricity prices and the unbundling of charges will enable more cost-reflective pricing signals to customers and more efficient resource allocation.</p> <p>Separation of regulated and non regulated business segments will foster competition in energy services, system connection works and many other contestable areas, and prevent potential barriers to entry. Separation has facilitated improvements in quality and efficiency.</p>
Electricity	Vic	1997-98	PowerNet Victoria (transmission), Southern Hydro (generation) and Victorian Electricity Metering Business were sold for approximately \$3 billion.	Proceeds from privatisation sales were mainly applied to debt reduction. Privatisation also locks in benefits and reduces the State's risk.
Electricity	SA	July 1997	Restructuring of franchise electricity tariffs (through the adjustment of fixed charges to more closely reflect supply costs) continued.	This achieves improved cost reflectivity and supports an orderly transition to a contestable market by balancing the adjustment impacts on customers.
Electricity	SA	March 1998	Interim electricity network prices were published, specifying initial (maximum) charges to apply from the commencement of the National Electricity Market (subject to regulatory oversight).	This initiative unbundles regulated network charges from competitive energy charges for customers entering the contestable market, improving transparency and cost reflectivity.
Electricity	WA	November 1997	Cabinet approved the sale of the 120 MW Bunbury Power Station which supplies electricity to the South West Interconnected System.	The sale of the power station provides an opportunity to introduce greater competition in the electricity generation market within the south west region.
Electricity	WA	1997-98	<p>The electricity distribution system was further opened to third party competitors as follows:</p> <ul style="list-style-type: none"> <li>• July 1997 – to customers with an average load of not less than 10 MW at a single site; and</li> <li>• July 1998 – to customers with an average load of not less than 5 MW at a single site.</li> </ul>	These initiatives allow large electricity consumers to enter into contracts with either Western Power or private sector generators to purchase electricity via Western Power's distribution system. Deregulation increases competition for the supply of bulk electricity to large industrial and mining companies, particularly in the goldfields region.



## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Electricity	Tas	June 1998	The vertically integrated Hydro Electric Corporation was structurally separated into transmission (Transend), retail/distribution (Aurora Energy) and generation and system control (Hydro Electric Corporation). The Hydro Electric Corporation remains a government business enterprise, while Transend and Aurora operate as government-owned entities under the Corporations Law.	The primary purpose has been to enable the core business to prepare for the introduction of competition into the electricity industry. This accords with the National Competition Policy where natural monopoly elements are separated from competitive elements.  These reforms should lead to improved efficiency within the electricity industry.
Electricity	NT	1997-98	Outside parties are able to access the Power and Water Authority network and compete for electricity customers. The authority has increased the transparency of its network costs.	Private generators will be able to compete with the authority for customers.
Electricity and gas	NSW	1997-98	Great Southern Energy initiated and completed the process of commercialisation.	Each internal business division now operates on a commercial basis; internal costs are now recognised.
Electricity and water	ACT	May 1998	The Independent Pricing and Regulatory Commission (IPARC) determined: <ul style="list-style-type: none"> <li>• an electricity network use of system charge for operators wanting third party access to ACTEW's network infrastructure;</li> <li>• a regulated retail margin for the electricity business;</li> <li>• a maximum water charge comprising a fixed and consumption component; and</li> <li>• a maximum annual sewerage fixed supply charge.</li> </ul>	These initiatives provide for independent monopoly price determination consistent with the National Competition Policy agreement.
Financial services	Qld	1997-98	Suncorp and QIDC merged with Metway Bank and were subsequently privatised through the sale of the Government's majority shareholding in the merged group.	This enhances the financial services sector in Queensland and improves financial services to the Queensland community. The privatisation removes the Government from ownership of financial institutions.

Forest management	Cwlth	1997-98	A Regional Forestry Agreement clause was developed to achieve transparency and greater efficiency in government business enterprises.	All Regional Forest Agreements signed to date (Tasmania, East Gippsland and Central Highlands in Victoria) include a clause relating to competition principles under National Competition Policy and the Competition Principles Agreement signed by the Commonwealth and States in 1995. Scoping agreements for planned but not signed Regional Forest Agreements also contain this clause.
Forest management	ACT	1997-98	A purchaser–provider arrangement was developed for the provision of forestry management services. A full tax equivalent regime was introduced on 1 July 1998.	The reforms move ACT Forests onto a more commercially independent footing, including competitive neutrality and a more corporate structure.
Gambling	NSW	June 1998	NSW TAB was privatised.	NSW TAB now has a more commercial orientation and is answerable to diverse shareholders.
Gambling	Qld	1997-98	TAB Queensland and its relationship with the Queensland racing industry, the level of wagering taxation, and the regulatory regime were comprehensively restructured. The reforms will result in: <ul style="list-style-type: none"> <li>• the removal of TAB Queensland’s regulatory responsibilities in relation to totalisators;</li> <li>• a more commercially focused TAB Queensland resulting from corporatisation;</li> <li>• a commercial relationship with the Queensland racing industry;</li> <li>• a more competitive wagering taxation structure that is comparable to taxation frameworks applying to major privatised interstate TABs. (Following corporatisation, the rate reduces to 28.8 per cent of wagering revenue); and</li> <li>• the regulatory responsibility of the Queensland Office of Gaming Regulation for wagering under the <i>Wagering Act 1998</i>.</li> </ul>	These reforms will ensure that TAB Queensland is commercially focused and operates in an efficient and commercial manner.

## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Gas	Vic	1997-98	Structural reform of the gas industry resulted in three gas retailers, three gas distributors, a transmission company, a company responsible for the operation of the gas market systems and a company to provide central services to the gas entities.	The restructure of the industry and the introduction of competition will deliver efficiencies. Increasing consumer choice will deliver lower prices to consumers and better service levels.
Gas	WA	March 1998	The Dampier–Bunbury natural gas pipeline was sold to Epic Energy Australia for \$2.4 billion.	Epic Energy is committed to lowering gas transport tariffs (a condition of sale set by the State Government), doubling the capacity of the pipeline and providing guaranteed priority rights to capacity as set by the State Government for AlintaGas and Western Power to serve residential and small business customers.
Government service charters	Cwlth	March 1997 – June 1999	In the March 1997 statement, <i>More Time for Business</i> , the Government announced its decision to introduce service charters. They are to be fully implemented by June 1999 and apply to all government departments, agencies and government business enterprises that provide services directly or indirectly to the public. A customer service charter must specify standards for delivery, complaints and feedback mechanisms, be developed through consultation with customers, and provide the means to measure and monitor the standards of the services provided. Agencies committed to prepare 149 charters by June 1999, of which 103 were to be completed by the end of June 1998. Eighty-five per cent were completed by the scheduled date or shortly afterwards.	Service charters, as a public commitment by a government department or agency to provide services to a high standard, effectively replicate the market imperative to be responsive to the needs and desires of customers. Charter standards to measure performance, and a public commitment to review performance against these standards, will improve accountability. There is already some evidence that the feedback and complaints mechanisms formalised service charters have led to improved service provision by those organisations that implemented their charters several months prior to the June 1998 deadline.
Government service delivery	Cwlth	1997	The Commonwealth Services Delivery Agency (Centrelink) was established as a one-stop shop to provide a range of government services. Centrelink is a	In its first year of operations, Centrelink established purchaser–provider arrangements with other government agencies. It also improved customer

			statutory authority with an Executive Board of Management composed of both public and private sector members.	satisfaction and returned a \$54.1 million efficiency dividend in the form of reduced prices to its purchaser departments. The establishment of the Board has sharpened the agency's focus on strategy, value for money, quality and accountability.
Housing	ACT	1997-98	Alternative social housing providers were promoted.	The development of alternative provider arrangements commenced with Government sponsorship of Community Housing Canberra and the agreement to transfer 200 houses from ACT Housing to the new corporation during 1998-99.
Housing	ACT	1997-98	Purchaser-provider functions were separated.	The Housing Purchaser Unit is co-located with other purchaser functions within the Department of Urban Services; it has begun negotiating a service level agreement with the provider organisation.
Insurance	NT	May 1998	A NT tax equivalents regime was applied to the Territory Insurance Office.	This is consistent with competitive neutrality requirements.
Marine	Tas	July 1997	A new Marine and Safety Authority was established to oversee Tasmania's regulatory environment.	This reform consolidates the marine regulatory function within one agency, with attendant benefits to the commercial and recreational boating/shipping communities in providing for more cost-effective delivery of services.
Planning and land management (building and construction)	ACT	1997-98	The development and building application processes were streamlined: a national approach to changing technical requirements for building work was developed, and a national building products certification scheme was implemented. Existing building, electrical and plumbing legislation are being amended.	The certification scheme will provide for all building certification and plumbing plan approvals by registered private certifiers, and for all plumbing and electrical inspections by public inspectors employed by Building, Electrical and Plumbing Control.

## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Ports	NSW	July 1997	<p>The Ministry for Forests and Marine Administration introduced a port pricing initiative involving the implementation of the second stage of a two year package of port charge reductions.</p> <p>Port charges were reduced by a total of 10 per cent. The two year package of port charge reductions represented a saving of some \$18.4 million to NSW port users over 1996-97 and 1997-98.</p>	The port pricing initiative was designed to make NSW ports more competitive, to reduce burdens on port users, and to optimise the trade growth of the State, while maintaining an acceptable financial performance.
Ports	NSW	1997-98	The Ministry for Forests and Marine Administration simplified the structure of the port cargo access charge regime, resulting in a more transparent basis for the quantum of the charge and, in some cases, a reduction in the charge.	Coal exporters in Newcastle were a major beneficiary from the second round of price cuts, with cargo charges dropping by over 30 per cent, or around \$2 million per year.
Ports	NSW	1997-98	The Sydney Ports Corporation initiated a 2.5 per cent reduction in the statutory wharfage charge for the electronic lodgment of the manifest of a vessel's cargo.	This incentive is expected to lead to savings of \$800 000 per year for shipping companies using electronic lodgment.
Ports	NSW	1997-98	The Sydney Ports Corporation introduced rental rebates for stevedoring companies, subject to the achievement of specific industry targets.	Incentive rebates are provided to encourage economic reform of the waterfront industry.
Ports	SA	November 1997	Grain bulk handling facilities in six ports were sold and subsequently privatised.	Privatisation of cargo handling operations will facilitate greater industry efficiencies through the vertical integration of storage and handling of export grain.
Ports	WA	1997-98	The Dampier Port Authority awarded a five year contract for the management and operation of the Dampier Public Wharf to Western Stevedores (Dampier) from April 1998.	This is expected to improve the operational efficiency and capacity of ports, guarantee continuity of service, and enable the achievement of best practice standards of service with no increase in cost to port users.

Ports	Tas	July 1997	The former Port Authorities were corporatised, including extending the full range of tax equivalence, loan guarantee fees and dividend requirements to the new port companies.	<p>The port companies will be able to operate in accordance with sound commercial practice. They will also be free of their previous regulatory and noncommercial activities.</p> <p>Benefits include (a) improvements in resource allocation from the extension of the competitive neutrality regime and (b) increases in the levels of tax equivalence, guarantee fees and dividends received from port companies.</p>
Privatisation	NT	December 1997	The NT Government sold its remaining share in the Ayers Rock Resort. The NT Government's share was 60 per cent of the \$220 million full trade sale price.	The Ayers Rock Resort is now fully privatised.
Property services	Qld	1997-98	The commercialisation of the Property Services Group of the Department of State Development was substantially complete at 30 June 1998, with the capital structure being the main unresolved issue.	<p>The commercialisation process is aimed at improving cost effectiveness in the delivery of property management services.</p> <p>The Property Services Group provides suitably designated and serviced land for business and industry, and manages the industrial estates portfolio of the Government.</p>
Telecommunications	Cwlth	November 1997	The Commonwealth sold one third of its equity in Telstra.	The sale allows Telstra to be partly privatised and to be subject to the scrutiny of the Australian Stock Exchange and private shareholders.
Tourism	Qld	1998	Sunlover Holidays, a division of the Queensland Tourist and Travel Corporation, was privatised. The commercialisation process was recommended following the completion of an independent Public Benefit Test. It was substantially complete at 30 June 1998, with only certain tax equivalent issues still to be finalised.	The reform aims to ensure that Sunlover operates in an efficient, transparent and competitively neutral manner.

## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Transport (bus)	Vic	April 1998	The sale of the bus operations of the Met Bus Business Unit within the Public Transport Commission was completed. The new owner, Melbourne Bus Link, took control of the six bus routes previously operated by Met Bus in the southern and western suburbs of Melbourne.	All Melbourne metropolitan buses are now operated by private operators.
Transport (bus)	WA	August 1997	Tenders for the ownership and management of the Transperth bus fleet of 868 buses, currently owned by the Department of Transport, closed in August 1997.	The initiative will allow the department to refinance debt associated with the fleet. It will also promote better fleet management with substantial benefits for customers.
Transport (bus)	Tas	February 1998	The <i>Metro Tasmania Act 1997</i> — which formed a publicly owned business (Metro Tasmania) operating under the Corporations Law (replacing the former government business unit, Metropolitan Transport Trust) — commenced.	This legislation allows the new business, which provides urban bus transport services, to operate with a greater commercial focus.
Transport (bus)	ACT	1997-98	A more commercial approach including the introduction of a tax equivalent regime and promotion of significant workplace reform — was adopted by ACTION (which provides bus transport services in the Australian Capital Territory).	The introduction of a tax equivalent regime will impose a full range of business costs on ACTION. This will allow ACTION to benchmark its financial performance against providers of other bus transport services. To assist its performance an enterprise bargain was negotiated that increases the flexibility of its operations.
Transport (bus)	ACT	1997-98	Purchaser-provider arrangements were separated, with responsibility for regulation and major infrastructure assets being transferred from ACTION to the Department of Urban Services.	The transfer of regulation to the Department of Urban Services will increase the independence of ACTION from the department. This is a part of the commercialisation process of ACTION.
Transport (rail)	All jurisdictions	November 1997	The freight and passenger rail operations of the Australian National Railways Commission were sold for \$95.4 million. Australia Southern Railroad bought Australian National's SA rail business, Great Southern	Private ownership has enabled these rail operators to introduce significant improvements in service delivery through measures such as work practice reform and

			Railway, the interstate passenger business and Australian Transport Network, Tasrail.	capital improvements.  Operating costs are lower and the operations are able to meet more effectively the needs of customers. These changes have improved long term employment prospects.  Tasrail recently made a profit (the first in 130 years), and has expanded its business through the purchase of the Emu Bay Railway.
Transport (rail)	NSW	1997-98	The Railway Services Authority (now Rail Services Australia) was corporatised. It is now a Government owned provider of rail maintenance services.	This is a more commercial approach to service provision and enhanced efficiency in resource use. Rail Services Australia's performance is being subjected to benchmarking in the key areas of cost, safety, compliance, availability and reliability.
Transport (rail)	Vic	July 1997	V/Line Freight Corporation and the Victorian Rail Track Corporation took over the functions previously performed by the Public Transport Corporation in the carriage of rail freight and the management and maintenance of the infrastructure in country Victoria.	V/Line Freight Corporation is now able to be prepared for privatisation as a separate business.  The Victorian Rail Track Corporation is now able to offer track access to all operators in a fair and equitable manner.
Transport (sea)	Cwlth	1997-98	Since 1995 ANL has progressively been restructured. On 18 December 1997 it was announced by the Minister for Finance and Administration that the sale of ANL would commence. On 26 August 1998 the sale of the shipping businesses was made and completed on 5 December 1998. The sale of the smaller land-based business units is proceeding as of 9 December 1998.	The restructuring of ANL has gradually reduced operating losses from \$19.4 million in 1994-95, to \$11 million in 1995-96 and \$1.6 million in 1996-97. Private sector operators will minimise future taxpayer liabilities for ANL losses and debt.



## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Urban land planning	Vic	1997-98	The passage of the <i>Urban Land Corporation Act 1997</i> provided for the corporatisation of the Urban Land Authority through the establishment of the Urban Land Corporation.	This places the Urban Land Authority into a corporate framework with appropriately defined objectives and reporting arrangements. It also ensures that the authority operates in a competitively neutral manner.
Urban services	ACT	1997-98	The Department of Urban Services implemented organisational arrangements to ensure businesses operate in a more commercial environment. The business units operating under purchaser-provider arrangements increased to now include: <ul style="list-style-type: none"> <li>• waste collection and recycling services;</li> <li>• horticulture and cleaning services;</li> <li>• plant nursery services;</li> <li>• park ranger services;</li> <li>• dog and animal nuisance services;</li> <li>• library and information services;</li> <li>• road user services;</li> <li>• road and stormwater infrastructure services;</li> <li>• public transport services; and</li> <li>• public housing tenancy and property management services.</li> </ul>	Further refinement of purchaser-provider arrangements is being undertaken in the context of National Competition Policy requirements.
Valuations	ACT	1997-98	Valuations, sales and auctioneering were outsourced.	These initiative are consistent with Government policies on market testing, or contestability of activities.
Water	NSW	1997-98	The Hunter Water Corporation's electrical and mechanical maintenance work was put to competitive tender.	Although the contract was awarded to the in-house business unit, the exposure of internal business units to market competition led to significant reductions in operating costs. This will ensure a flow-on effect to prices determined by the Independent Pricing and Regulatory Tribunal of NSW.

