

SUBMISSION TO THE PRODUCTIVITY COMMISSION

Specifically, the Commission is seeking further information and comment on the following matters:

- In the conduct of legislation reviews, the circumstances in which the costs and benefits of reform should be weighed in terms of the interest of Australians as a whole (Chapter 4);
- Up to date information on NCP induced changes in cost and prices of infrastructure services, especially on differences between metropolitan and country areas (chapter 5);
- The assessment of jurisdictional progress in water reform (chapter 5);
- Whether the imposition of both an allowance for depreciation and a payment of an annuity into a sinking fund is a fair impost on irrigators (chapter 5);
- The feasibility, appropriateness and impacts of reflecting transmission losses in irrigation pricing structures (chapter 5);
- The current and potential impacts of road transport reforms on country Australia (chapter 5);
- The regional and metropolitan impacts of reform of statutory marketing authority legislation (chapter 7);
- Further quantitative evidence on the partial deregulation of the dairy industry, the re alignment of margins along the production to consumption chain, and on the degree of competition in food retailing as it relates to specific commodities such as milk, sugar and eggs (chapter 7);
- Variations in jurisdictions approach to implementing competitive neutrality at the local government level (chapter 8);
- The effects of competitive neutrality as it applies to local governments' business activities (chapter 8);
- The modelling of regional effects (chapter 10);
- The degree to which the point of application of wholesale sales tax affects the profitability of retailers (chapter 12);
- The extend of the availability of motor spirit through the terminals of major oil companies on a commercial basis, and its effectiveness in improving the competitiveness of petroleum retailers and reducing petrol prices in country Australia (chapter 12);
- The efficacy and the costs and benefits of FBT concessions and income tax zone rebates, including the extent to which they overcome locational disadvantages (chapter 12);
- The way the NCC and the States work together and or communicate (chapter 14);
- The adequacy of generally available assistance measures, particularly in Country Australia (chapter 14);
- The circumstances in which specific assistance is appropriate (chapter 14);
- The most effective and efficient forms of specific assistance (chapter 14);
- Examples of effective or ineffective adjustment assistance (chapter 14);

This report will deal with each of these dot points in turn, detailing the major issues raised in the draft report.

Area of comment sought by Productivity Commission

In the conduct of legislation reviews, the circumstances in which the costs and benefits of reform should be weighed in terms of the interest of Australians as a whole (Chapter 4);

Issues raised in Draft Report

The Commission acknowledges that State sovereignty is a fundamental component of the NCP package. However, it considers that, for important legislation reviews where the impacts of reform are likely to extend beyond the jurisdiction conducting the review (eg dairy reviews), the costs and benefits should be weighed in terms of the national interest — even to the extent that reforms may lead to adjustment costs in the 'home' State, but greater overall benefits in other States (implying an overall national benefit).

In the case of reviews of anti-competitive legislation which may have significant impacts extending across jurisdictions, the benefits and costs should be weighed in terms of interests of Australians as a whole.

Potential Issues from the Councils Perspective

The Council needs to have a clear understanding of the application of the 'public interest' test. It needs to be consistent and guided by State Government as to how it is interpreted and applied.

Under NCP all jurisdictions retain sovereignty over how to apply competition policy. This discretion is central to implementing competition policy. Nonetheless, the discretion that all jurisdictions retain has resulted in some inconsistencies between jurisdictions. The 'public benefit' test applied in the Tasmanian Dairy Industry Act review is a case in point.

Recommended Response

Agree with the recommendation in the draft report. If the benefits of reform are to flow to the region, this point needs to be understood. Too often we are looking for reasons to blame compliance as having a negative impact when in fact the public benefit on non-compliance may be a significantly greater negative impact.

All governments should publish and publicise guidelines which:

"In the event that a common set of basic principles for application of the public interest test is developed jointly by governments, these also should be published and disseminated widely."

Area of comment sought by Productivity Commission

Up to date information on NCP induced changes in cost and prices of infrastructure services, especially on differences between metropolitan and country areas (chapter 5)

Issues raised in Draft Report

The potential gains from reforms in the electricity, gas, water and road transport sectors are substantial. As these services are important inputs to most industries, their more efficient provision has a significant role to play in improving industry competitiveness. Moreover, access to infrastructure services is essential to a basic quality of life. All Australians, whether in urban or country areas, have an interest in ensuring that such services are accessible and efficiently provided.

