



COMMONWEALTH NATIONAL COMPETITION POLICY PAYMENTS TO QUEENSLAND FOR 2002-03

The Treasurer announced today that the \$270 000 penalty imposed on Queensland's 2002-03 competition payments would be lifted and reimbursed. This follows the National Competition Council's supplementary assessment of water pricing by Townsville City Council.

The Council's 2002 assessment noted that it would undertake a supplementary assessment of this matter following the Queensland Competition Authority's consideration of the latest cost effectiveness study commissioned by Townsville City Council.

The National Competition Council has recommended that the penalty be lifted and reimbursed. This follows the Queensland Competition Authority concluding that there is evidence that there would be no net benefit from introducing a two-part tariff for residential customers at this stage, although it would be prudent for the Townsville City Council to keep this issue under review.

The supplementary assessment, however, notes that the Queensland Competition Authority identified a range of deficiencies with the earlier evidence presented by Townsville City Council and had to seek additional information and undertake its own further cost effectiveness analysis.

Furthermore, the National Competition Council has recommended that it would be inappropriate to reimburse the \$270 000 penalty deducted from Queensland's 2001-02 competition payments as at that time Queensland had not met its commitment to introduce, or demonstrate an adequate case for not introducing, two-part tariffs for residential customers in Townsville. The Commonwealth also agrees with this recommendation.

The supplementary assessment will be made available on the National Competition Council's website (www.ncc.gov.au).

CANBERRA
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