Water	Vic	1997-98	Private sector investment is being increasingly used in public sector infrastructure and service provision. Approximately \$140 million of capital works are now subject to private sector interests via BOOT schemes.	Private sector expertise, efficiencies and capital are being harnessed to deliver improved customer services at the lowest practicable cost. Performance responsibilities are defined and risks are allocated to the party best able to carry them. The Department of Treasury and Finance estimated potential savings up to 20 –30 per cent in life cycle costs for private sector service delivery (via BOOT provision) compared with the costs of public sector service provision.
Water	Qld	1997	The Government’s water supply and distribution business, State Water Projects, was commercialised.  State Water Projects is responsible for bulk and retail water supply services to agricultural, industrial and urban customers across the State.	Commercialisation has encouraged State Water Projects to focus on improving its efficiency, reducing costs and improving customer service.  Most services are delivered through natural monopoly water infrastructure assets. However, in the case of State Water Projects’ engineering services and operation and maintenance services, there is an increasing level of market contestability. Accordingly, these activities have been separated to promote transparency and accountability within the organisation.
Water	SA	July 1997	Eight Highland Irrigation District schemes were transferred from Government ownership to self-management.	The transferred schemes service 1700 irrigators and 11 000 hectares of irrigated land.  The separation from Government ownership exposes activities to competition.
Water	SA	1997-98	An access regime was implemented for spare off-peak capacity of main water supply reticulation to properties in the Barossa Valley.	This provides a regime under which other parties can access major water supply infrastructure (capacity of 1500 ML per year) under commercial agreements.

## Government business enterprise reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Water	WA	February 1998	The Government accepted a proposal by Preston Valley irrigators to manage the distribution component of the Preston Valley Irrigation Scheme and to buy bulk water from the Water Corporation from 1 July 1998. The corporation will continue to own and manage the Glen Mervyn Dam, which is the source of the scheme's water.	<p>Farmers will have control over the services provided and the way in which the irrigation business is managed, ensuring greater responsiveness to their needs.</p> <p>This allows the Water Corporation to focus on its core business of providing water and waste water services.</p>
Water	WA	1997-98	<p>The Water Corporation transferred to the South West Irrigation Asset Cooperative all assets involved in the Waroona Dam and the Harvey and Collie river schemes stretching from Waroona to Dardanup. The Water Corporation will continue to provide bulk water to the cooperative for these schemes.</p> <p>Full trading in water entitlements started in July 1998 in the South West Irrigation Scheme. Temporary transfer trading had occurred since 1996.</p>	<p>The transfer of irrigation assets to the farmers' cooperative has not resulted in major financial returns to the State. However, in terms of technical efficiency, farmers will have control over the services provided and the way in which the irrigation business is managed, ensuring greater responsiveness to their needs. Further, because the Water Corporation no longer has responsibility for maintaining the irrigation assets, it can focus on supplying water in bulk to the cooperative. The transfer also enables the Water Corporation to concentrate on its core business of providing water and waste water services across the State.</p>

## A.2 Government service provision and regulation reforms — industry specific

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Agriculture	SA	1997-98	The <i>South East Conservation and Drainage Act 1992</i> was amended to allow the raising of local community funds for the community's funding component of the Upper South East Dryland Salinity and Flood Management Program. The amendments were passed on 19 December 1996 and came into operation on 1 July 1997.	These amendments facilitate the implementation of the 'user pays' principle.
Agriculture	SA	1997-98	Amalgamation of Animal and Plant Control Boards was completed, reducing the number of boards by eight to 30 to achieve economies of scale.	This ensures the most cost-effective delivery of the service.
Agriculture	SA	1997-98	Sustainable Resources and Agricultural Industries restructured their operations to comply with the purchaser-provider framework. A service provider group was established in the Department of Primary Industries and Resources for these policy groups.	These initiatives enhance the accountability and transparency of the public sector and the relevance, effectiveness and efficiency of service delivery.
Agriculture (grain marketing)	Cwlth	1997-98	Legislation was passed in December 1997 and July 1998 to restructure the Australian Wheat Board, changing it from a statutory marketing authority to a fully commercial, grower owned company from 1 July 1999. Government underwriting and the compulsory Wheat Industry Fund levy supporting the Australian Wheat Board will cease from 30 June 1999. The only remaining Government involvement will be the provision of the export monopoly.	From June 1998 the Australian Wheat Board operated through subsidiary companies in preparation for privatisation. This allowed separation of regulatory and commercial activities and greater transparency between the underwritten pooling and commercial operations. The regulatory export controls have remained with the statutory board but will transfer to an independent Wheat Export Authority from 1 July 1999.  Subsidiaries undertaking non-pooling activities were made subject to income tax and State/Territory taxes consistent with competitive neutrality principles, pending privatisation.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Agriculture (grain marketing)	WA	December 1997	Amendment of the <i>Grain Marketing Act 1975</i> led to the deregulation of the domestic market for prescribed grains (barley, <i>angustifolius</i> lupins, canola and linseed) and of the export of value-added prescribed grains.	The legislative changes will allow for trading of prescribed grains within Australia and expose producers more directly to market requirements. Trading in barley, <i>angustifolius</i> lupins and canola is still proscribed for the export market because Grain Pool is the sole marketing authority of prescribed grains by regulation.
Agriculture (wool)	Cwlth	1997-98	A regulatory framework was established for wool tax promotion, research and development. A grower ballot on the tax was also conducted.	The initiative reduced Government control of the wool industry and allows wool growers a greater say in determining the level of wool tax appropriate for the majority of wool growers.
Broadcasting	Cwlth	1 July 1997	The prohibition on the allocation of additional satellite pay TV licences, the prohibition on advertising on pay TV, and the cross-ownership/control restrictions (between satellite pay TV licence A and large circulation newspapers, commercial television licensees, telecommunications carriers and satellite pay TV licence B) expired.	These changes remove the limitation on market entry into the satellite delivery of pay TV and advertising on pay TV services, as well as a barrier to the rationalisation of the pay TV industry.
Broadcasting	Cwlth	August 1997	The <i>Broadcasting Services Act 1992</i> was amended to allow the Australian Broadcasting Authority to grant temporary community broadcasting licences ahead of the licence area planning process.	Since the amendment came into effect on 4 August 1997, over 180 community broadcasters have been granted temporary licences to operate radio services throughout regional, remote and metropolitan Australia.
Building and construction	All jurisdictions	July 1997 – January 1998	All States and Territories and the Commonwealth adopted the performance based Building Code of Australia.	A single national market has been facilitated where no such market existed previously. The move to a performance based building code means that Australia's building regulations now use world's best practice and encourage innovation, leading to cost

Building and construction	Vic	1997-98	The <i>Building Act 1993</i> was amended to introduce new registration procedures for building practitioners.	reductions and greater efficiency in the building and construction industries. This streamlines processes for registrations, renewals and suspensions to provide enhanced service delivery and greater certainty for building practitioners and consumers.
Building and construction	Vic	1997-98	The <i>Building Act 1993</i> was amended to end the Victorian Crown's exemption from the building permit process.	This has improved efficiency and accountability in the management of Government infrastructure.
Building and construction	Tas	June 1998	The construction industry long service scheme was privatised.	About \$30 million in the Construction Industry Long Service Leave Fund has been transferred to a trustee company, allowing a wider range of investment options and administrative decisions than under the <i>Public Account Act 1986</i> and the relevant long service leave legislation.
Cooperatives	Qld, other States and Territories	September 1997	The <i>Cooperatives Act 1997</i> implemented a national scheme whereby all States and Territories will enact, or have enacted, cooperative legislation with consistent core provisions. The legislation will enable cooperatives to operate nationally on an equal footing with public companies.	This initiative enhances the potential for cooperatives to develop in fields such as employment, timber, water, land care and community enterprises. This reform will simplify the requirements for cooperatives that wish to trade across State borders.
Coal (rail access)	Qld	1997-98	The moratorium on third party access to coal hauling rail infrastructure was repealed. Following removal of this legislation, third party operators will be able to apply for access to track facilities.	This reform will result in more competitive prices for the hauling of coal, and provide further incentives for increased competition on Queensland's narrow gauge rail network.
Community services	NSW	1997-98	The provision of information technology services was contracted out.	This achieves a more coherent and cost-effective delivery of information technology services.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Dried fruits	NSW	1997-98	The <i>Dried Fruits (Repeal) Act 1997</i> was passed.	The Act removes burdensome legislation and competition-restricting requirements for packing houses to be registered.
Dried fruits	Vic	1998	The <i>Dried Fruits Act 1958</i> was repealed. The Dried Fruits Board actively undertook its fruit classing role until 30 June 1997, then operated in caretaker mode until the Dried Fruits Act was repealed on 30 June 1998.	The Act established the Dried Fruits Board, which mainly functioned to support the equalisation of returns from domestic and export markets. The industry concluded that equalisation of returns was impeding competitive development. Without equalisation, the board had no further substantive duties and was wound up.
Driving instructors	SA	1 February 1998	Transport SA Registration and Licensing accepted national accreditation for motor driving instructors.	Government no longer needs to provide training for instructors.
Education (vocational education and training)	Tas	January 1998	The purchasing of training resources was separated from the provision of training resources within the State.	This enables the efficient management of training and development resources for the vocational education and training sector. The Office of Vocational Education and Training will effectively manage training resources to meet the needs of industry, State and national priorities, and will continue to assist the Tasmanian State Training Authority in its regulation and quality assurance functions.
Education (vocational education and training)	Tas	January 1998	The Tasmanian TAFE system was restructured on an occupation/industry basis rather than by region. TAFE Tasmania comprises five occupation/industry institutes which provide TAFE and adult education services on a Statewide basis.	Efficiencies are expected through the operation of product based institutes with improved teacher–student ratios. The efficient use of assets, together with flexibility in service delivery arrangements is expected to improve.

Education and training	NSW	December 1997	<p>The Department of Education and Training was established on 3 December 1997 by merging the Department of School Education, the Department of Education and Training Coordination and TAFE NSW.</p>	<p>The purposes of the restructure were to ensure greater integration and coordination in the delivery of education and training services and to facilitate the consolidation of several major functions. The merger also combined three central office administrations into one, leading to economies of scale and reduced duplication.</p> <p>Positions were reduced by 250 (including 26 SES positions) to achieve a saving of \$14.4 million per year. These savings are being used to deliver additional services in the education and training sector.</p>
Electricity	Cwlth	December 1997	<p>The Australian Competition and Consumer Commission released a determination on the National Electricity Code, which helps implement the National Electricity Market agreement. Final authorisation (including amendments) was made on 16 September 1998.</p> <p>The National Electricity Market arrangements are designed to increase productivity/efficiency through:</p> <ul style="list-style-type: none"> <li>• a common wholesale electricity market serving the interconnected States;</li> <li>• a single controller dispatching generators in the interconnected States;</li> <li>• wholesale customers being entitled to purchase their energy requirements either from the spot market or under contract with a supplier of their choice; and</li> <li>• a market settlement function handling spot and forward trading in the market, and accommodating the contractual requirements of wholesale customers and generators.</li> </ul>	<p>This authorisation under the <i>Trade Practices Act 1974</i> provides immunity from court action for market arrangements or conduct that would otherwise be in breach of part IV of the Act where the Australian Competition and Consumer Commission concludes that the public benefits of the arrangements or conduct would outweigh the anticompetitive detriments of such arrangements or conduct.</p>



## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Electricity	NSW	June 1998	The Department of Energy introduced contestability for electricity customers using more than 160 MWh of electricity per year.	Small business customers join industry and large customers in being able to access benefits of competition in electricity retail supply. The contestable market share is now 47 per cent — a 7 per cent gain on the previous year's share.
Electricity	Qld	January 1998	An interim competitive wholesale electricity market was established.	Queensland adopted the arrangements proposed for the National Electricity Market and served as a model for the national system. Adoption of the National Electricity Market system will enable Queensland to join the national market following construction of the grid interconnection with NSW.
Electricity	Qld	March 1998	Contestability was introduced for large electricity customers.	The phased introduction of retail contestability provides increasing numbers of retail electricity users (currently subject to regulated/fixed electricity prices) with the opportunity to access the competitive wholesale electricity market. In March, the first 43 sites became eligible as contestable customers (including large customers such as universities that use in excess of 40 GWh per year).
Electricity	Qld	1997-1998	In 1996 the Government initiated a strategy to introduce competition in the wholesale and retail electricity market. As part of this strategy, the State owned AUSTA Electric and QTSC were split into 15 separate Government owned electricity corporations (comprising three generators, one engineering services corporation, seven distributors, three retailers and one transmission and system control corporation) from 1 July 1997.	Introduction of competition in electricity at the State and national level is expected to lead to efficiencies in electricity generation, transmission and distribution.  These efficiencies are expected to translate into improved electricity tariffs and services to industrial, commercial and domestic consumers.

Electricity	SA	December 1997	The <i>Electricity Act 1996</i> was amended to establish price regulation provisions, including the establishment of a price regulator in the Department for Primary Industries, Natural Resources and Regional Development.	This initiative provides the necessary pricing powers and functions to enable the effective regulation of electricity network charges, separate from the shareholder role of Government and portfolio responsibility for the enterprises.
Electricity	SA	February 1998	The <i>Electrical Products Act 1988</i> was amended to achieve national model regulations for domestic appliance energy efficiency.	This enables national consistency in regulatory compliance marking and proclamation of electrical appliances.
Electricity	SA	1997-98	The <i>Electricity Act 1996</i> was amended to create pricing powers consistent with the National Electricity Market.	This was necessary for the State's entry into the National Electricity Market.
Electricity	Tas	June–July 1998	A Tasmanian Electricity Code was developed.	The Tasmanian Electricity Code is modelled on the National Electricity Code. It details appropriate standards of security and reliability of supply for the Tasmanian electricity supply industry, and sets out access arrangements (including network pricing principles).
Electricity	Tas	June–July 1998	An electricity ombudsman was established through the <i>Electricity Ombudsman Act 1998</i> .	The Act establishes an ombudsman to examine customer complaints and, where required, impose awards on electricity entities.
Electricity	Tas	June–July 1998	An independent electricity regulator was established.	The electricity regulator ensures that electricity entities comply with their obligations under their licence conditions, relevant legislation and the Tasmanian Electricity Code. Further, the electricity regulator sets maximum generation, transmission, distribution and retail prices for periods of up to five years under the new electricity pricing arrangements.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Electricity	ACT	1997-98	The first stages of retail electricity contestability were introduced.	At end June 1998 around 41 per cent of the ACT electricity market was contestable, covering around 781 electricity outlets ranging in size from universities to bakeries.
Financial markets	Cwlth	1997-98	The Minister made a number of declarations in 1997-98 to authorise the operation of markets in securities and futures other than through authorised exchanges. Ministerial declarations were made to permit the operation of an 'exempt stock market' in SPC Holdings, while other declarations added a number of participants to existing exempt futures market declarations (including the declaration on the wholesale market in electricity futures).	Exempt stock and futures market declarations facilitate the trading of shares and futures contracts on markets other than authorised exchanges.  The costs of compliance with exchange requirements can be disproportionately high, relative to the level of regulatory benefit achieved. Exemption of appropriate markets from these requirements promotes greater liquidity and/or competition in financial markets. At the same time, conditions on the granting of the exempting declarations ensure an appropriate level of regulation of the markets in question.
Financial markets	Cwlth	1997-98	New regulatory arrangements were established for the financial system, providing objectives rather than institutionally based regulation. The Australian Prudential Regulation Authority provides prudential regulation of all financial institutions, including deposit taking institutions, life and general insurers and superannuation providers; the Australian Securities and Investments Commission (formerly the Australian Securities Commission) conducts market integrity and consumer protection regulation; and the Reserve Bank of Australia retains monetary policy and has gained additional payments system regulatory powers (exercised through its new Payments System Board).	This major reform will provide for more efficient and coordinated regulation of the financial system, leading to lower costs for consumers and business and to less incentive for regulatory arbitrage. Several mechanisms have been implemented to ensure close cooperation among the three regulatory agencies (the Reserve Bank of Australia, Australian Prudential Regulation Authority and Australian Securities and Investments Commission) so that no gaps appear in the regulatory coverage and to minimise regulatory duplication.  The relevant legislation abolishes the Insurance and Superannuation Commission and removes from the Reserve Bank the responsibility for prudential

			<p>The objectives of the new regulatory powers are to increase the contestability and efficiency of the payments system while maintaining overall financial system stability.</p> <p>The <i>Financial Sector (Shareholdings) Act 1998</i> replaced the <i>Banks (Shareholdings) Act 1972</i> and relevant parts of the <i>Insurance Acquisitions and Takeovers Act 1991</i>.</p>	<p>regulation of banks.</p> <p>The Australian Securities and Investments Commission now has broad consumer and market integrity responsibilities across the whole financial system. This will provide greater competitive neutrality and efficiency.</p> <p>The Financial Sector (Shareholdings) Act streamlines the existing legislation and rules governing ownership and acquisitions in the financial sector, leading to greater efficiency and lower transaction costs.</p>
Financial markets	Cwlth	1997-98	<p>The <i>Cheques and Payment Orders Amendment (Turnback of Cheques) Act 1998</i> amended the <i>Cheques and Payment Orders Act 1986</i> to deem unsettled cheques drawn on a failed financial institution to be dishonoured.</p>	<p>The reforms promote increased safety in the financial system and reduce the risk of contagion by shifting the costs of unsettled cheques resulting from institutional failure to the customers of the failed institution (the drawers of the cheques), away from the collecting institutions.</p>
Financial markets	Cwlth	16 December 1997	<p>The <i>Corporations Legislation Amendment (ASX) Act 1997</i> was passed, facilitating the decision of members of the Australian Stock Exchange to convert from a company limited by guarantee to a company limited by shares. It also clarifies the responsibilities of the Australian Stock Exchange as a self-regulatory organisation within the regulatory framework for Australia's financial markets.</p>	<p>The Act facilitates the more efficient and competitive operation of Australia's securities industry. Australian Stock Exchange members decided to convert the exchange to a public company to allow the exchange to better respond to increasing competitive pressures and other developments in the financial markets. The public company form, involving external ownership and representation of a broader range of interests in Australian Stock Exchange decision making, is expected to bring increased capital market disciplines.</p>

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Financial markets	Cwlth	1997-98	The Corporations Regulations (Amendment) S.R. 1998 no. 161 implemented aspects of the former Australian Securities Commission's 'Good Advice' report, setting out licence conditions for investment advisers. The conditions require investment advisers who give advice to retail investors to provide information to facilitate informed decision making.	The regulations are the result of developments in the financial services industry and criticisms of the standard of investment advice available. Requiring investment advisers to give the required information enhances investor protection and promotes market integrity and efficiency.
Financial markets	Cwlth	1997-98	The <i>Payment Systems and Netting Act 1998</i> was passed, facilitating the Reserve Bank of Australia's implementation of its Real Time Gross Settlement for high value payments in the financial system, and facilitating close-out and market netting.	Real Time Gross Settlement will ensure that high value payments are settled immediately and irrevocably because they are cleared across exchange settlement accounts held with the Reserve Bank.  This will allow Australian financial institutions and markets to net their exposures to debt and thus improve their financial position and international competitiveness in the financial markets.
Fisheries	Vic	April 1998	Until 1 April 1998, under the provisions of the <i>Fisheries Act 1968</i> , individuals, partnerships, trading societies and body corporates could apply for a licence to process fish (including abalone, scallops and all types of scalefish and finfish). Under the <i>Fisheries Act 1995</i> , anyone who processes or receives fish other than abalone or scallops is not required to have a licence.	Many hundreds of Victorian individuals and businesses carry out processing activities in relation to fish. These activities no longer require any licence or incur any fee. Processors also benefit from no longer having to comply with a previous licence condition that they provide monthly returns to the Secretary of the Department of Agriculture and Resources.
Fisheries	Tas	March 1998	A catch quota was introduced in the Tasmanian rock lobster fishery, with individual transferable allocations.	A catch limit, set with transferable catch allocations, results in a free market for access to catch and increases fleet efficiency.