To help assess the impacts of the reforms, the Commission has used a number of broad indicators, including price, productivity, costs, service quality, employment levels and environmental outcomes. However, it is important to recognise that these broad indicators can have several dimensions. For example, in looking at prices, movements in aggregate price levels, price impacts on individual groups of users, and the alignment between prices and costs of supply are all relevant.

Further, in assessing outcomes against these indicators, it is often difficult to separate the impact of the NCP from other economic and social influences (eg technological change). Caution is therefore required in assessing whether all employment and price changes in the infrastructure sectors are due to competition policy. It is also important to bear in mind that any changes in community service obligations (CSOs) funded by governments may have a significant impact on outcomes.

Potential Issues from the Councils Perspective

As a major user of electricity, water and transport, the Council is well placed to comment on the benefits of NCP reforms. The Launceston Council is also able to differentiate between benefits in country and metropolitan areas.

Recommended Response

In the area of water reform, the Launceston Council is concerned that the information presented in the draft report appears inaccurate. The Launceston Council would like to be kept informed about NCP induced changes into the costs and prices of infrastructure services.

Area of comment sought by Productivity Commission

The assessment of jurisdictional progress in water reform (chapter 5);

Issues raised in Draft Report

Progress in implementing the reforms has been uneven across water use categories and between jurisdictions.

For water services supplied to households and businesses in cities and country towns, progress is well advanced in most States and Territories:

- Consumption-based charging has been introduced progressively and property-based charges largely phased out. Overcharging of commercial and industrial users relative to households is being reduced or removed.
- There have been institutional reforms to increase the commercial disciplines on, and the accountability of, those entities delivering water and sewerage services. In most jurisdictions, urban water authorities have been moved out of government departments and corporatised. In some, commercial functions have been separated from policy and regulatory functions on an administrative basis. In others, regulatory functions are provided for in legislation. For example, the Office of the Regulator General in Victoria has legislated (non-price) responsibilities with respect to metropolitan Victorian water authorities.
- There has also been a significant increase in contracting out by urban water authorities. Of particular significance was the decision made by the South Australian Government in 1996 to contract out the entire management and operation of Adelaide's water supply to United Water.

Similar administrative reforms to improve the efficiency of the authorities delivering bulk water to irrigators have been put in place. (Many of these authorities deliver water both to irrigators and for town supply.) As in the case of urban supply, administrative reform has sometimes involved the creation of independent regulatory bodies.

Potential Issues from the Councils Perspective

Comment is sought on the assessments in Table 5.3 of the progress in jurisdictional water reform.

Recommended Response

There are a number of inaccuracies in Table 5.3 which brings into question the detail presented in the table.

As an example, a two part tariff requires that water use be metered. Hobart are talking about it but currently have none. Launceston are 3-10 years away from having our urban area fully metered.

In Launceston there has been some progress reducing cross subsidies and making subsidies transparent.

The Council has full cost attribution but have not eliminated cross subsidising.

There is also an issue related to measuring the unused component across domestic and non domestic sectors. We are not keeping abreast of who is subsidising who in this area.

Table 5.3 **Summary of jurisdictional progress in implementing the urban and rural water reforms**

Type of reform	NSW	Victoria	Qld	WA	SA	Tas	ACT	NT
Pricing reform								
- urban water (1998)								
• two-part tariff	✓	✓	✓	✓	✓	✓	✓	✓
• full cost recovery	□	✓	✗	□	□	□	□	✓
• reduction/elimination of cross subsidies	✗	□	✗	□	□	✗	□	✓
• remaining subsidies made transparent	✗	□	✗	✗	✓	✗	□	✓
• +ve rate of return	✓	✓	□	□	✓	✗	✓	✓
- rural water (2001)								
• consumption based pricing	□	□	□	□	□	□	na	□
• full cost recovery	□	□	✗	□	□	□	na	□
• reduction/elimination of cross subsidies	□	□	□	□	□	✗	na	□
• remaining subsidies made transparent	□	✓	□	✓	✓	✗	na	✓
• rate of return	□	✓	✗	✗	□	✗	na	□
• sinking fund	□	✓	✗	✗	□	✗	na	□
Investment reform								
• investment appraisal	✓	✓	✗	□	✓	✗	□	✓
Water trading								
• environmental allocation	□	□	□	□	✗	□	✓	✗
• water property rights separate from land	□	✓	✗	□	□	□	✓	✗
• trading in water entitlements (1998)	✓	✓	✗	□	□	□	✓	✗
Institutional reform								
• separate roles (1998)	✓	✓	□	□	✓	✓	✓	□
• holistic approach to resource managem't	✓	✓	□	□	□	□	□	□
• ICM approach to water management	✓	✓	✓	✓	□	□	□	□
• performance comp's	✗	✓	✗	✗	✗	□	na	na
• community consult'n	✓	✓	✓	✓	✓	✓	✓	□

✓ – implemented □ – implementing ✗ – little or no progress.

na – not applicable

Source: Based on information contained in PC (1999a).