Fisheries and aquaculture	SA	1997-98 and ongoing	A funder owner purchaser provider model is being implemented for the administrative management of both the fisheries and aquaculture industry. Full cost recovery is also being introduced.	The introduction of this model improves transparency in government accountability to both the community owners of the State's aquatic resources and users of these resources.
Forestry	Cwlth	1997-98	Export controls on unprocessed plantation sourced wood were removed for States that met certain criteria in the protection of environmental and heritage values.	In 1997, export controls were lifted for plantation sourced wood from Tasmania, Victoria, South Australia and Western Australia. Export controls were lifted for NSW in February 1998. The process is underway in Queensland, the ACT and the NT.
Forestry	Cwlth	1997-98	Export controls were removed from woodchip covered by Regional Forestry Agreements.	The Export Control (Regional Forest Agreements) Regulations 1997 states that hardwood woodchips from a regional forest agreement region is not a prescribed good under the Export Control (Hardwood Wood Chips)1996 Regulations. During 1997-98, agreements were completed for Tasmania and the Central Highlands, with significant progress towards completing the remaining agreements (including the publication of comprehensive regional assessments and public consultation reports for the Eden and Western Australia regional forest agreements).
Forestry services	Vic	1997-98	Contractor supervision of timber harvesting was trialed on coupes in East Gippsland, bringing accountability for environmental outcomes closer to operators.	This initiative reduces the cost of supervision (because tasks are put to competitive tender) and results in better attribution of harvesting costs in the market.
Gambling	Qld	1998	The Golden Casket Lottery Corporation (Golden Casket) was corporatised as a Government owned corporation on 1 August 1998.  Responsibility for the licensing of operators was transferred from the corporation to the Queensland Office of Gaming Regulation.	The aim is to ensure that the corporation operates in an efficient, cost-effective and competitively neutral manner.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Gas	All States and Territories	1997-98	The SA Parliament passed the <i>Gas Pipelines Access (South Australia) Act 1997</i> , becoming the 'lead' legislator for the gas pipelines access law. Other jurisdictions apply the SA law in their jurisdictions, except WA which uses substantially similar legislation. The NT passed its legislation on 28 April, Queensland on 13 May, Victoria on 19 May, NSW on 3 June and the ACT on 25 June. The WA legislation was passed by the House of Assembly in mid-September.	<p>This reform will apply the national third party access regime to natural gas pipelines.</p> <p>NSW commented that the reform increases competition in gas supply; encourages development of new pipelines, an interconnected pipeline grid and an integrated national gas market; lowers gas prices for business; and creates estimated savings of \$60 million per year for gas users in that State.</p> <p>Queensland commented that the open access arrangements embodied in the access principles for pipelines have already had a significant impact on transportation tariffs; as competition increases, further economies will ensure lower gas prices for all end users.</p>
Gas	Vic (and NSW)	1997-98	A \$50 million interconnection gas pipeline was developed between Victoria and NSW. It commenced operations in August 1998.	This will promote competition in gas trading between the two States, providing lower prices and improved services.
Gas	Vic	1997-98	An underground gas storage facility at Port Campbell was developed.	This will improve system security and facilitate competition in gas trading between Victoria and South Australia, providing lower prices and improved services.
Gas	SA	December 1997	The SA Independent Pricing and Access Regulator was established as the regulator of access to distribution pipelines in the State.	This is consistent with the Council of Australian Governments' commitments. It initiates the national third party access regime for all natural gas pipelines in SA. This regime will drive interstate interconnections, which are estimated to deliver \$1.35 billion net growth in gross domestic product per year across Australia.

Gas	WA	1997-98	The <i>Dampier to Bunbury Pipeline Act 1997</i> was enacted in December, and the Dampier to Bunbury Pipeline (Corridor) Regulations 1998 were passed in March 1998.	The Act provides, among other matters, for the establishment of a Dampier–Bunbury natural gas pipeline corridor, which may contain other pipelines for transporting gas from the north west to the south west of the State. The Act also establishes a Land Access Minister to manage the corridor and access to it.
Gas	WA	1997-98	Since January 1998 gas customers using at least 250 TJ per year at a single site have been able to contract with any gas supplier directly, as part of the phased access to the south west gas market.  In October 1997 the Government announced that customers using 1 TJ per year could access gas transmission and distribution systems from January 2002, with full deregulation to the household level to occur from July 2002.	All natural gas customers within the State will eventually be able to negotiate with the supplier of their choice.  The distribution and trading businesses of AlintaGas will be separated by July 2002 in support of deregulation and increased competition.
Gas	ACT	November 1997	Gas was declared a regulated industry under the <i>Independent Pricing and Regulatory Commission Act 1997</i> . Gas prices are now independently determined and oversighted by the Commission under terms of reference issued by a minister or other referring authority subject to the Act.	The Act allows independent determination of prices and has provided a mechanism for third party access to infrastructure.
Gas	ACT	25 June 1998	The <i>Gas Supply Act 1998</i> and the <i>Gas Pipelines Access Act 1998</i> were passed. They substantially revised the pre-existing Gas Act and brought the ACT into line with the arrangements under the Council of Australian Governments' agreements on gas reform.	The Natural Gas Pipelines Access Agreement commits jurisdictions to enact pipeline access legislation by 30 June 1998 by adopting the lead pipeline access legislation passed in the SA Parliament on 10 December 1997. The legislation will underpin the Access Code, which sets out the 'rules' for competition in the gas market.  Access arrangements will be regulated by the Independent Pricing and Regulatory Commission, in



## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
				conjunction with the Independent Pricing and Regulatory Tribunal of NSW.
Health	Cwlth	1997-98	An auxiliary hospital was sold by tender to a private operator.	Services to veterans continue in a satisfactory manner. Savings are estimated to be \$30 million over ten years.
Health	Vic	1997-98	Australia Hospital Care was contracted to build, own and operate a hospital in the Latrobe Valley and to provide public hospital services from 1998-99. The term of the service contract is 20 years. The private sector market has been approached on Mildura Base Hospital, Berwick Community Hospital and Austin Repatriation Medical Centre.	The hospital will operate within the same policy framework as Victoria's other hospitals providing health services to public patients.  The establishment of a contestable environment is expected to lead to increased efficiency in the provision of public health services.
Health and community services	Tas	1997-98	Cleaning, patient and material distribution services within major hospital sites were benchmarked and 're-engineered' rather than outsourced.	The sites involved achieved savings of around 18 per cent. Outsourcing may have produced greater savings, but the actual savings were achieved without any industrial unrest and with a lower risk to the Government.
Health and community services	Tas	1997-98	The Department of Community and Health Services continued to review its activities and outsource those where there is a net benefit. Activities outsourced during 1997-98 included nuclear medicine services, cataract surgery and the stores function at Royal Hobart Hospital, and breast screening services.	These initiatives will result in significant financial savings (both in recurrent terms and from avoiding future capital expenditure), without detracting from client outcomes.
Health and medical assessment services	Cwlth	1997-98	The functions of the Australian Government Health Service were transferred to Health Services Australia (a government business enterprise accountable to joint shareholder Ministers) on 1 July 1997.	This provides for a market competitive health assessment and medical advisory service.

Health insurance	Cwlth	1997-98	The private health insurance arm of the Health Insurance Commission was corporatised as a Commonwealth owned company limited by shares. Medibank Private operates as a government business enterprise accountable to joint shareholder Ministers.	This ensures that Medibank Private operates on an equal footing with its competitors
Health insurance	Cwlth	1997-98	The Health Insurance Commission shifted to an output framework, and purchaser-provider agreements were established for all commission outputs.	The measures will: <ul style="list-style-type: none"> <li>• dramatically improve accountability of the Health Insurance Commission through transparent reporting;</li> <li>• allow the commission to be market tested and benchmarked; and</li> <li>• allow the Department of Health and Family Services to use pricing mechanisms to value the commission's outputs.</li> </ul>
Health insurance	Cwlth	1998	Legislative reforms occurred following the 1997 Industry Commission inquiry into private health insurance.	The reforms: <ul style="list-style-type: none"> <li>• engender a positive and competitive environment in the private sector;</li> <li>• reduce some of the cost pressures on health insurance premiums;</li> <li>• make contracting more attractive between the various parties; and</li> <li>• help consumers by reducing the problems of often large and unexpected out-of-pocket expenses and multiple medical bills.</li> </ul>
Hearing services	Cwlth	1997-98	The Australian Hearing Services Authority was established as a Commonwealth owned company limited by shares. The Hearing Services Authority will operate as a government business enterprise accountable to joint shareholder Ministers.	The legislation has not yet been passed by Parliament, but the reform has been substantially implemented through administrative means to enhance consumer choice and supplier competition.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Housing	Tas	1997-98	Housing stock was transferred for management by community sector organisations.	This will increase the use of stock and increase the scope to cater for special needs client groups.
Justice (courts)	Vic	1998	The existing Melbourne County Court building was replaced using private sector participation in the design, construction, ownership and management of a new County Court facility to be located in the Melbourne legal precinct. The new facility will incorporate up to 52 courtrooms and is scheduled for completion by the end of 2000.	The private sector will bear the risks involved in the design, construction, ownership, maintenance and management of the County Court facility.
Maritime	Cwlth	18 December 1997	<p>A shipping reform package was implemented, including a move to company employment and the opening up of the coastal trades to international ship operators. The criteria for obtaining a coastal shipping permit were relaxed as follows:</p> <ul style="list-style-type: none"> <li>• the restriction that continuing voyage permits only be issued when in the long term interests of the shipping industry was removed;</li> <li>• the requirement to consult with the maritime unions and the Australian Shipowners Association was terminated; and</li> <li>• permit application fees were lowered.</li> </ul> <p>In addition, cruise shipping and all Christmas Island trade have been exempted from the coasting trade provisions (part VI of the <i>Navigation Act 1912</i>).</p>	The pooled labour system applying to manning of ships was abolished to enable the local shipping industry to compete more effectively. Opening up the coast provides shippers with an average annual cost saving of around \$160 000 and is expected to generate up to \$10 million annually in the tourism industry and create hundreds of jobs.
Meat processing	Cwlth	July 1997 (varying times)	Post-mortem inspection procedures for pigs, calves, sheep, lamb, deer and kangaroos were revised.	This removed redundant functions based on the disease health status of Australian livestock, and reduced overall Australian Quarantine and Inspection Service inspection costs to industry.

Meat processing	Cwlth	July 1997	The Commonwealth withdrew from inspection of meat to be consumed in Australia.	This reduces regulation and removes Commonwealth Government involvement in domestic inspection arrangements.
Meat processing	Cwlth	September 1997	Security arrangements at Australian export meat establishments were revised. The Commonwealth withdrew from direct supervision of post-slaughter floor security functions. The majority of changes were implemented by administrative decisions, with companies assuming programs/quality assurance arrangements; some revised requirements will need amendments to legislation, mainly through the current rewrite of Export Meat Orders.	Greater accountability is provided to industry for the security of prescribed goods as identified under the <i>Export Control Act 1982</i> . This change reduces the Australian Quarantine and Inspection Service costs to industry.
Meat processing	Cwlth	December 1997	The Australian Quarantine and Inspection Service's meat inspection functions, practices and manning arrangements underwent a cost efficiency review.	The review led to reduced use of meat inspection and veterinary staff.
Retailing (milk)	ACT	1998	A review of the <i>Milk Authority Act 1971</i> recommended lifting the restrictions on competition contained in the Act and recommended measures designed to increase competition in the ACT milk market (such as removing the ACT Milk Authority and encouraging new market entrants).	The result is expected to be increased retail competition in the sale of milk products.
Retailing (petrol)	ACT	1998	Restrictions were lifted on the number of petrol retail outlets. The changes are expected to facilitate a rationalisation of service stations in the ACT. The provision of service stations in each suburb, rather than in economically sustainable geographic markets, has meant oversupply of service outlets.	There will be greater competition in the sale of petrol products and the range of items for sale in petrol retail outlets, and greater flexibility in land use. Making exit from sites easier and permitting oil refiners/distributors to own service stations, rather than franchise, will facilitate the rationalisation of the number, location and financial viability of petrol retailing in the ACT.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Pharmaceuticals	Cwlth	1997-98	New procedures were implemented to expedite the evaluation of low risk products and new substances. The Complementary Medicines Evaluation Committee was established to provide expert technical advice on complementary medicines, following extensive consultation with industry and other stakeholders.	These initiatives introduce more appropriate regulation commensurate with the assessed public health risk.
Pharmaceuticals	Cwlth	1997-98	The Government accepted the recommendation of the Therapeutic Goods Administration review (in consultation with industry, health care professionals and consumer organisations) to allow brand advertising of scheduled pharmacist only (schedule 3) medicines.	This removed unnecessary restriction on advertising.
Rehabilitation services	Cwlth	1997-98	The Commonwealth Rehabilitation Service was incorporated as CRS Australia, a Commonwealth owned company limited by shares. CRS Australia will operate as a government business entity accountable to joint shareholder Ministers.	The legislation has not yet been passed by Parliament as at December 1998, but the reform has been substantially implemented through administrative means to provide a level playing field with private sector providers and to improve efficiency and consumer choice.
Second-hand dealing	Vic	January 1998	A single registration system replaced three licence types for second-hand dealers and pawnbrokers. Requirements to retain goods for seven days after acquisition were relaxed for scrap metal; the requirement to conduct particular transactions only at a registered business premises or a market were removed; record keeping requirements were made more flexible; and restrictions on the rates of interest payable by pawnbrokers were removed.	There is easier market entry and compliance for dealers. The market can set pawnbroking charges.

State trustee	Vic	1997-98	The <i>State Trustees (Amendment) Act 1998</i> was passed.	This implements the recommendations of the legislative review of the State Trustees Act pursuant to the State's obligations under the National Competition Policy agreement.
Storage	Tas	September 1997	The State Government sold its supply and warehouse function.	This enables the Government to concentrate on core areas of service delivery while ensuring that the private sector carries out the purchasing and supply functions.
Tomato processing	Vic	June 1998	The Tomato Processing Industry Development Order 1996, made under the <i>Agricultural Industry Development Act 1990</i> , was allowed to lapse at the end of its term.	This completes the deregulation of pricing and contract arrangements in the industry. The Australian Processing Tomato Industry Council will now administer a voluntary code of practice and report on market conditions to provide a basis for contract and price negotiations between individual growers and processors.
Transport (rail)	All jurisdictions	25 February 1998	The Australian Rail Track Corporation was established to provide a single point of contact for negotiation of access to the interstate rail network.	The Australian Rail Track Corporation will streamline access arrangements for interstate rail track. Prior to the establishment of the corporation, rail operators seeking access to the interstate network were required to negotiate with each of the different jurisdictions. The corporation will reduce the cost of obtaining access for rail operators and provide a transparent access pricing mechanism. It will also manage infrastructure development on interstate track.
Transport (rail)	NSW	1997-98	Rail access prices fell, following a Government decision to phase out the adjustment component in rail access prices for coal haulage by July 2000.	Savings of \$1.60 per tonne on average are expected from the commencement of the phase out, and are likely to improve the competitiveness of export coal.
Transport (rail)	NSW	1997-98	The NSW Minister for Transport removed legislative restrictions on the National Rail Corporation operating intrastate services.	This will promote competition in the market and more cost-effective service delivery.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Transport (rail)	NSW	1997-98	The Rail Access Corporation contracted out the provision of some maintenance services, but further contracting out has been suspended until July 1999 to enable the recently corporatised Rail Services Australia to compete on an equal footing with the private sector for contracts.	Savings of approximately \$14 million per year are expected.
Transport (rail)	NSW	1997-98	The <i>Transport Administration Act 1988</i> was amended to remove the restriction that only accredited operators could negotiate access with the Australian Rail Track Corporation.	The adoption of a rail access regime will allow substantial consumers who are not rail operators to negotiate access and subcontract rail operations to a rail operator. The amendment also allows the Australian Rail Track Corporation to obtain access. The amendment is expected to promote competition.
Transport (rail)	Vic	1997-98	Private rail freight service providers, in addition to V/Line Freight, began operating in Victoria. The number of private providers is increasing.	The reform is consistent with the aim of the National Competition Policy objective of increasing competition in the marketplace.
Transport (rail)	Qld	1998	As a part of the implementation of the National Competition Policy agreement, the Queensland Government declared Queensland Rail track infrastructure (including its coal lines) automatically subject to the State-based third party access regime.	The declaration gives new entrants and privatised interstate operators the capacity to access the Queensland Rail network with new low cost structures. Queensland Rail must be able to respond commercially to this competition or risk losing profitable business to new entrants.
Transport (rail)	WA	January 1998	The Government applied the State Rail Access Code to interstate operators who wish to use the standard gauge line between Kalgoorlie and Kwinana. This was the initial step towards allowing expanded competition on the State's rail system.	The Code applies a uniform framework in which commercial negotiations can now occur.