Area of comment sought by Productivity Commission

Whether the imposition of both an allowance for depreciation and a payment of an annuity into a sinking fund is a fair impost on irrigators (chapter 5);

Issues raised in Draft Report

Depreciation charges on run-down irrigation assets will generally be insufficient to provide for asset refurbishment. At best, they would only be sufficient to fund maintenance of assets at their current state of repair. Thus, additional funds will be required to finance asset upgrades.

From an efficiency perspective, users who will benefit from those upgrades should finance them. A sinking fund charge over and above the depreciation charge would be one way of providing for prospective asset refurbishment. Of course, there are other avenues for funding such refurbishments — for example, borrowing the money at the time the refurbishment occurs.

In looking at the sinking fund issue, intergenerational equity considerations also arise. For example, is it reasonable to expect current users to meet the costs because governments did not provide properly for asset maintenance and refurbishment in the past?

Potential Issues from the Councils Perspective

Council may wish to comment on the issue, or refer it for comment to Geoff Brayford and Steve Ratcliffe.

Recommended Response

It is not considered that this was not an issue for the Launceston City Council.

Area of comment sought by Productivity Commission

The feasibility, appropriateness and impacts of reflecting transmission losses in irrigation pricing structures (chapter 5);

Issues raised in Draft Report

Accounting for transmission losses

A number of irrigators said that water prices do not account adequately for transmission losses. For instance, MacPhillamy and Caldwell (sub. 214) said that, in the Lachlan River system in central New South Wales, if a farmer at the bottom end of the system makes a request for 1ML of water, 6ML must be released from the dam.

However, despite the transmission loss of more than 80 per cent, the downstream farmer is presently paying for only the 1ML of water received.

Participants suggested that such pricing regimes are leading to inefficiencies in water usage — inefficiencies which will increase as trade in water entitlements becomes more widespread. Thus, MacPhillamy and Caldwell (sub. 214) suggested that there may be inefficient downstream trading of water on the Lachlan to the detriment of upstream farmers and their communities.

In effect, pricing regimes which do not account for transmission losses entail cross-subsidies from upstream to downstream users. However, the Commission does not have information on the extent of the cross-subsidies entailed in pricing regimes.

The Commission understands that some privatised irrigation schemes have sought to address transmission losses in their pricing structures.

Potential Issues from the Councils Perspective

Seek response from Steve Ratcliffe as to whether this is an issue in our region.

Recommended Response

This is considered to be a State Government issue.

Area of comment sought by Productivity Commission

The current and potential impacts of road transport reforms on country Australia (chapter 5);

Issues raised in Draft Report

Submissions to the review of the National Road Transport Commission (Independent Committee 1996) outlined a range of 'grass roots' concerns relating to the lack of uniformity and/or consistency of road transport regulations, including different:

- registration paperwork;
- enforcement approaches;
- speed limits;
- provisions for mandatory signage on trucks;
- log books;
- permit requirements;
- approaches to exemptions and penalties; and
- inspection and administration fees and procedures.

Progress in implementing the reforms

Compared with electricity & gas sectors, progress in reforming road transport regulation has been slow. However, since the early 90s, important changes have been made. Including:

- the introduction of standard registration charges and processes for heavy vehicles;
- better road access for B-doubles and roadtrains;
- simplified driver licence classifications and easier conversions of interstate driver licences;
- improved medical standards for drivers; and
- safer load restraint

The National Road Transport Commission (NRTC) expects road transport reform to benefit the community in several ways, including:

- transport cost savings leading to lower consumer prices;
 - improvements in the competitiveness of industries and, thus, a boost to their production and employment prospects;
 - improved road safety; and
- more efficient bus transport leading to greater use of public transport and thereby to lower congestion and pollution, as well as to fewer pollution-related health problems.

Potential Issues from the Councils Perspective

The Council may wish to form a view on this issue. The Tech Services department may wish to comment but it is generally an issue for State Government.

Recommended Response

The Launceston City Council are interested in establishing to what extent reforms have occurred in the transport sector in Tasmania.

Area of comment sought by Productivity Commission

The regional and metropolitan impacts of reform of statutory marketing authority legislation (chapter 7);

Issues raised in Draft Report

The following are indicative of submissions received by the Commission:

To the extent that primary production takes place mainly in regional or rural communities while the consumption of primary products is spread across the whole community, reductions in the monopoly power of marketing authorities could be seen to be disadvantaging regional and rural Australia relative to metropolitan Australia. (Chamber of Commerce and Industry of Western Australia, sub. 183, p. 15)

In effect the outcome of these state legislation reviews is to move capital from the producer ('small business') to big business and from rural areas to the city (Australian Chicken Growers' Council, sub. 166, p. 10)

Deregulating the industry and removing special producer marketing advantages is seen as a means of reducing prices for Australian consumers whether they be wholesalers, retailers or end consumers. The inference is that the cost of deregulation will be shouldered by the producer (National Farmers' Federation, sub. 144, p. 12) The removal of legislative support to the industry will result in the loss of about 20 per cent of dairy farmers. This will have a detrimental flow-on effect on regions centred around Harvey and Vasse [in WA] where there is a heavy investment in the dairy industry (Western Australian Farmers Federation, sub. 138, p. 21).

The view of the Western Australian Farmers Federation about the potential impacts of dairy deregulation was echoed in discussions with dairy industry participants in regions of New South Wales, Tasmania and Queensland.

Potential Issues from the Councils Perspective

A Regulatory Impact Statement has been released as part of the Review Of The Dairy Industry Act 1994 of Tasmania. The RIS recommends a phased introduction of deregulation and no change for 5 years.

Council may wish to support this position or leave the matter to those within the industry.

Commended Response

Is it the view of the Productivity Commission that the 'public benefit test' has been applied correctly in the review of the Dairy Industry Act 1994 of Tasmania? It is difficult for the Launceston City Council to form a position on the merits of reform in the absence of a clear understanding of whether the public benefit test has been correctly applied.

Area of comment sought by Productivity Commission

Further quantitative evidence on the partial deregulation of the dairy industry, the re alignment of margins along the production to consumption chain, and on the degree of competition in food retailing as it relates to specific commodities such as milk, sugar and eggs (chapter 7);

Issues raised in Draft Report

In Victoria, the 1992 deregulation of the milk market beyond the farm gate has also been accompanied by an increase in consumer milk prices. This has been linked to the actions of supermarkets, which is an unregulated market environment, have increased retail margins for milk.

Potential Issues from the Councils Perspective

The expertise within the Council Chamber may be able to shed some light on this issue. The issue of who receives or benefits from an increase in milk prices has been raised before.

Recommended Response

No comment.

Area of comment sought by Productivity Commission

Variations in jurisdictions approach to implementing competitive neutrality at the local government level (chapter 8);

Issues raised in Draft Report

Competitive neutrality policy applies to the business activities of all levels of government, although its application to local government has been of most interest to this inquiry.

For local government, it overlays other reforms also aimed at improving the efficiency and effectiveness of council services. The policy has generated a mix of benefits and costs, although it is too early to assess its full impact on country Australia. There is, however, widespread concern about the nature of the public interest test used to assess whether application of the policy to local government activities is appropriate.

There are also fears that the policy will cause net job losses in country Australia and will hinder the delivery of councils' community service obligations.

Although jurisdictions have shown marked variation in their approach to implementing CN at the local government level, differences in local government circumstances make a consistent approach difficult. As the National Competition Council (NCC) has noted:

The number of local governments, their geographical dispersion and their diversity in terms of size, organisational structure and service responsibilities have made a consistent approach to reform difficult. (NCC 1988a, p. 144)

Potential Issues from the Councils Perspective

We are well placed to comment on how the changes we have made have been impacted upon by a different approach to change in adjoining municipal areas, and also how they have impacted on employment levels.

Recommended Response

The table on the following page indicates the areas of change initiated by the Launceston City Council. Extensive work was undertaken during the period leading up to the proposed amalgamation on the costs and benefits to Council of having three Council areas incorporated into one. The Launceston municipal area appears not to have suffered due to either inaction or a differing approach of adjoining Council areas.