Transport (road)	All jurisdictions	1997-98	A new national regime for dangerous goods transport was implemented.	This simplifies the regulation of road transport, reduces costs for business and facilitates competitive neutrality and safety.
Transport (road)	Cwlth	1997-98	Amendments to the <i>National Road Transport Commission Act 1991</i> . These amendments introduced more flexibility into the legislative processes the State and Territories can adopt. This will allow jurisdictions to adopt the nationally agreed reforms more quickly. Interstate road transport legislation was also amended.	These initiatives are part of the introduction of a nationally consistent regulatory environment which will improve the efficiency and productivity of the industry. The full implementation of national road transport reforms is estimated to add \$800 million annually to gross domestic product.
Transport (road)	NSW	December 1997	The Road Traffic Authority introduced alternative compliance, a voluntary 'quality based' scheme that allows operators of heavy vehicles to use internal management systems to prove compliance as an alternative to more intrusive forms of compliance assurance such as annual vehicle inspections.	The impact of conventional enforcement is reduced — for example, the exemption from annual inspection results in savings in excess of \$90 per vehicle.
Transport (road)	NSW	March 1998	The Road Traffic Authority introduced a package of reforms to improve heavy vehicle productivity, including: <ul style="list-style-type: none"> <li>• removing the 90 km/h speed limit (now 100 km/h);</li> <li>• increasing mass limits to up to 50 tonnes; and</li> <li>• introducing short term (three month and six month) registration.</li> </ul>	The reforms are a significant boost to industry efficiency and productivity, and give greater flexibility to operators to better match business needs and cashflow.
Transport (road)	NSW	1997-98	The Roads and Traffic Authority continued the State's lead role in the development of national road transport reforms. Key achievements included: <ul style="list-style-type: none"> <li>• the introduction of national uniform arrangements for dangerous goods transportation in April 1998. These arrangements are defined in the <i>Road and Rail Transport (Dangerous Goods) Act 1998</i>;</li> </ul>	The changes to the regulatory environment for the transportation of dangerous goods delivers greater simplicity and uniformity to operators and improves safety.



## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
			<ul style="list-style-type: none"> <li>the introduction of the <i>Road Transport (Vehicle Registration) Act</i> in NSW in June 1998. This scheme simplifies processes, particularly for businesses with fleets registered in a number of jurisdictions;</li> <li>the use of one licence per driver;</li> <li>improved procedures for the conversion of interstate driver licences to NSW licences were introduced in July 1997;</li> <li>the introduction of a national approach to enforcement of road worthiness in June 1998, modelled on the guidelines used in NSW; and</li> <li>changes to the Australian Design Rule.</li> </ul>	<p>Revisions to vehicle registration regulations deliver greater consistency and efficiencies to transport operators and regulatory agencies.</p> <p>The one driver–one licence system simplifies and improves processes.</p> <p>Improvements to the procedures for the interstate conversion of driver licences reduces the cost of licence transfers and streamlines administrative processes.</p> <p>The application of NSW guidelines for road worthiness will ensure greater consistency across the industry.</p> <p>Changes to Australian Design Rules will result in community wide savings in terms of reduced fatalities and severity of injuries.</p>
Transport (road)	Vic	1997-98	<p>The second round of reforms in the National Heavy Vehicle Reform Package commenced, including:</p> <ul style="list-style-type: none"> <li>implementation of the 'Management of speeding vehicles' national policy targeting irresponsible road transport operators; and</li> <li>extension of National Heavy Vehicle charges to primary producers as a part of national uniformity for registration fees and practices.</li> </ul> <p>Part-year registration periods and number plates were introduced to cater for vehicles used seasonally.</p>	<p>These reforms will reduce costs and increase productivity in the road transport industry, making Australian export and import industries more internationally competitive.</p>

Transport (road)	Vic	1997-98	The State entered into new incentive based contracts with all metropolitan bus companies. The contracts provide incentives for operators to convey passengers rather than be paid for kilometres travelled.	Operators have an incentive to either increase patronage or become more cost efficient if patronage growth does not reach their expectation. For example, low patronage routes have been combined, thereby lowering operating costs and reducing staffing. This is expected to deliver significant savings in contract payments.
Transport (road)	Qld and other jurisdictions	1998	The common national commencement date for the road transport of dangerous goods was 31 March 1998. Full implementation of relevant Queensland legislation occurred on 7 August 1998.  From this date, Queensland Transport freed drivers and vehicles that comply with the dangerous good licensing requirements of any other jurisdiction in Australia from the obligation to be licensed in Queensland.	This reform results in the need for fewer licences and eliminates the need for a driver or vehicle operator to be licensed in more than one jurisdiction.
Transport (road)	SA	1 March 1998	Alternative compliance accreditation removed the necessity for annual inspection of permit vehicles.	Road trains are allowed to travel into northern Adelaide only if they are accredited under the alternative compliance scheme. The measure provides an incentive to join a scheme. Savings are estimated to be over \$500 000 per year.
Transport (road)	Tas	February 1998	Intermediate and full high productivity vehicle classes were established.	These classes of vehicles were established to extend the benefits of B-Doubles to other high productivity vehicles such as four axle log trailer combinations. Intermediate high productivity vehicles may operate above the national 42.5 tonne general access limit on all State and national roads and most local government roads. This extends the benefits of higher loads to vehicle combinations requiring access to non-B-Double routes.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Transport (road)	NT	July 1997 – June 1998	Implementation of the 1994 ten point heavy vehicle reform package (except for bus driving hours) was finalised. Guidelines for innovative vehicle combination were completed and innovative high productivity combinations for longhaul bulk minerals and fuel transport (based on performance based assessments and criteria) were introduced.	Innovative heavy vehicle combinations will increase heavy vehicle productivity. Vehicles are able to carry increased payloads with standard dimensions. Revised performance based standards provide a means of regulating heavy vehicle combinations by defining a set of standards that these innovative vehicles must meet (rather than setting detailed standards such as overall length and width).
Transport (road)	NT and other jurisdictions	June 1998	Stage 1 of the national exchange of vehicle and driver information system (NEVDIS) — which will link motor vehicle registration and driver licensing databases around Australia — has been introduced.	This expedites transactions between jurisdictions and assists in the prevention of motor vehicle theft.
Transport (tram)	Vic	June 1998	The last tram conductors were removed from Melbourne's trams. Drivers can now fully operate Melbourne's trams — which were previously operated by two-person crews — because automated ticketing machines have been installed throughout the area covered by the MetTicketing system. Machines are now in place across Melbourne's bus, train and tram system.	Major productivity savings have now been achieved as staff numbers have been reduced.
Transport industry	Qld	1997-98	Self-certification of weighing instruments was introduced for transport enforcement by a Government enforcement agency and private businesses.  Legislation was amended to allow public and private organisations to become licensed (to certify trade measuring instruments) under the provisions of the <i>Trade Measurement Act 1990</i> .	This regulatory reform creates a more efficient, flexible and effective system of weighing instrument certification.  The reform directly affects the operational efficiency of the Department of Transport's enforcement duties.

Transport industry	Tas	July 1997	Three hundred private service stations were accredited as Light Vehicle Approved Inspection Stations.	This initiative moves light vehicle inspection from departmental transport inspectors to the private sector.
Transport industry	Tas	December 1997	General permits were introduced, replacing vehicle specific special permits.	These permits allow a vehicle to operate legally, given compliance with all conditions of the general permit. This eliminates the need to obtain a special permit for every vehicle each time it operates with an oversize/overmass load.
Transport industry	Tas	December 1997	The public vehicle licensing reform legislation was given royal assent. Proclamation of the legislation is anticipated in 1998-99 following finalisation of regulations. This legislation eliminates the public vehicle licensing system established under the <i>Traffic Act 1925</i> and replaces it with a modern system for regulating the passenger transport industry. Intrastate aircraft operations will only be subject to Commonwealth regulation; the road freight industry will only be subject to regulation governing quality and safety of operations.	A study by the Centre for Regional Economic Analysis within the University of Tasmania predicted that the reform of the public vehicle licensing system will generate an additional net 536 jobs and increase gross state product by \$42 million per year (or 0.5 per cent).
Transport industry	Tas	January 1998	Motorcycle rider training and testing was outsourced.	The delivery of motorcycle rider training by the private sector ensures that safety standards are maintained and a high level of service is provided.
Transport industry	Tas	January 1998	Registration renewals were outsourced to Westpac.	This measure increased customer access to transport services in both rural and urban areas. As at 30 June 1998, nearly 14 per cent of clients paid their registration renewal at a Westpac bank branch.
Transport services	Tas	May 1998	Fleet management services, previously undertaken by TASFleet, were contracted out.	Benefits will include improved levels of service and measurable savings to agencies.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Water	NSW	1997-98	The Independent Pricing and Regulatory Tribunal of NSW implemented a pricing path for bulk water users.	The 1997 increase in water prices further reduces the level of subsidy or cross-subsidy received by the irrigation sector and other bulk water users, and begins to recognise environmental management costs.
Water	NSW	1997-98	The Water Administration Ministerial Corporation now allows for water licence entitlement transfers to occur between: <ul style="list-style-type: none"> <li>• industrial and irrigation users;</li> <li>• water users on unregulated rivers; and</li> <li>• some high security water users in New South Wales, Victoria and South Australia.</li> </ul>	These structural reforms allow for flexibility in the allocation of water, over and above traditional transfers. Over time they will enable new users to access bulk water entitlements in systems where the issue of new licences was embargoed, and encourage structural reforms that result in the highest value use of water.
Water	Vic	1 July 1997	Eighteen authorities were reduced to 15 regional sized authorities through three amalgamations. The number of nonmetropolitan urban water authorities in Victoria had already been reduced from over 300 in the early 1980s to approximately 120 in 1992, to 95 by 1993, and to 18 in 1994-95.	This strengthens the ability of regional water authorities to improve services and reduce costs. The overall efficiency saving over the three years since 1994-95 is an estimated 17 per cent.
Water	Vic	1997-98	All nonmetropolitan authorities entered into a memorandum of understanding with the Government to achieve improved water quality and environmental outcomes by 1999 and 2001 respectively.	This reduced the average price by 18 per cent and increased the incentive to improve service delivery.
Water	Vic	1997-98	Water pricing reforms included: <ul style="list-style-type: none"> <li>• charging all consumers for use (including the Government, but excluding water use for fire fighting);</li> <li>• replacing water and sewerage property rates with a flat service charge;</li> <li>• introducing a fully transparent rebate scheme; and</li> </ul>	Eighty per cent of properties received an average reduction of 18 per cent in their water rates. The reforms also increase allocative efficiency and remove major cross-subsidies.

			<ul style="list-style-type: none"> <li>restructuring the balance sheet to reduce debt by \$850 million.</li> </ul>	
Water	Tas	July 1997	The Esk Water Authority was transferred to local government.	This reduces the overlap in responsibilities between State and local governments. It will result in improved accountability, because the Esk Water Authority is now owned by the councils to which it supplies water.
Water	Tas	December 1997	Legislation was passed to transfer the North West Regional Water Authority to local government. The Act is yet to be proclaimed but the transfer is expected to occur in 1998-99.	This will reduce overlap in responsibilities of State and Local Governments. It will result in improved accountability because the North West Regional Water Authority will be owned by the councils to which it supplies water.
Water	ACT	1997-98	Consumption based pricing was introduced and cross-subsidies were removed. Water is cross-subsidised by electricity and domestic consumers are subsidised by commercial consumers. These subsidies are gradually being reduced by successive determinations of regulated prices; the determination of the five year price path, currently in progress, is expected to deal with this issue.	Consumption based pricing for the provision of urban water supplies is well established in the ACT. There is no connection between charges and property values for either water or sewerage services. The changes to date have slowly increased the cost of water to consumers, to reflect more closely efficient costs of supply, but without significant price shocks.
Water	ACT	1997-98	Charges for bulk water to Queanbeyan users are now made on a volumetric basis.	The adjustment of prices to remove the cross subsidy currently paid by Queanbeyan to the Australian capital Territory will improve the efficiency of resource allocation.
Water	ACT	1997-98	Clearly identified community service obligations for the supply of urban water became separately funded following a review of pricing.	The community service obligations relevant to the ACT supplier of urban water and sewerage services have been identified and are costed in the ACT budget.

## Government service provision and regulation reforms — industry specific (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Water	ACT	1997-98	Cost-recovery pricing was introduced for urban water and waste water services in 1997-98. Previously existing cross-subsidies have gradually been removed.	This led to full cost recovery and a positive rate of return on assets used to provide urban water supply and waste water services.
Water	ACT	1997-98	The ACT Government established the Independent Pricing and Regulatory Commission in November 1997.	The independent regulator now sets prices for water and sewerage. By contrast prices were previously set administratively. Cross-subsidies between electricity and water customers and between commercial and domestic consumers have been gradually addressed since 1996. Future pricing will better reflect the full cost of supply. These reforms have been assisted by two inquiries.
Water (irrigation)	NSW	1997-98	The Murrumbidgee Irrigation Area and Coleambally Irrigation Area were corporatised.	These changes provide for the internalisation of costs and more efficient pricing for water use.

### A.3 Government service provision and regulation reforms — general

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Aboriginal housing	NSW	June 1988	The Aboriginal Housing Bill (passed on 18 June 1998) established a single agency, the Aboriginal Housing Office, to administer all Aboriginal housing programs in NSW. It also established a new accountability framework for service delivery.	A single agency will reduce duplication and overlap in the delivery of programs and services.
Aged care	Cwlth	October 1997	<p><i>The Aged Care Act 1997</i> and associated principles were amended to reform the residential aged care program. Reforms included:</p> <ul style="list-style-type: none"> <li>• the extension of accommodation payments to nursing homes, subject to meeting specified standards in building quality; and</li> <li>• the introduction of a single classification and funding system across nursing homes and hostels.</li> </ul>	<p>The reforms build in a greater role for market signals and minimises the intrusion of government in private arrangements between providers of aged care services and residents. They also avoid the need to impose costly administrative arrangements on providers. The reforms affect some 3000 aged care services across Australia and around 135 000 residents.</p> <p>The nursing home and hostel sectors will be on a more even and competitive footing, because nursing homes now have the capacity to access income to maintain and improve the quality of buildings. This reform is expected to generate around \$1.5 billion over the next decade and create incentives for greater private investment in nursing home buildings.</p>
Aged care	Cwlth	1997-98	Purchaser-provider arrangements, through the establishment of an independent Aged Care Standards and Accreditation Agency will cover monitoring and quality of care in residential aged care facilities.	Increased competition in monitoring and auditing is likely once delays in establishing new accreditation arrangements are resolved.



## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Auditing (public sector entities)	Qld	1997-98	<p>The Queensland Audit Office was established in May 1993 following a review of Public Sector Auditing in Queensland.</p> <p>Since this review, and following the completion of a full review of the operations of the office, a resourcing strategy has been implemented to identify the most advantageous use of private sector auditors to perform audits of certain public sector entities.</p>	<p>Approximately 310 of a total of 628 public sector audits (310 of 580 in 1996-97) are now performed on behalf of the Auditor-General by approved contract auditors under section 82 of the <i>Financial Administration and Audit Act 1977</i>.</p> <p>Apart from providing a means of augmenting resources at peak work times, other benefits include the cross-fertilisation of knowledge and the opportunity for private sector auditors to acquire a better understanding of the greater emphasis on probity and propriety issues by government audit.</p>
Banking	NT	June 1997	The Territory abolished the requirement that the NT Government account only be established with a bank.	This complies with National Competition Policy requirements and permits greater competition for Government financial services.
Building maintenance	SA	April 1998	Facilities services (including maintenance, minor works, some cleaning and some security functions) were contracted out for noncommercial, public sector built assets in the Adelaide CBD and metropolitan areas.	Contracts (valued at \$60 million per year, let for up to seven years) offer direct savings of about 15 per cent. Net savings, after start up, management and redundancy costs, are estimated at \$45 million over seven years.
Child care	Cwlth	April 1998	The operational subsidy in community based long day care and outside school hours care was removed to achieve a more equitable system between the private and community child care sectors.	Subsidies are now better targeted to low and middle income earners.

Cooperatives	NSW	1997-98	The <i>Co-operatives Amendment Act 1997</i> was enacted to include core consistent provisions on interstate operations, fund raising capabilities and mergers of cooperatives. To be enacted by all States and Territories, the core provisions are based on the Victorian <i>Co-operatives Act 1996</i> , which was largely modelled on the NSW <i>Co-operatives Act 1992</i> .	The new arrangements are expected to help NSW cooperatives successfully operate on the national stage and benefit regional NSW where cooperatives play a significant social and economic role.
Cooperatives	SA, Vic, NSW, Qld	1997-98	Legislation relating to trading cooperatives and nontrading cooperatives was enacted to provide requirements consistent with those of the other participating States.	While providing for registration of interstate co-operatives generally, the legislation establishes significantly less onerous criteria for a cooperative of a participating State to obtain registration in, and be entitled to carry on business in, another participating State.
Community services	Cwlth, NSW, Vic	1997-98	The Commonwealth signed revised Home and Community Care Agreements with New South Wales and Victoria to reduce Commonwealth/State duplication.	The revisions improve the efficiency and effectiveness of the Home and Community Care Program.
Community services	Qld	1997-98	The Financial Accountability Improvement Program was restructured, significantly improving the delivery of financial management services to Island Councils incorporated under the Community Services Legislation.	The new program structure serves to increase the level of competition between contracted service providers, formalises regionally based decision making forums, increases equity in delivery of services, and increases the level of choice for consumers.
Community services	SA	1997	The mostly nongovernment provided alternative care system was placed in a purchasing framework, having previously been based on submission driven grants. Two remaining Government-provided regional placement services were offered through tender to nongovernment providers in the same purchasing plan.	Given unforeseen circumstances, there is only one metropolitan provider in the market. A three year evaluation of the new system has been initiated.

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Competition policy	NSW	1997-98	<p>The Government's Service Competition Policy was implemented.</p> <p>Service competition is about tendering out part of an existing function to provide yardstick competition for the remaining part of the function. The relative proportions may be subsequently adjusted to maximise value for money.</p>	<p>These reforms have achieved significant cost savings and efficiency improvements.</p> <p>Cost savings are achieved through:</p> <ul style="list-style-type: none"> <li>• indirect competition by comparing in-house performance with the best known performance achieved elsewhere (encouraging in-house groups to achieve equivalent levels of performance or better); and</li> <li>• direct competition by competitive tendering (allocating work to the tenderer offering the best value for money).</li> </ul>
Competition policy	ACT	1997	<p>Agencies audited legislation for compliance with the NCP code requirements to identify arrangements that contravene, or require exemptions under s. 51 of the <i>Trade Practices Act 1974</i>. The Australian Competition and Consumer Commission was notified of the one instance where an exemption was required under s. 51 of the Act.</p>	<p>Thus far only the <i>Milk Authority Act 1971</i> has been notified. It was subject to a s. 51 exemption which expired December 1998.</p>
Competition policy (air transport)	WA	October 1997	<p>The Government contracted with Business Travel International and American Express International to manage its domestic air travel requirements. The contracts are renewable annually, up to a period of five years.</p>	<p>The contract is expected to deliver savings of up to \$7 million in the first year.</p>
Competition policy (outsourcing)	Cwlth	November 1997	<p>The Department of Finance and Administration outsourced its information technology infrastructure services.</p>	<p>Benefits are being delivered in terms of reduced costs, improved services and partnerships with providers that bring insights into world best practice in information management in the public and private sector.</p>

Competition policy (outsourcing)	Cwlth	1998	<p>The Department of Finance and Administration became the first Commonwealth department to pursue total outsourcing of its operational corporate service activities.</p> <p>Tenders were put for:</p> <ul style="list-style-type: none"> <li>• office services;</li> <li>• facilities and accommodation services; and</li> <li>• financial and human resource support services.</li> </ul> <p>Following market testing, the department entered into contract negotiations with the preferred tenderers for each component.</p>	<p>The decision to outsource was based on long term cost effectiveness and the expectation that service quality would improve.</p> <p>The inclusion of industry development criteria in the Request for Tender allows substantial involvement by local small and medium enterprises.</p>
Competition policy (outsourcing)	Tas	January–June 1998	The Department of Transport transferred technical services to the private sector.	The change encourages innovation in design, strengthens the consultant skills base in Tasmania, positions Tasmania to be better equipped to attract work from outside the State and Australia, and reinforces the Department of Transport’s role as an ‘enabling’ organisation.
Competition policy (outsourcing)	NT	June 1998 and ongoing	A licence and materials were purchased from a ‘procurement and contracting centre for education and research’ (PACCER) to deliver procurement training.	This enhances skill levels to improve Government procurement outcomes and provides a more flexible resource suitable for whole-of-government.
Competition policy (pricing oversight)	Qld	1997	The Queensland Competition Authority became operational on 1 July 1997 and has already undertaken formal investigations into complaints of unfair competition by government business activities. Other functions of the authority include administering the third party access and monopoly prices oversight regimes and assessing the level of National Competition Policy bonus payments which should be paid to Queensland’s local governments.	The authority is a central mechanism through which the State can pursue higher living standards in Queensland via greater competition in the economy. This will be achieved as a result of effective economic regulatory responses to anticompetitive activity and behaviour by public organisations (including government owned corporations) and significant government business activities.

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Competition policy (pricing oversight)	ACT	November 1997	Passage of the <i>Independent Pricing and Regulatory Commission Act 1997</i> established the Independent Pricing and Regulatory Commission (IPARC). All functions and responsibilities of the Energy and Water Charges Commission passed to the IPARC upon gazettal of the legislation.	The establishment of IPARC broadens the electricity and water prices oversight role of the ACT Energy and Water Charges Commission. IPARC has the power to make pricing directions, access determinations and carry out other functions for industries declared by the Minister to be regulated.
Competition policy (vehicle rental)	WA	April 1998	The Government awarded a new short term motor vehicle contract to Avis Australia, Hertz Australia and Budget Rent-A-Car worth about \$2 million per year.	A short term motor vehicle contract will attract greater competition, better value for money, and greater flexibility for agencies. The whole-of-government contract will deliver savings of up to 12 per cent on the old contract.
Coordinated care	SA	1997-98	A purchaser-provider split and budget holding were introduced for care provision.	Coordinated care trials went into live phase with more than 4700 clients from metropolitan and country areas.
Disability programs	Cwlth	1997-98	The Commonwealth/State Disability Agreement was tailored to meet the needs of the disability system. It incorporates simpler principles and objectives.	This reform improves the accountability mechanisms for the provision of services and provides the springboard for corporatisation.
Education	Cwlth	July 1997	The Adult Migrant English Program was put to public competitive tender and new contracts were signed during 1997-98.  The new contractors include public sector universities, TAFE colleges, community colleges and private sector English language providers.	The decision to tender meets the general obligation to open the training market to competition. The new contracts (of five years) are estimated to be valued at \$400–\$500 million.  The tender rolled tuition, accommodation and child care into one hourly tuition rate, requiring the contractor to manage all resources to meet program outcomes. The Commonwealth was able to downsize its Adult Migrant English Program workforce as a result.  The Commonwealth is divesting itself of purpose-built English language centres throughout Australia yet is

				ensuring accommodation capacity. In addition, contract management of the program has been centralised, saving up to 10 staff nationally.
Education	SA	1997-98	Schools moved to outcome based school cleaning contracts, and a Cleaning Price Index 1997-98 was developed.	Simplification of cleaning contracting procedures reduces the risk for contractors when bidding, and results in improved cost efficiency (with savings of \$280 000 in the first two years of the contracts).
Education	NT	1997-98	The Program Evaluation Project examined all programs delivered by the Department of Education.  The 1997-98 program evaluation project evaluated 26 programs in eight main areas. Program managers are introducing recommendations during 1998-99.	The project will address client service and efficiency issues of educational program delivery.
Education (schools)	Vic	1998	The Department of Education outsourced verification of school February census returns to provide confirmed enrolment figures for the calculation of school budgets.  Contracts worth \$300 000 were awarded to teams of experienced educators who assessed the eligibility of students for funding against departmental guidelines.	This approach enabled the department for the first time to check the census returns for all government schools. It was also the first time that contractors familiar with school operations were used in this role on a large scale.  The process was highly cost effective. It identified discrepancies of over 1200 full time equivalent students in school census data and led to an estimated saving to the department of around \$6 million.
Education (schools outsourcing)	Vic	February 1997-98	The Department of Education outsourced independent verification of school self-assessments (school reviews), aiming to introduce of an independent, cost-effective quality assurance system and to increase accountability and flexibility.  This activity culminated in multiple contracts (worth \$1.8 million per year) being awarded to 10 organisations	Considerable market stimulation was required in the absence of an established market, leading to the creation of an informed private sector market capable of providing support services to schools.  This approach enabled the department to achieve worthwhile economies in school review (average cost of \$3000 per school) and ensures a strong independent

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
			for the triennial review of all 1660 government schools in Victoria.	element in the evaluation of school performance.
Education (tertiary)	Cwlth	1 January 1998	Fee paying places were created for Australian university undergraduates under the <i>Higher Education Funding Act 1988</i> .	This measure creates additional places at universities. Universities can offer fee paying places once they have filled their Commonwealth funded places. Under this system, Australian students are more likely to enter into a course which is their first choice. Universities have an opportunity for greater funding diversity while government funded places are protected.
Education (tertiary)	Cwlth	1 January 1998	A rationalisation and restructuring program was developed for Australian universities, involving assistance of \$26 million over four financial years from 1997. Institutions must provide matching funds.	The assistance to universities targets major rationalisation and restructuring which is likely to result in long term efficiencies, thereby increasing a university's efficiency and ability to respond to the changing environment and competitive opportunities.
Education (tertiary)	Cwlth	1 January 1998	Universities were being fully funded in 1998 through operating grants for a target level of students, with funding adjusted by the minimum upfront HECS payment for undergraduate enrolments above or below their profile target.	<p>This is a significant shift in the structure of incentives and is expected to encourage differentiation and innovation across the sector.</p> <p>The marginal funding provided for over enrolment recognises the costs incurred by institutions. It also gives institutions with very low marginal costs the opportunity to offer additional places to students without charging fees.</p> <p>This measure also allows the Commonwealth to automatically adjust the operating grant by the minimum upfront HECS payment, for each undergraduate student it enrolls under the profile target. This penalty helps ensure against undergraduate under</p>

Education (vocational education and training)	All jurisdictions	January 1998	<p>All States and Territories are moving to implement user choice vocational education and training. User choice was available for publicly funded off-the-job training for apprentices and trainees from 1 January 1998. Clients can select a registered training provider, and public funds then flow to that provider.</p> <p>A national evaluation of user choice commenced in March under the auspices of the Australian National Training Authority Ministerial Council.</p>	<p>enrolment. Adjustments are made for the next year following receipt of final student data for the year.</p> <p>User choice seeks to increase the responsiveness of vocational education and training to the needs of its clients by encouraging a direct and market relationship between individual providers and clients. This increased responsiveness will include greater contestability among individual providers.</p>
Education (vocational education and training)	Cwlth	1 May 1998 – 30 November 1999 (period of contract)	<p>New Apprenticeships Centres are being established as part of the Job Network to provide a ‘one-stop’ integrated support service for employers, apprentices and trainees. New Apprenticeships Centres market, promote and provide information on new apprenticeships; administer the Commonwealth’s incentives and allowances; and work with State and Territory training authorities and other stakeholders.</p>	<p>The Centres streamline services to employers, apprentices and trainees, making new apprenticeships more accessible. This is expected to lead to an increase in the uptake of new apprenticeships.</p>
Education (vocational education and training)	Vic	1997	<p>A 1997 review of TAFE provision in the Melbourne metropolitan area proposed streamlining structural arrangements for the TAFE network. Changes included the:</p> <ul style="list-style-type: none"> <li>• merger of Barton, Casey and Peninsula institutes to establish a major TAFE institute;</li> <li>• transfer of the Richmond automotive campus of Barton Institute of TAFE to the Kangan Batman Institute of TAFE;</li> <li>• merger of the Eastern Institute of TAFE with Swinburne University of Technology;</li> </ul>	<p>These changes focus attention on asset management by identifying and disposing of surplus assets, and by sharing resources between institutions offering multisector education. They also create greater mobility between vocational education and training and higher education. Further, the mergers reduced staff levels, creating efficiencies.</p>



## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
			<ul style="list-style-type: none"> <li>• merger of the Western Melbourne Institute of TAFE with Victoria University of Technology; and</li> <li>• merger of the Melbourne Institute of Textiles with RMIT (subject to final resolution of the Government's Australian Fibre Textiles Education Centre initiative).</li> </ul>	
Education (vocational education and training)	Qld	1997	TAFE Queensland selected Unisys Australia as its strategic partner in an outsourcing contract worth an estimated \$95 million over an initial three years. The contract may be renewed for a further period of two years subject to satisfactory performance by the contractor.	Such investment will ensure Queensland TAFE institutes continue to play a vital role in increasing the skill level and competitiveness of Queensland business, industry and communities.
Education (vocational education and training)	SA	1997-98	<p>The state progressed its compliance with the national competition principles for category 1 activities in vocational education and training.</p> <p>To apply the principles of competitive neutrality in accordance with the SA Competitive Neutrality Policy 1996, the SA Department of Education, Training and Employment defined TAFE SA business activities as either:</p> <ul style="list-style-type: none"> <li>• vocational education and training services provided as a result of a competitive tendering process; or</li> <li>• activities producing goods and/or services that are not specifically required of the department by Government and that are produced for sale in the market to maximise profit and financial returns, or at least to recover all or a significant proportion of operating costs.</li> </ul>	These reforms will facilitate the development of private providers of vocational education and training.

Education (vocational education and training)	SA	1997-98	Frameworks were developed to coordinate school-to-work programs, aligning State and Commonwealth initiatives.	Initiatives in this area are designed to eliminate duplication of services and provide better targeted, high level services for the community. They support the expansion of accredited vocational education and training courses for senior secondary students.
Education (vocational education and training)	SA	1997-98	Tendering was expanded for identified priority areas of vocational education and training. The tendering occurred under the General Tender and Preferred Provider Programs. Further, contestability was introduced for funds under user choice arrangements for all newly commencing apprentices and trainees.	<p>The SA training market continues to diversify, with increased competitiveness and contestability by training providers for public funds.</p> <p>As of 30 April 1998, 73 funding agreements were finalised with a total projected value of \$18.9 million for 1998. The current funding agreements will generate training for 8480 new apprentices who are expected to undertake over three million accredited curriculum hours of training by 31 December 1998.</p> <p>SA Government services to support the apprenticeship and training system are aligned and co-located with the New Apprenticeship Centres to provide seamless and efficient services to employers, apprentices and trainees and to promote growth in new apprenticeships.</p>
Education (vocational education and training)	SA	1997-98	<p>Government Management Framework reforms included:</p> <ul style="list-style-type: none"> <li>• conversion to output budgeting;</li> <li>• identification of performance indicators; and</li> <li>• negotiation of executive performance agreements and contracts based on the Department of Education, Training and Employment's strategic plan.</li> </ul>	Improved planning, budgeting and monitoring will ensure that services to the community are targeted and cost efficient.