COUNCIL STRUCTURES.....COMPARISON OF MODELS UNDER COMPETITION POLICY FRAMEWORK

	Council Department	Cost Attribution	Commercialised	Corporatised	Privatised
Legal Entity & Governance	<ul style="list-style-type: none"> Owned and managed by Council 	<ul style="list-style-type: none"> Owned and managed by Council 	<ul style="list-style-type: none"> Owned and managed by Council An advisory board or committee may be appointed. 	<ul style="list-style-type: none"> Separate legal entity but owned by Council Div 5 Local Government Act Council appoints management board 	<ul style="list-style-type: none"> Separate legal entity to Council Owned by shareholders Shareholders appoint board
Organisation Structure	<ul style="list-style-type: none"> Council Department Specification and service delivery combined Management reports to Council GM Council award 	<ul style="list-style-type: none"> Council Department Specification and service delivery combined Management reports to Council GM Council award 	<ul style="list-style-type: none"> Council business unit Specification separated from service delivery Management reports to Council GM Council award, separate enterprise agreement 	<ul style="list-style-type: none"> Council owned business Management reports to independent board Separate award 	<ul style="list-style-type: none"> Private company Management reports to board Separate award
Corporate Services & Management Reporting	<ul style="list-style-type: none"> Budget reports only No allocation of overhead costs or tax equivalents Council provides corporate services 	<ul style="list-style-type: none"> Budget reports only Allocation of overhead costs and tax equivalents Council provides corporate services 	<ul style="list-style-type: none"> Separate balance sheet and P & L Full costs allocated Tax equivalents charged Council provides corporate services under a service agreement 	<ul style="list-style-type: none"> Own commercial accounts Full costs allocated Tax equivalent regime Organises own corporate services. May contract with Council. Annual report to Council and Board 	<ul style="list-style-type: none"> Own commercial accounts Full costs allocated Pays taxes Organises own corporate services Annual report to shareholders
Contestability & Risk	<ul style="list-style-type: none"> Does Council work only Work allocated via budget process No commercial focus Council maintenance work not tendered Council fully liable for risk 	<ul style="list-style-type: none"> Does Council work only Work allocated via budget process Service and contract specifications not clear Limited tendering of Council work Council fully liable for risk 	<ul style="list-style-type: none"> Allowed to bid for external work Some allocated and contested work Commercial focus Service and contract specifications clear Wider tendering of Council work Council fully liable for risk 	<ul style="list-style-type: none"> Bids for all work including Council Works to contract specification Clear commercial focus Statement of corporate intent sets commercial role Commercial risk underwritten by Council 	<ul style="list-style-type: none"> Fully contestable subject to the market Full commercial risk Council not liable for risk
Financial Autonomy	<ul style="list-style-type: none"> Directly financed by Council Within Council budget and rating framework 	<ul style="list-style-type: none"> Directly financed by Council Within Council budget and rating framework 	<ul style="list-style-type: none"> Directly financed by Council Off budget partial autonomy CSO's or subsidies received 	<ul style="list-style-type: none"> Financing agreed with Council Outside Council budget Significant financial autonomy Pays Council dividends 	<ul style="list-style-type: none"> Capital funds returned to Council by sale Full financial autonomy Pays dividends to shareholders

AGENDA ITEM

TITLE:
 FILE NO:
 AUTHOR: **Robert Groenewegen - Economic Development Officer**

Area of comment sought by Productivity Commission

The modelling of regional effects (chapter 10);

Issues raised in Draft Report

The major NCP reforms modelled are those relating to;

- gas and electricity
- rail transport
- road transport
- telecommunications
- water
- commonwealth and state SMA's

The mode, MONASH-RR, uses the standard Monash Model classification of the economy into 113 industries and 115 commodities. Tasmania has been divided into 4 statistical divisions;

- Greater Hobart
- Southern
- Northern
- Mersey-Lyall

Potential Issues from the Councils Perspective

The northern statistical division was ranked in the highest third of beneficiaries under the model.

Recommended Response

Why has the northern region ranked so well? Could we have a breakdown of the analysis?

AGENDA ITEM

TITLE:
FILE NO:
AUTHOR: Robert Groenewegen - Economic Development Officer

Area of comment sought by Productivity Commission

The degree to which the point of application of wholesale sales tax affects the profitability of retailers (chapter 12);

Issues raised in Draft Report

Information provided by NARGA (1998) suggested that one of the problems for small independent supermarkets relates to the point of application of wholesale sales tax, because they buy their products from wholesale intermediaries.