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Education (vocational education and training)	NT	1998	Purchaser–provider roles were separated and a funding model was implemented for the majority of the NT's training profile (which is conducted by four public registered training organisations, including the Northern Territory University and Batchelor College).	These initiatives move funding to public registered training organisations. Funding for vocational education and training has shifted from an historic allocation to a funding model based on planned industry group activity with benchmarked components for teaching and infrastructure. Accompanying resource agreements include performance targets.
Education (vocational education and training)	NT	1998	The Commonwealth and States and Territories revised the Australian National Training Authority Agreement 1998–2000 by agreeing to growth through efficiencies if the Commonwealth maintains its level of funding. The period of the agreement is three years.	This continues the Territory's participation in national reform of vocational education and training, including: <ul style="list-style-type: none"> <li>• increasing the skill mobility of the workforce;</li> <li>• securing national recognition of qualifications; and</li> <li>• introducing quality endorsement of registered training organisations.</li> </ul>
Employment services	Cwlth	1 May 1998	<p>A fully competitive market for employment services replaced existing arrangements for labour market assistance from 1 May 1998. Job seekers are now offered a choice of employment service provider.</p> <p>The Job Network was established from 1 May 1998 as a national network of more than 300 community, private and government organisations which are contracted by the Commonwealth to place unemployed job seekers into sustainable jobs.</p> <p>A corporatised public provider (Employment National) was established as the successor to the Commonwealth Employment Service. Employment National competes for business on the same basis as other tenderers from the</p>	<p>The expected benefits of competition include improvements in cost, quality and innovation.</p> <p>Employment National was corporatised and established as a separate body from the Department of Employment, Education, Training and Youth Affairs. The Government closed 293 Commonwealth Employment Service offices around Australia, disposing of physical assets and property; thus the department employed some 16 500 staff in 1996 but only 2500 in mid-1998.</p>

			<p>private, community and public sectors. Competitive neutrality principles have been applied to ensure that competition between providers is fair and genuine.</p> <p>Job Network members are paid for results and this provides a strong incentive to deliver high quality assistance tailored to meet the needs of the individual.</p>	
Entertainment	Qld	1997	<p>The <i>Art Unions Act 1992</i> was amended to deregulate public amusement devices (such as video games and electronically controlled rides).</p> <p>The decision to deregulate public amusement devices and centres followed extensive consultation with the industry and interested parties (including the Police Department, the Office of Consumer Affairs and local authorities).</p>	<p>The changes were estimated to reduce licence fees by more than \$500 000 in 1997-98.</p> <p>They will reduce costs to operators and reduce the resources devoted to regulatory and licensing activities.</p>
Finance	Cwlth, States and NT	1997-98	<p>The <i>Managed Investments Act 1998</i> restructured the regulatory framework underpinning the managed funds industry by replacing the management company and the trustee structure (which had produced a perceived confusion of responsibility) with a single entity that is completely liable to investment scheme members for all aspects of the scheme's operation.</p>	<p>The reforms to the managed investments industry are designed to provide effective investor protection while increasing the incentives and opportunities for scheme operators to improve performance in the interests of their investors.</p>
Finance	Cwlth	February 1998	<p>The sale of the Australian Industry Development Corporation to a private consortium was settled on 3 February 1998. The corporation was a specialised investment banking business, providing project and structured finance services (principally to infrastructure and resource companies). Its principal liability was debt arising from its borrowings under the corporation's Commonwealth Government guarantee.</p>	<p>The sale repaid the Australian Industry Development Corporation's \$3.2 billion debt and enabled the corporation to repay \$600 million of its Commonwealth guaranteed borrowings. Sale of the company's assets delivered proceeds of around \$100 million. The sale ended the Commonwealth's exposure to the operations of the company and its ownership (which was inconsistent with competitive neutrality principles,</p>

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Finance	NSW	1997	<p>The <i>Trustee Amendment (Discretionary Investments) Act 1997</i> was passed.</p> <p>The Act amends the <i>Trustee Act 1925</i> to enable trustees to invest funds in any kind of investment (instead of requiring them to invest in the authorised trustee investments specified in the Act) so long as the investment is prudent in the circumstances of the trust.</p>	<p>because of the company's access to the Commonwealth guarantee which served no public interest).</p> <p>The focus has shifted to outcomes rather than prescriptive regulation.</p>
Finance	Tas	December 1997	<p>Section 5 of the <i>Trustee Act 1898</i> was repealed and replaced with a general power of investment which depends on the likely behaviour of a prudent investor in similar circumstances.</p>	<p>The repeal of the statutory list of investments was part of an overall Government strategy to improve the effectiveness of legislation and to remove unnecessary Government involvement in areas in which such intrusion is unwarranted.</p>
Gambling	Qld	1997	<p>The <i>Gaming Machine Amendment Act 1997</i> amended the <i>Gaming Machine Act 1991</i> as agreed between industry participants and the Government following the 1996 gaming machine White Paper, the <i>Review of Queensland Gaming Machine Regulatory Arrangements</i> (1996).</p>	<p>The reform will allow the licensing of commercial gaming machine monitoring operators; allow ownership of gaming machines by industry participants; change the method of calculating taxation to give a significant reduction to sites; and increase the maximum numbers of gaming machines permitted at sites.</p>
Government (budget)	Vic	1997-98	<p>All Financial Management and Appropriation Acts were amended to reform budgeting, shifting it towards an accrual, output based approach.</p>	<p>These reforms:</p> <ul style="list-style-type: none"> <li>• shift both appropriation and budget reporting from cash to accrual accounting;</li> <li>• strengthen the roles of funder/owner/purchaser/provider within the Victorian Public Service;</li> <li>• achieve transparency of the full cost of better</li> </ul>

				<ul style="list-style-type: none"> <li>defined government outputs;</li> <li>provide a solid base for service realignment and value for money improvements; and</li> <li>involve significant value for money improvements (around 15–20 per cent), expected over a three to five year period as the changed environment leads to market testing of services.</li> </ul>
Government (budget)	SA	1997-98	The Government changed to an accrual budget based on output classes rather than programs.	The move from incremental or historical budgeting to ‘output budgeting’ links budgeting to planning, with greater transparency in resource allocation.
Government (information)	NSW	August 1997	<p>The Surveyor-General’s Department, under revised pricing principles, agreed to supply infrastructure data for Government and environmental applications at the cost of supply.</p> <p>The previous charges were levied on a fully distributed cost basis. The revised pricing principles ignore sunk costs and adopt a more efficient marginal cost approach.</p>	This provides for more cost-effective and sustainable environmental planning and improved delivery of Government services through the comprehensive availability and exploitation of State information assets.
Government (information)	Vic	1997-98	Land Victoria launched the first stage of the Land Channel as part of the Government’s electronic service delivery program.	This significantly improves the accessibility to Land Victoria related State and local government information and services. It also uses leading communications technologies to modernise delivery of land related information, reduces delivery costs and improves the reach and quality of information.

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Government (information)	Tas	April 1998	Tasmanian legislation became available on a Government website. This provides the public with access to the Government's legislation database.	<p>The project:</p> <ul style="list-style-type: none"> <li>• enables the Government to meet its legislation production and maintenance requirements;</li> <li>• improves the effectiveness and standing of the law and the Parliament;</li> <li>• improves access to Tasmanian legislation and reduces the related input costs of business and Government; and</li> <li>• reduces hours of labour and the likelihood of error when tracking amendments to legislation.</li> </ul> <p>Current users have commented that it increases efficiency, both in accessing of the consolidated Acts and in searching through them.</p>
Government (service delivery)	Qld	1998	<p>On 2 March 1998, SmartLicence was established to meet 95 per cent of business licensing requirements at one location.</p> <p>The SmartLicence Centre is able to immediately process licences.</p>	<p>Estimated annual savings to business are \$37 million.</p> <p>Direct benefits from the process include increased efficiency in the application process, more effective application forms and central coordination of the approvals process to increase efficiency in approving applications and answering client queries.</p>
Government (service delivery)	Qld	1998	<p>The nominal number of business licences was reduced by nearly 50 per cent, and the term of 104 business licences was extended.</p> <p>These measures were approved in October 1997, to be implemented over a two year period.</p>	<p>The rationalisation of licences through abolitions, reductions and term extensions reduces this administrative burden on business and industry.</p> <p>The extension in the term of licences provides business with the flexibility to be licensed for more than one year, minimising the continuing administrative compliance burden on businesses.</p>

Government (service delivery)	Qld	1998	The Business Licensing Gateway was established to simplify the licensing application process by combining application forms for the most common State and Commonwealth business licences into one application.	Savings accrue through reduced time, effort and complexity. These savings will increase as more licences are included in the Gateway initiative.
Government (service delivery)	Tas	1997-98	The Service Tasmania policy initiative improved the delivery of a range of government services, including physical service delivery to whole-of-government, one stop shop and electronic service delivery channels.  Service Tasmania provides integrated access to almost 200 services over the counter (through Service Tasmania shops), over the phone (with interactive voice response bill payment) and over the internet.	Government agencies have re-engineered processes to improve customer focus and develop cross-agency links.  Estimates of the cost of existing over-the-counter transactions vary from \$1.50 to \$5 and above for more complex transactions. Electronic service delivery is cheaper, with a simple bill payment by interactive voice response costing about \$0.67. Service delivery over the internet will cost even less.
Health	Cwlth	1997-98	Some Department of Health and Family Services' administrative activities under the Rural and Remote General Practice Program were devolved to rural workforce agencies.	This will enable the better matching of program arrangements to local arrangements, increased program flexibility and greater efficiencies in organisational arrangements.
Health	Vic	April-May 1998	The Government outsourced banking and trust fund administration services for people with an intellectual disability who reside in government facilities.	Competitive purchasing of services results in reduced costs.
Health	Vic	1997-98	A range of health services to young offenders (previously provided by juvenile justice institutions) were tendered and outsourced.	This change clarifies core business interests and links them with mainstream service networks.
Health	SA	1998	Responsibility for the allocation of health funds was devolved to Regional General Managers.	This ensures that funding is allocated to regional populations appropriately so health outcomes can be maximised. It permits economies in the provision of common regional services, thereby strengthening the viability of other core health services.



## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Health	SA	1998	A number of innovative health services commenced, allowing post-acute patients to continue treatment in their homes or communities if appropriate.	These services include the increased provision of home oxygen ventilation equipment, improved links with patients' general practitioners through GP Homelink in the northern and eastern metropolitan regions, and the Emergency to Homecare Outreach Service run from the Flinders Medical Centre.
Health	SA	1998	Aboriginal casemix funding was improved.	Allocations to hospitals provide for a 20 per cent loading for Aboriginal patients in recognition of the additional costs incurred. Also improved is the funding distribution to hospitals in areas with higher use of services by Aboriginals.
Housing	Vic	1997-98	Community sector housing providers were consolidated and strengthened. Further, the competitive tendering process was applied to obtain services from community sector organisations.	Rental Housing Support Program providers were reduced from almost 50 providers to nine and Transitional Housing Managers were reduced from around 200 providers to 15. Key reform benefits include economies of scale for services provided by entities and improved accountability.
Housing	Qld	1997-98	Tenant and property management for 5050 properties in Brisbane was outsourced in two trials to establish benchmarks for the management of public housing.	This may lead to innovations that will further increase efficiency in the State management of public housing and improve delivery of housing services.
Housing	Qld	1997	Pilot arrangement was established whereby a private sector developer constructs and manages a seniors village, and the Department of Housing provided eligible tenants with a financial subsidy. The term of the agreement is 15 years.	This scheme is the first of its kind in Queensland, and is a pilot for further cooperative arrangements with private sector developers for the provision of affordable accommodation. The term of the agreement is 15 years.

Immigration services	Cwlth	November 1997	Service delivery at immigration detention facilities was contracted out, following the Government's decision to competitively tender the detention, escort, transfer and removal of unlawful non-citizens.	<p>The new service provision arrangements are designed to achieve:</p> <ul style="list-style-type: none"> <li>• high levels of quality in services provided by the contractor;</li> <li>• high levels of accountability for delivery of these services by the contractor; and</li> <li>• delivery of cost and efficiency savings to the Government.</li> </ul> <p>The contractual arrangements with the service provider are focussed on the delivery of performance outcomes against comprehensive immigration detention standards developed in consultation with the Commonwealth Ombudsman. Significant attention is now paid to performance monitoring and assessment of the service provider, with contractual sanctions and incentives available to maximise performance.</p>
Industry standards	Cwlth	1998	Reviews of the standards for care labelling of clothing and textiles and portable fire extinguishers (other than aerosols) resulted in new standards coming into effect in 1998.	The standards mark a shift to more performance based, less prescriptive standards. They will encourage further competition, which is also likely to lead to more choice and lower prices for consumers.
Infrastructure industry	Qld	1997-98	The policy framework 'Private Sector Involvement in Public Infrastructure and Service Delivery' was developed to provide a consistent and carefully measured response from Government to ensure fair and equitable dealings for all private sector proponents seeking to invest in public infrastructure and service delivery.	<p>The framework will apply to any significant proposal by Government agencies or private sector proponents for private sector involvement in public infrastructure and service delivery.</p> <p>The main objective is to achieve of value for money on a whole-of-life basis, given risk allocation and acceptance between parties.</p>

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Inspections	Qld	1997-98	<p>A new system of joint inspections and investigations between the Office of Consumer Affairs, Liquor Licensing Division and the Queensland Office of Gaming Regulation was implemented.</p> <p>Inspectors from each agency are able to conduct joint investigations or to conduct inspections under each agency's legislation.</p>	<p>The system minimises the number of inspections per client and allows the compliance resources of the agencies to be used more efficiently and effectively.</p> <p>The process allows inspectors in each agency to broaden their skills, and generates savings through reduced travel costs.</p>
Justice (courts)	Cwlth	26 June 1998	The Office of Asset Sales and IT Outsourcing sold Auscript on 26 June 1998. The sale process involved a management buy-out making all staff redundant in accordance with the clean-break approach.	A competitive market for the provision of court transcription services existed at the time of the Government's decision to sell Auscript.
Justice (courts)	Vic	1997-98	The Magistrates Court contracted out prisoner transport between the remand centre and courts and general security.	The contractor is required to be accountable against performance measures and prepare appropriate business plans.
Justice (courts)	SA	1997-98	The Courts Administration Authority introduced video conferencing between Victor Harbour and Christies Beach Magistrates' Court, and implemented on-line court reporting in the Court Reporting Division.	<p>Video conferencing provides savings to court clients because they do not have to travel to Adelaide to attend court hearings or for other administrative matters related to their case. It also saves witness fee costs for the Authority.</p> <p>Full implementation of on-line reporting will lead to staff reductions of approximately eight fulltime equivalents because two reporters rather than three will be able to service a court. Net annual savings of around \$373 000 are expected.</p>

Justice (courts)	SA	1997-98 (pilot conducted)	A pilot was conducted by entering all Magistrates Court outcomes in court when the decisions are made. The Courts Administration Authority will implement this change in the criminal jurisdiction then in the civil jurisdiction.	This will provide fulltime equivalent savings; preliminary estimates indicate annual savings of about \$370 000.
Justice (courts)	NT	1 June 1998	The general jurisdiction of the Local Court was increased, so it can now hear and determine matters up to \$100 000.	This reform is expected to reduce legal costs. This benefit is not easily quantifiable.
Land development	Qld	1997	It was decided that sales of freehold and leasehold land will not be permitted prior to registration, when subdivision is approved and engineering drawings are prepared. This decision was enacted through the <i>Land Sales and Land Title Amendment Act 1997</i> .	This serves to open up the market in times of rising demand, contain costs more readily, provide developers with a greater ability to raise capital and further encourage property development in Queensland. Enhanced consumer protection measures have been introduced.
Library	NT	1997-98	Cataloguing of material in languages other than English was contracted out and the selection and implementation of the replacement library network computer system was contracted out.	This removes a backlog created by the lack of local expertise in cataloguing of languages other than English materials, promotes competition in the marketplace and cost and time efficient service delivery.
Local government	Vic	1997-98	Councils were required to apply the National Competition Policy legislative review principles to all new local laws and, by June 1999, to existing local laws. The aim is to remove any unnecessary restrictions on competition.  This process will include a review of pricing to offset any net competitive advantages to council's in-house tenders from council ownership.	This aims to ensure that scarce public resources are allocated to the most efficient service provider in the market.

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Local government	Qld	1997-98	<p>Competitive neutrality reforms were applied to significant local government business activities.</p> <p>As part of the commercialisation reforms, all community service obligations are required to be identified, separately costed, appropriately funded and made transparent.</p>	<p>These reforms will provide for increased commercial and customer focus for these businesses, which (in the case of water and sewerage), account for around 80 per cent of annual expenditure on urban water and sewerage services in Queensland. Overall, the public benefit assessments identified substantial benefits from the proposed reforms.</p>
Local government	SA	1997-98	<p>Councils implemented the principles of the National Competition Policy (particularly competitive neutrality) and agreed to review and reform by-laws.</p>	<p>Councils identified all significant business activities they conduct, and considered which principles of competitive neutrality were relevant. Councils were also encouraged to adopt a mechanism to hear any complaints about competitive neutrality.</p> <p>In 1997 councils with by-laws identified those which might restrict competition. They also nominated a year (up to and including 2000) by which time all by-laws will have been reviewed.</p>
Mining	Qld	1997-98	<p>The Red Tape Reduction Program involved a range of initiatives designed to increase departmental administrative efficiencies, reduce delays and make it easier for business to deal with government. Initiatives included the introduction of a simplified Environmental Management Overview Strategy for small mining companies and a streamlining of coal mine emergency call-out services by SIMTARS (Safety In Mines Testing And Research Station).</p>	<p>Key stakeholders benefit from the provision of more effective services, reduced delays and the streamlining of administrative processes.</p>

Mining	Qld	1997-98	<p>Until 31 December 1997, coal mines rescue was provided by the Queensland Mines Rescue Brigade and funded in equal shares by the Department of Mines and Energy, WorkCover Queensland and coal producers.</p> <p>The <i>Coal Legislation Amendment Act 1997</i> transferred mines rescue from 1 January 1998 to a private industry company, Queensland Mines Rescue Services. Industry now completely funds and manages mines rescue services.</p>	The reform aims to develop more effective mine rescue service provisions by transferring management and funding responsibility to the industry.
Property leasing	NT	1998	A Memorandum of Common Provisions (via a standard lease document) was introduced in conjunction with the Northern Territory Branch of the Property Council of Australia. The memorandum sets out and standardises the responsibilities between government and building owners in the lease negotiation process.	The Memorandum will produce savings via reduced time and legal fees, and value for money through improved quality of leased premises.
Real estate agents	WA	July 1997	The Government introduced changes to the <i>Real Estate and Business Agents Amendment Act 1998</i> on 6 July which came into effect on 1 November 1998.	The changes enable Western Australians to negotiate charges and services with their real estate agents. The Real Estate and Business Agents' Supervisory Board will be given increased powers and act as an independent umpire in disputes.
Regulatory reform	Cwlth, all States and NT	1997-98	The <i>Company Law Review Act 1998</i> simplified the procedures for setting up a company and improved the law concerning meetings, shares and share capital, financial reporting, annual returns and registering of company names.	The reforms in this Act will provide significantly streamlined procedures for many basic corporate activities, reducing red tape and the regulatory burden for all companies. The reforms to the share capital rules in particular will allow companies to manage their capital more efficiently to reflect changes in their business environment and economic conditions.

## Government service provision and regulation reforms — general (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Road maintenance	Tas	January–June 1998	Road maintenance services in Southern Tasmania were outsourced.	This encourages innovation, reinforces the ‘enabling’ role of the Department of Transport, and transfers risk to the service provider.
Small business	Cwlth	June 1998	Phase one of the Business Entry Point was launched.	This allows users to access up-to-date government information on running a business, and provides a streamlined method of obtaining this information. It enables clients to privately and securely carry out a number of initial business transactions with government, including registering a company name, applying for a Tax File Number (for a partnership, company etc.), registering for sales tax, registering as a group employer, and registering as an eligible paying authority under the prescribed payments system.
Valuation services	NSW	1997-98	The Department of Land and Water Conservation initiated the separation of regulatory and operational valuation services by establishing the Valuer-General’s Department and the State Valuation Office as a commercial activity within the Department of Land and Water Conservation. The State Valuation Office tenders competitively with the private sector to undertake mass valuations for identified contestable local government areas.	The structural reform enables clear and non-conflicting objectives between the regulatory and service providers of mass valuation services. Competitive tendering enables the private sector to participate on a cost efficiency basis.
Valuation services	NSW	1997-98	The Valuer-General’s Department contracted out valuation services provided to rating and taxing authorities.	Contracting out promotes competition in the market and more cost-effective service delivery.

Welfare

NSW

1997-98

The Ageing and Disability Department introduced competitive selection for the allocation of growth funding under the Home and Community Care Program.

The objective is to achieve the best quality service for the best price. The principles behind the process are the definition of clear performance standards, improved probity and clarity in decision making, equity of access to funding, obtaining value for money, and promotion of innovation and diversity in existing service delivery models. These help maximise the provision of welfare.



## A.4 Labour market reforms

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Award simplification	Cwlth	December 1997	The AIRC's award simplification decision established a set of award simplification principles, and provided guidance for all parties on the content of and process for simplifying awards.	The award simplification process is a major element of the Government's program of labour market reforms and covers all (approximately 3200) existing federal awards. Award simplification aims to refocus awards as a safety net of fair minimum wages and conditions of employment. Employers and employees who choose to remain in the award system will have simpler, more flexible and less prescriptive awards.
Award simplification	Cwlth	1997-98	The Government made good progress in simplifying APS awards in accordance with the Government's workplace relations policy for the APS. By 30 June 1998, substantial agreement had been reached on the approach to simplification (reducing ten awards and two determinations to one award), submissions had been made before the AIRC, and parties were awaiting consideration of a few matters where disagreements existed.	Award simplification was applied to the APS, removing non-allowable award clauses, matters of detail and process and unnecessary restrictions from the award base. It also provides an opportunity for agencies and their employees to develop and tailor their working conditions to fit their own circumstances.
Award simplification (non-allowable matters)	Cwlth	June 1998	All non-allowable matters remaining within federal awards ceased to be enforceable and the transition period for the award simplification process ended.	The legislative cut-off date will encourage the parties to expedite the process of simplifying their awards.
Construction	Cwlth	September 1997	The National Code of Practice for the Construction Industry was implemented.	The code will increase productivity by encouraging a reduction in industry, sectoral and project-wide outcomes in favour of enterprise based arrangements, focusing on increased labour flexibility and linking pay and conditions to the performance of individual enterprises.

Education (apprenticeship training)	WA	1997-98	Employers were allowed the option of sending their apprentices to the 80 private training organisations (offering training in over 200 courses in 150 occupations to first-year apprentices and trainees from the start of 1998) instead of to the eleven designated TAFE colleges. However, TAFE colleges will remain the main off-the-job trainer of apprentices in regional areas.	Employers and young workers will enjoy more flexible and relevant training with the introduction of greater choice in apprenticeship training under the New Apprenticeships system.
Education (industrial relations)	Vic	January 1998	The 'Flexible work options: achieving work-life balance' strategy was launched and implemented, promoting flexible work and family friendly management practices in schools and other education workplaces. These include part time employment, job sharing, 48/52, sabbatical leave, working from home, telecommuting and flexible hours.	Flexible work practices are strategic to increased productivity in education because they help attract and retain valuable staff, reduce employee absenteeism, deliver improved returns on training investment and enable more efficient use of staff.
Education (schools)	Vic	October 1997	Staffing flexibility was extended through the implementation of procedures for advertising vacancies in schools each fortnight and using the local selection process to make appointments.	Principals can now fully manage their team of teachers and school service officers to achieve an appropriate mix of ongoing and fixed term employment, and to select the best available staff. This flexibility will give schools the potential to more efficiently use their budget in meeting their perceived needs.
Education (vocational education and training)	NT	1997-98	User choice of registered training organisations was introduced for government funded training applying to new apprenticeships (replacing traineeships and apprenticeships).	Although limited by the thin NT training market, this initiative promotes a more competitive and flexible training market. Choice of training provider is now governed by client satisfaction and open to public and private registered training organisations. The reform is a significant driver of gains in efficiency and effectiveness.

## Labour market reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Education (vocational education and training)	ACT	1997-98	A number of reforms to vocational education and training were developed and implemented, including: <ul style="list-style-type: none"> <li>• purchaser/provider arrangements;</li> <li>• user choice for trainees and apprentices; and</li> <li>• measures to improve competition and a commitment to make 15 per cent of public funds available for competitive access from 1999.</li> </ul>	Purchaser/provider reforms are designed to bring about transparent funding arrangements and a more competitive vocational education and training system. The Department of Education and Community Services acts as the purchaser of training on behalf of the Government.  The implementation of user choice reforms provides employees and employers with the flexibility to negotiate training programs with the provider of their choice. User choice applied to all traineeships and first-year apprenticeships in 1998.
Education (vocational education and training)	ACT	1997-98	It was determined that private and public education and training providers could access public funds under the Training for Industry Program. Providers submit tenders to obtain funding. The program benefits private employers.	Combined with funds for user choice, this means that the Government will be able to increase funding of training through market mechanisms in 1999 because of savings due to contracting out. The program encourages a more competitive and efficient training market. The training is competency based, and because it meets national quality standards, facilitates workforce flexibility.
Education and training (employment services)	SA	1997-98	Labour market programs were devolved and decentralised.	Improved local sensitivity of employment initiatives and simplified administrative procedures are likely to lead to increased employment opportunities. Devolution/decentralisation of labour market programs enables employment initiatives to be integrated with, and tailored to, the specific economic and business development activities of Regional Development Boards. Ultimately, this approach tailors initiatives to local needs, thereby promoting employment generation.

Electricity industry (occupational health and safety)	NSW	September 1997	The Department of Energy initiated the Electricity Supply (Safety Plans) Regulation 1997.	This creates improved, more cost-effective industry safety. The regulation replaces three prescriptive regulations. It is expected to result in a 50 per cent reduction in the industry accident rate, with the main beneficiaries being the public (presently three fatalities per year) and supply industry workers (presently two fatalities per year). Cost savings in excess of \$2 million per year are envisaged.
Enterprise agreements	NSW	1997-98	State enterprise agreements were progressed.	As at 30 June 1998, a total of 457 enterprise agreements had been lodged with the NSW Department of Industrial Relations: 394 were approved, 11 were withdrawn, 2 were rejected, and hearings were being conducted for the remaining 50 agreements.  The majority of the coverage of the above enterprise agreements is in the private sector.
Enterprise bargaining	Cwlth	1997-98	Devolved pay bargaining in the Australian Public Service (APS) was well underway. Almost all APS staff were actively involved in developing, or had completed, enterprise agreements on pay and conditions of employment in accordance with the Commonwealth Government's Policy Parameter for Agreement Making in the APS.	As at 30 June 1998, 39 agencies (covering around 60 per cent of the APS) had certified collective agreements. These provide for a range of productivity initiatives to fund increases in salaries over varying periods of 12 months to 2.5 years. Pay rises negotiated under these agreements are around 3–4 per cent per year, except where they reflect the cashing out of other entitlements (although one-off bonuses are also becoming commonplace). In addition to collective agreements with staff, some 1400 Australian Workplace Agreements had been finalised in the APS as at the end of June 1998.

## Labour market reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Enterprise agreements	Qld	1997-98	The coverage of enterprise agreements was expanded.	<p>During 1997-98, 699 enterprise agreements were approved in Queensland (covering 122 355 employees):</p> <ul style="list-style-type: none"> <li>• 19 per cent with businesses where the number of employees covered was unknown or nil;</li> <li>• 35.9 per cent with businesses with 20 or fewer employees;</li> <li>• 27.6 per cent with businesses with 21–100 employees;</li> <li>• 17.5 per cent with businesses with more than 100 employees;</li> <li>• 11.2 per cent with the State Government; and</li> <li>• 7.3 per cent with local government.</li> </ul> <p>It is not possible to report on the percentage of agreements negotiated with community organisations.</p>
Enterprise agreements	SA	1997-98	Regulation of employment through enterprise agreements was progressed.	<p>During 1997-98, the South Australian Industrial Relations Commission approved 276 enterprise agreements (covering 28 953 employees, or 21 per cent of those employees whose employment is regulated by the Industrial and Employee Relations Act 1994):</p> <ul style="list-style-type: none"> <li>• 32 per cent with businesses with 20 or fewer employees;</li> <li>• 16 per cent with businesses with 21–100 employees;</li> <li>• 21 per cent with businesses with more than 100 employees;</li> <li>• 10 per cent with State Government; and</li> <li>• 21 per cent with local government and community organisations.</li> </ul>

Enterprise bargaining	Cwlth	1 December 1997	<p>Innovative certified agreements for Comcar (the Commonwealth's chauffeur service) and the Department of Finance and Administration were developed and implemented.</p> <p>Provisions include:</p> <ul style="list-style-type: none"> <li>• productivity and performance linked salary and progression, determined by individual skills and job responsibilities;</li> <li>• replacement of automatic increments and penalty payments;</li> <li>• broadbanding of classification structures providing for a streamlining of recruitment and deployment activities; and</li> <li>• a performance management framework to recognise and reward good performance and effectively manage underperformance.</li> </ul>	<p>The agreements promote a performance culture. They significantly simplify and streamline employment provisions and facilitate flexible deployment of resources while paying staff well.</p> <p>The agreements are principles-based documents that facilitate decision making based on business needs at the workplace level, rather than reliance on a set of rules and regulations. They enable the organisation to respond to the needs of the Government and stakeholders quickly and effectively.</p>
Enterprise bargaining	NSW	1998	<p>The <i>NSW Industrial Relations Act 1996</i> introduced a workable system for enterprise agreements.</p> <p>This initiative was part of the significant overhauling of the <i>Industrial Relations Act 1991</i>, to reflect a NSW Government policy emphasis on facilitating competition and improving administrative arrangements.</p>	<p>The average time taken to process an enterprise agreement was reduced from 81 days under the 1991 Act to 21 days in the first quarter of 1998.</p>
Enterprise bargaining	Qld	1997-98	<p>Enterprise bargaining in the Queensland public sector was established to link improved pay and flexibility and innovative conditions for public sector employees with productivity and performance initiatives designed to achieve real productivity gains at the workplace level (including service delivery enhancement). During 1997-98:</p> <ul style="list-style-type: none"> <li>• major productivity settlements were negotiated with</li> </ul>	<p>Enterprise bargaining creates an incentive to adopt changes that increase efficiency and productivity and suit the service and operational goals of each agency.</p> <p>As at June 1998, 87 per cent of State public sector employees were covered by enterprise agreements.</p>

## Labour market reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Enterprise bargaining	WA	1997-98	<p>State school teachers (around 40 000 employees), TAFE teachers (10 000), fire services (2500) and police (10 000 employees); and</p> <ul style="list-style-type: none"> <li>18 second phase productivity bargains were also settled on behalf of 30 000 employees working in budget dependent departments.</li> </ul> <p>Continuing reform outcomes were also secured in the health and rail sectors.</p> <p>Industrial agreements were implemented.</p>	Such agreements increase workplace flexibility, efficiency and productivity. There has been a significant take-up of industrial agreements in WA: as at June 1998, a total of 148 766 employees and 1232 employers had entered into agreements. A cumulative total of 1249 agreements were registered at that date.
Enterprise bargaining	WA	1997-98	Workplace agreements were implemented.	Workplace agreements increase workplace flexibility, efficiency and productivity. There has been a significant take-up of workplace agreements in WA: as at June 1998, a total of 148 978 employees with 3910 employers had entered into agreements. A cumulative total of 137 015 agreements were registered at that date.
Enterprise bargaining	WA	1997-98	Workplace and enterprise bargaining were progressed in the WA public sector.	<p>Workplace or Industrial Agreements cover 97.3 per cent of the WA public sector workforce. The Government has developed its wages policy and workplace bargaining guidelines as well as non-wage labour relations policies. These policies ensure that public sector agencies have a clear understanding of the parameters for bargaining.</p> <p>The across-Government wages outcome was an aggregate of up to 3.5 per cent per year over the</p>

Enterprise bargaining	NT	1997-98	A NT public sector enterprise bargaining agreement was developed.	1997-98 and 1998-99 financial years. The aim is to ensure the Government achieves pay increases which are appropriate to current economic and financial conditions.
Enterprise bargaining	ACT	1997	A number of Enterprise Bargaining Agreements negotiated in 1996 expired in September 1998. The government began the process of negotiating agreements. All agencies are negotiating Certified Agreements and Australian Workplace Agreements with their staff, consistent with the practice in other jurisdictions under the new industrial law.	The Australian Industrial Relations Commission certified 'Towards NTPS 21' for the period 1997-99. This agreement covers approximately 12 500 employees and granted a 4 per cent pay increase from 20 August 1997 with a further 3 per cent from 20th August 1998. Teachers and educators (2500 employees) received the same pay increases as part of their agreement. Police (750 employees), as certified by the Police Arbitral Tribunal, received a 4 per cent pay increase from December 1997.
Industrial relations	NSW	March 1998	The NSW <i>Industrial Relations Act 1996</i> required the NSW Industrial Relations Commission to conduct a test case for part time work agreements. The commission handed down its decision in March 1998.	ACT staff increases are to be entirely funded from savings arising from increased productivity. The coverage of enterprise bargaining agreements has increased.
Industrial relations	WA	December 1997	Part 5 of the <i>Industrial Relations Legislation Amendment and Repeal Act 1996</i> was proclaimed. It allows paid agents to charge fees for appearing in proceedings in the WA Industrial Relations Commission and industrial courts (to provide advice on, and other services for, industrial matters) without contravening the	The commission's decision provides employers with the flexibility to tailor part time work agreements to the needs of their business.
				The provisions remove the monopoly enjoyed by legal practitioners in carrying out legal work, but only in the labour relations area. The Code of Conduct for agents provides a client focused benchmark for standards to be observed by agents.



## Labour market reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
			<i>Legal Practitioners Act 1893.</i>	
Industrial relations	WA	January 1998	Section 13 of the <i>Industrial Relations Legislation Amendment and Repeal Act 1996</i> was proclaimed. It requires the WA Industrial Relations Commission to give employees a choice of the complying superannuation fund into which employer contributions due under Industrial Agreements and awards are to be paid.	The previously nominated superannuation funds now need to compete with the rest of the industry and to become more effective, efficient and productive to retain clients. Employees will benefit from better returns and will be able to take their personal fund from job to job.
Long service leave	SA	August 1997	The <i>Long Service Leave Act 1987</i> was amended.	The amendments will ensure that individual agreements can be reached between an employer and employee over: <ul style="list-style-type: none"> <li>• 'cashing out' accrued long service leave;</li> <li>• settling various administrative matters relating to long service leave;</li> <li>• deferring long service leave;</li> <li>• granting long service leave on less than 60 days notice; and</li> <li>• taking long service leave in anticipation of the leave entitlement.</li> </ul>
Meat processing	Cwlth	November 1997	An enterprise agreement covering Commonwealth meat inspectors was introduced.	Reformed work practices and conditions of service will reduce costs to industry.
Minerals industry (award restructuring)	NSW	October 1997	The Crown Employees (Mine Safety and Environment Officers – Department of Mineral Resources) Award was introduced, replacing two awards and providing for a new classification of Mine Safety Officer to undertake some duties formerly performed by Mines Inspectors.	Mines Inspectors are well paid because they are required to be highly qualified and have considerable industry experience. The use of less qualified, but nonetheless appropriately competent Mine Safety Officers, at a lower wage rate has greater cost efficiency.

Mining (occupational health and safety)	NSW	April 1998	A review of Mine Safety was commissioned by the Minister for Mineral Resources and completed in March 1997.	All of the 44 recommendations presented in the review are being implemented. The most extensive reform to mine safety in NSW in more than 50 years, the review facilitated change from a highly prescriptive intrusive regulatory system to a flexible, outcomes based one.
Police	Vic	June 1998	Certified industrial agreements under the <i>Workplace Regulations Act 1996</i> reformed workplace arrangements.	These agreements establish a program of reforms designed to facilitate accountability, flexibility in work practices and a convergence of sworn and unsworn employment terms and conditions. One aim is to free police to return to core duties by outsourcing duties such as traffic camera operations, prisoner custody and transport.
Ports	NT	January 1998	The enterprise agreement between the Darwin Port Authority and the Maritime Union of Australia (on behalf of the authority's employees) was renegotiated.	The new enterprise bargaining agreement permits a considerable degree of extra flexibility in the use of the authority's staff, notably variable starting and extension times before and after the shift. This extends normal hours and reduces overtime liabilities. Other changes include: <ul style="list-style-type: none"> <li>• additional flexibility in the transfer of staff between different working sections;</li> <li>• reduced notice required for certain call-out functions; and</li> <li>• an increased proportion of staff who can now be employed for certain tasks.</li> </ul>
Rail transport (enterprise bargaining)	NSW	1997-98	FreightCorp's first enterprise agreement — which sees narrowly defined occupational classifications replaced by broader competency-based classification structures across both the blue and white collar workforces — was implemented.	This provides a framework for designing jobs and work arrangements that allow for expanded flexibility through multiskilling, increased emphasis on customer service and more commercial behaviour.