The major supermarkets are virtually integrated and buy directly from the producers,

Since wholesale sales tax is applied at the point of the last wholesale sale, independent supermarkets pay sales tax on the margin of the wholesaler as well as on the producer price, while for major supermarkets the tax applies only to the producer price.

Potential Issues from the Councils Perspective

None specific - Alderman McKendrick may have some comment.

Recommended Response

Appears to be a non issue with the GST forming the new tax base.

AGENDA ITEM

TITLE:
 FILE NO:
 AUTHOR: **Robert Groenewegen - Economic Development Officer**

Area of comment sought by Productivity Commission

The extent of the availability of motor spirit through the terminals of major oil companies on a commercial basis, and its effectiveness in improving the competitiveness of petroleum retailers and reducing petrol prices in country Australia (chapter 12);

Issues raised in Draft Report

A number of measures for deregulation of the petroleum retailing industry were announced in July 1998.

These included:

- the removal of the role of the ACCC in setting maximum wholesale prices across Australia.
- the opening of access to the terminals of the major oil companies to non-franchised buyers on a commercial basis.
- others proposed include the repealing of the Petroleum Retail Marketing Sites Act 1980 and the Petroleum Retail Marketing Franchise Act 1980.

It is anticipated that increased competition will bring with it the prospect of lower prices.

Potential Issues from the Councils Perspective

Have the changes been reflected in petrol pump prices?

Recommended Response

No Comment.

AGENDA ITEM

TITLE:
 FILE NO:
 AUTHOR: **Robert Groenewegen - Economic Development Officer**

<p><i>Area of comment sought by Productivity Commission</i></p> <p>The efficacy and the costs and benefits of FBT concessions and income tax zone rebates , including the extend to which they overcome locational disadvantages (chapter 12);</p>
<p><i>Issues raised in Draft Report</i></p> <p>Because FBT was aimed at addressing tax minimisation, on the surface there may seem to be a case for considering whether exemptions from FBT could be granted for businesses which operate in remote areas.</p>
<p><i>Potential Issues from the Councils Perspective</i></p> <p>FBT discriminates against local government and other not for profit organisations and so breaches the competitive neutrality principle. Local government pays FBT at approximately twice the rate of commercial enterprises. It also suffers a higher compliance cost because of different legislative provisions relating to some categories of benefit. These treatments should have been removed when changes were made to the treatment of entertainment benefits some years ago.</p>
<p><i>Recommended Response</i></p> <p>That the Federal Government be requested to review FBT legislation in line with competition policy principles.</p>

<p><i>Area of comment sought by Productivity Commission</i></p> <p>The way the NCC and the States work together and or communicate (chapter 14);</p>
<p><i>Issues raised in Draft Report</i></p> <p>The available evidence, particularly with respect to legislation reviews suggest that the NCC does not outcomes but seeks to be satisfied about the integrity of NCP process.</p> <p>The fact that several State Governments raised concerns, suggests that there may be a problem with the way that the NCC and the States work together and or communicate.</p>
<p><i>Potential Issues from the Councils Perspective</i></p> <p>Appears to be an issue for the State Government.</p>
<p><i>Recommended Response</i></p> <p>No comment.</p>

AGENDA ITEM

TITLE:
 FILE NO:
 AUTHOR: **Robert Groenewegen - Economic Development Officer**

Area of comment sought by Productivity Commission

The adequacy of generally available assistance measures, particularly in Country Australia (chapter 14);

The circumstances in which specific assistance is appropriate (chapter 14);

The most effective and efficient forms of specific assistance (chapter 14);

Examples of effective or ineffective adjustment assistance (chapter 14)

Issues raised in Draft Report

The general social safety net measures are geared to welfare and income support. These measures are intended to address the adverse consequences of change regardless of its source. The advantages are;

- treats individuals in similar circumstances equally
- addresses the net effect of reform and concentrates on those with genuine need
- supports families and individuals rather than a particular industry or activity

Potential Issues from the Councils Perspective

The current review of the Council's Development Incentives Policy will raise and touch on some of these issues.

Recommended Response

Has there been a CP study on how local government and State governments use incentives to attract investment AND WHO REALLY BENEFITS?