## Labour market reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Security industry (occupational health and safety)	NSW	1997-98	The 74 recommendations contained within the NSW Industrial Relations Commission's report made by the Ministerial Reference Cash in Transit Inquiry were implemented.	These initiatives will reduce the occupational health and safety risks of the delivery of cash and other valuables. Additionally, new licensing requirements and industry training initiatives will lead to increased competition in the industry.
Stevedoring	Cwlth	1997-98	<p>Legislation was enacted to provide access for stevedoring companies to Commonwealth redundancy funding when they commit to reform workplace arrangements. The legislation also establishes a new stevedoring levy to ensure that the industry ultimately meets the redundancy funding.</p> <p>The seven reform objectives are:</p> <ul style="list-style-type: none"> <li>• ending overmanning and restrictive practices;</li> <li>• raising container crane productivity to 25 containers per hour;</li> <li>• improving reliability, including lowering industrial disruption;</li> <li>• reducing workplace fatality and injury levels;</li> <li>• lowering costs throughout the waterfront logistics chain; and</li> <li>• making more effective use of technology and promotion training programs.</li> </ul>	The waterfront reform initiatives are aimed at improving stevedoring performance to internationally competitive levels. The two major stevedoring companies, Patrick the Australian Stevedore and P&O Ports, which handle 95 per cent of Australia's container trade, have formally committed to work towards the Government's benchmark objectives.

Veterinary services	Vic	1997	Legislation was passed to remove the requirement for compulsory registration and to allow persons who are not registered veterinarians to own a veterinary practice.	The legislation removes restrictions on competition contained in the previous legislation, without relaxing the high professional standards which exist in Victoria. It still requires registration of veterinarians who perform procedures on animals, dispense certain drugs and provide health status certification, but allows persons to conduct other veterinary activities without registration.
Workers compensation	Qld	1997	<p>The <i>WorkCover Queensland Act 1996</i> introduced the ability for large employers to self-insure. Employers who fulfil the criteria stipulated by the legislation are granted a self-insurance licence to underwrite their own workers compensation insurance.</p> <p>These employers manage and pay their own claims (both statutory and common law). They pay an annual levy to cover regulatory and administrative costs of the reviews and appeals process, medical assessment tribunals and legislative reform.</p>	As at 30 June 1998, three self-insurance licences had been granted. These insurers represented 3.6 per cent of the premium pool.
Workers compensation	Qld	1997-98	<p>The Queensland workers compensation scheme introduced an experience-based rating system.</p> <p>Under the new system, employers receive individualised premium rates for each WorkCover Industry Classification (based on the Australian and New Zealand Standard Industrial Classification 1993) on their policy.</p>	<p>This change enables high performing employers to be continually rewarded and poor performing employers to be penalised, regardless of the performance of other employers within their industry.</p> <p>The incentive to improve risk management programs will result in increasing competition within industries.</p>
Workers compensation	SA	1997-98	Legislation was amended to allow the self-managed employer scheme to move from the pilot stage to become a part of the workers compensation scheme.	This allows improved employer control of claims management, which is expected to contribute to swifter return to work and reduced scheme liabilities.

## Labour market reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Workers compensation	SA	1997-98	Rehabilitation and return to work service providers were placed in limited term contracts.	Improved return to work outcome requirements for providers and agents are expected to produce a more competitive, outcome-oriented rehabilitation provider market, and to contribute to reduced scheme liabilities.
Workers compensation	SA	1997-98	Performance standards for self-insurers were revised.	A managed systems approach to occupational health and safety and injury management is expected to allow employers to tailor these systems to suit own workplace, to reduce the cost, severity and duration of injuries and to improve injury management practices.
Workers compensation	SA	1997-98	It was determined that employers could select workers compensation claims agents based on service and value for money. Claims agents are paid an annual fee which is a fixed proportion of the premium paid by the employer. This proportion is determined by competitive bidding.	Improved responsiveness and service from agents and lower agent fee costs are expected to reduce scheme costs and improve employer and worker satisfaction.
Workers compensation	NT	March 1998	The <i>Work Health Act 1987</i> was amended to clarify the interaction with the <i>Motor Accidents Compensation Act 1979</i> , tighten the work relationship requirement, and enhance claims processing.	The amendments aim to improve the efficiency and effectiveness of the workers compensation scheme in the NT.

## A.5 Environmental management reforms

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Approvals and licensing	NSW	December 1997	The Protection of the Environment Operations Act was passed in December 1997. The Act streamlines the licensing process in line with the NSW Government's objectives of improving environment protection and business efficiency. The Act also proposes a partnership approach between the Environmental Protection Authority and local government, with clear roles and responsibilities defined by the legislation. This will avoid duplication and reduce administrative costs.	The Act represents a consolidation, simplification and modernisation of the core pollution control legislation. The Act contains new features that will deliver stronger environment protection without imposing unnecessary regulation on responsible industry.
Approvals and licensing	NSW	1997-98	The Environmental Protection Authority has introduced model licensing to harmonise licensing across industries.	Model licences will ensure consistent conditions are applied for the same industry type across the State. They will also reduce the time required to design suitable conditions for individual licences, but still allow for specific tailoring of conditions where warranted. In preparing the new licences, a performance or outcomes-based approach has been adopted wherever possible (instead of being prescriptive).
Approvals and licensing	Qld	1997-98	Amendments were made to the <i>Environment Protection Act 1994</i> incorporating licensing and approval provisions for environmentally relevant activities and contaminated land, into the new <i>Integrated Planning Act 1997</i> through the integrated development assessment system process.	This reform is aimed at reducing the costs of duplication in assessment and approval and has the effect of collapsing the existing approvals processes of Local and State Governments into a single process. Applicants face a coordinated approvals process, and if successful will obtain a single approval. The Integrated Planning Act should lead to significant cost savings in the long-term to both the private and public sectors.

## Environmental management reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Approvals and licensing	Qld	1997-98	<p>Amendments were made to the <i>Environmental Protection Act 1994</i> to remove the need to submit annual reports and pay licence fees for operators who can demonstrate best practice operations.</p> <p>A category of level 1 approval was introduced to assist operators of an environmentally relevant activity who can demonstrate best practice operations.</p>	<p>Operators who can demonstrate best practice operations will no longer have to submit annual returns or pay licence fees. This change is aimed at encouraging operators to internalise environmental protection costs.</p> <p>It is estimated that up to half the operators of level 1 environmentally relevant activities may be eligible for level 1 approvals. If half of the operators obtained a level 1 approval, savings to industry could reach \$2.25 million per year (based on 1996-97 figures).</p>
Approvals and licensing	WA	1997-98	<p>The existing licensing system was significantly amended by the introduction of a pollutant load-based fee structure and a simplified registration process for half of previously licensed premises. This load-based fee component is waived completely for holders of Best Practice Environmental category licenses, who operate under a scheme of audited self-management.</p>	<p>By placing less emphasis on 'command and control' and greater emphasis on environmental outcomes pollutant emissions are expected to be reduced.</p>
Approvals and licensing	ACT	1997-98	<p>The <i>Environment Protection Act 1997</i> was passed, consolidating five pieces of legislation into one Act. It streamlines the licensing of pollution emissions and provides a statutory framework for the imposition of charges to internalise environmental costs and for the introduction of tradeable pollution rights.</p>	<p>The new Act encourages co-operation through environmental protection agreements and the voluntary disclosure of performance involving legal immunity for businesses that disclose the results of environmental audits. The Act provides incentives for good performance, including lower regulatory supervision and reduced costs. Importantly the Act provides for tradeable pollution rights and brings the ACT up to national best practice in environment protection standards.</p>

Contaminated land	NSW	December 1997	<p>Passage of the <i>Contaminated Land Management Act (CLM Act) 1997</i>.</p>	<p>The CLM Act provides a strong and comprehensive approach to the protection of human health and the environment from the legacy of past contaminating land-use practices. The CLM Act introduces a clearer and more equitable mechanism to decide who pays to clean up contaminated land when required. The Act will ensure that, where possible, polluters bear the costs of their polluting activity in line with the polluter pays principle. It also improves the existing systems and processes for information management regarding contamination, rather than creating new bureaucracies.</p>
Cost recovery (tourism)	Cwlth	1 April 1998	<p>With a view to increasing cost recovery for use and management of the Great Barrier Reef Marine Park, the Government increased the Environmental Management Charge from \$2 to \$4 per person per day from 1 April 1998.</p> <p>The increased charge is payable for the June quarter and therefore will be collected in the 1998-99 financial year.</p>	<p>Charges are collected from over 700 commercial operators, principally tourism operators, who provide services to the 1.5 million tourists who visit the Great Barrier Reef Marine Park each year.</p> <p>Revenues will still fall short of the cost of managing the marine park and the fees are not high by comparison with other national parks and environmental facilities.</p> <p>Savings of \$2.85 million in Government outlays will be achieved as a result of this decision. It will ensure that users of the reef pay a fairer share of the financial burden of managing and protecting the reef.</p>
Cost recovery (waste)	NSW	1997-98	<p>The Waste Minimisation and Management Regulation 1996 was amended to increase section 72 contributions (contributions paid by occupiers of controlled waste facilities in the Sydney, Hunter, Central Coast and Illawarra Regions).</p>	<p>The previous pricing structure for waste disposal was based solely on recovering capital and operating costs, rather than reflecting the true costs of waste disposal (eg loss of amenity, greenhouse gases etc). This is an important environmental reform as the increases to the levy are designed to establish the waste levy as a strong disincentive for waste disposal. Exemptions and rebates apply to re-use and recycling operations, which also enable the levy to act as an economic incentive.</p>



## Environmental management reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Energy	SA	April 1998	Energy Management Guidelines and the Greenhouse Gas Reduction Program for Government agencies were launched.	The program involves setting targets for energy savings and energy awareness in Government agencies and schools (energy budgets prepared for 40 schools).
Energy	SA	1997-98	The Energy Information Centre is conducting energy consumption efficiency programs (such as the Small Business Energy Savers Kit) to give advice to businesses, including for new housing developments and the Summer Demand Reduction Campaign.	Annual savings due to the new measures are estimated at \$3.6 million, 18 900 tonnes of greenhouse gases and 5 MW of summer electricity demand.
Mining	Qld	1997-98	<p>The <i>Mineral Resources Act 1989</i> introduced a fully integrated environmental assessment and enforcement program into the resource allocation decision making process that leads to the grant of exploration or mining tenures.</p> <p>The <i>Environmental Protection Act 1994</i> potentially duplicated much of the environmental legislation contained in the Mineral Resources Act. A two year transition period for mining was included in the Environmental Protection Act to minimise the effect of this duplication and to allow for the preparation of an Environmental Protection Policy for mining.</p>	Environmental protection expenditure by the mining industry (including oil and gas extraction) in Australia in 1995-96 was \$250 million (ABS 4603.0). About \$100 million of this estimated to have been spent in Queensland. The actual costs associated with approvals and enforcements are only several per cent of these totals. However, the unrecorded costs of delay and the abandonment of projects because of cumbersome environmental procedures are unknown. An efficient approval process may attract funding for further exploration and increase the probability of discoveries.
National standards (air quality)	Cwlth, States and Territories	26 June 1998	An Ambient Air Quality National Environment Protection Measure standard, made under the <i>National Environment Protection Council Act 1994</i> , was agreed to by all jurisdictions. This established national ambient air quality standards for sulphur dioxide, nitrogen dioxide, lead particles, photochemical oxidant (as ozone) and carbon monoxide; and a monitoring and reporting protocol.	<p>The measure was agreed to under the umbrella of both the IGAE92, and under the <i>National Environmental Council Act 1994</i>.</p> <p>The agreement provides a consistent national approach so that standards for air quality are common throughout Australia.</p>

National standards (waste management)	Cwlth, States and Territories	26 June 1998	<p>A uniform national approach to the tracking of controlled wastes has been established when they are moved between States and Territories for recovery or final disposal.</p> <p>This measure was made under The <i>National Environment Protection Council Act 1994</i> which resulted from the 1992 Intergovernmental Agreement on the Environment between the Commonwealth, States and Territories.</p>	<p>All jurisdictions supported the making of national environmental protection measures under the umbrella of both the Inter-governmental Agreement on the Environment 1992, and under the <i>National Environmental Council Act 1994</i>.</p> <p>This measure provides a consistent national framework in which industry can operate across State boundaries.</p>
Park management	Vic	June 1998	<p>Significant outsourcing of key aspects of park management services. A specialist park management service, Parks Victoria, has been created providing park management services for Victoria's national and regional parks, gardens and waterways within policy parameters set by the Department of Natural Resources and Energy. Parks Victoria in turn is outsourcing key aspects of its management responsibilities (eg rubbish collection, cleaning, general maintenance and construction) to a range of external providers.</p>	<p>This reform increases competition in the provision of a range of park management services thereby increasing private sector involvement while reducing costs.</p>

## A.6 Trade policy reforms

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Agriculture (quarantine and inspection)	NT	1998 and ongoing	The Interstate Certification Assurance arrangement was implemented for NT horticultural products destined for interstate markets.	These arrangements allow for accredited producers to complete their own documentation subject to a Department of Primary Industry and Fisheries audit. This improves market access and provides cost savings to producers.
Aviation	Cwlth	1997-98	Increased liberalisation of international air service arrangements occurred through successful negotiations with 17 countries. These negotiations included a substantial increase in capacity available for both passenger and freight services, and the conclusion of four highly liberal arrangements for dedicated air freight.	Liberalisation increase competition and the number of services for passengers. Exporters will benefit from increased availability of dedicated freight entitlements to airline carriers under bilateral arrangements.
Book printing	Cwlth	December 1997	The book bounty concluded on 31 December 1997. However, the Government is still to make a final decision on assistance to the industry.	This decision ends assistance to the book printing industry.
Food trade	Cwlth	1997	Export Control (Organic Produce Certification) Orders were promulgated.	These provide for certification of organic foods by the Australian Quarantine and Inspection Service, or by third parties, to facilitate exports.
Food trade	Cwlth	1998	The entry into New Zealand of certain Australian food and entry into Australia of certain New Zealand food were deregulated in accordance with the Trans-Tasman Mutual Recognition Treaty.	This deregulation will remove certain regulatory barriers facing New Zealand and Australia in trans-Tasman food trade.
Meat processing	Cwlth	March 1998	Sanitary/Phytosanitary Certification (electronic documentation and certification) was introduced for export meat and meat products to Japan. Negotiations for certification are in progress with other overseas markets.	The reform reduces the level of administrative services needed from the Australian Quarantine and Inspection Service. This lowers the overall cost structure of the export meat industry.

Standardisation (mutual recognition)	All Australian jurisdictions and NZ	May 1998	Trade in regulated goods and mobility of occupational qualifications was liberalised through entry into force of legislation giving effect to the Trans-Tasman Mutual Recognition Arrangement.	The arrangement to remove regulatory barriers to trade in goods and the mobility of occupational qualifications across the Tasman by addressing (through harmonisation or alignment) differences in mandatory standards and other regulatory requirements for the sale of products and the recognition of occupational qualifications.
Standardisation (mutual recognition)	Cwlth and New Zealand	1997-98	Australia and New Zealand agreed to mutually recognise food standards and to align with international food standards (Codex) where possible.	This initiative removes regulatory barriers to the movement of foods between Australia, New Zealand and other countries.
Standardisation (mutual recognition)	Cwlth and EU	June 1998	The Mutual Recognition Agreement on conformity assessment between Australia and the European Community was signed on 24 June 1998. The agreement covers the following regulated sectors: simple pressure equipment; machinery; low voltage electrical equipment and medical devices; telecommunications terminal equipment; electromagnetic compatibility; automotive products; and Good Manufacturing Practice inspection and batch certification for pharmaceuticals. Other sectors may be added later.	The agreement will mean that businesses can more quickly and cheaply have their products certified as complying with regulatory requirements. It should also lead to lower prices and faster delivery times for customers, while safeguarding consumer interests. The agreement will provide a significant boost to two-way trade (currently valued at \$8 billion for relevant products). It will also open up markets to manufacturers for whom regulatory costs have previously made exporting uneconomic. Costs for Australian exporters are expected to fall by as much as \$10 million (and up to \$40 million for European exporters).
Standardisation (mutual recognition)	Cwlth and APEC	1998 and ongoing	Member economies agreed to align national standards to international standards by 2010 for developed economies and by 2020 for developing economies (as per the APEC Osaka agreement). Member economies have also agreed to align their national standards with international standards by 2000–05 in priority areas: radios and radio parts; televisions; video apparatus; refrigerators; air conditioners; selected machinery; food labelling; and rubber products. Australia proposed additional priority areas (electrical safety and electromagnetic	Alignment of standards with international standards will reduce barriers to trade and decrease business costs by removing the need to adjust product runs to meet the requirements of individual economies.

## Trade policy reforms (continued)

<i>Sector/class</i>	<i>Jurisdiction</i>	<i>Date</i>	<i>Nature of reform</i>	<i>Jurisdiction's comment on significance</i>
Standardisation (mutual recognition)	Tas	April 1998	<p>compatibility) which the APEC Standards and Conformance Sub-Committee agreed on, in principle; in June 1998.</p> <p>The <i>Trans-Tasman Mutual Recognition Agreement Act 1998</i> passed through both Houses of Parliament in April 1998 and commenced on 1 July 1998.</p> <p>This legislation adopts the Commonwealth's <i>Trans-Tasman Mutual Recognition Act 1997</i> for application in Tasmania.</p>	The reform facilitates the trade of goods between Australia and New Zealand and eliminates the need for occupational re-registration.
Sugar tariff	Cwlth	1 July 1997	The tariff on sugar imports was abolished.	Assistance to the sugar industry is expected to fall significantly following (a) the removal of the sugar tariff and (b) the requirement for the Queensland Sugar Corporation to price domestic sales at export parity. To offset these reductions, the Commonwealth Government will provide a compensation package to the sugar industry.

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