



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 11 November 1998

NATIONAL COMPETITION POLICY

Hon. P. D. BEATTIE (Brisbane Central— ALP) (Premier) (6.27 p.m.): I second the amendment moved by the Treasurer. I do so because it is about time National Competition Policy was changed. My Government is determined to renegotiate it with the Prime Minister. I have noticed that the other side of politics has indicated that it also wants to see change. Well, let us work together to bring it about.

We are prepared to add to our amendment the proposal circulated by the Leader of the Opposition. Let us get a unanimous decision of this Parliament and let us send a very clear message to all of our Federal colleagues, be they Labor, Liberal, National, One Nation or whatever. Let us send a very clear message out of this Parliament tonight that we value jobs, we value communities, we value the decentralised nature of this State and we as Queenslanders value our quality of life. We want to make absolutely certain that National Competition Policy and the way it is implemented—that is the key to it—stops destroying jobs and quality of life in this State.

In my contribution tonight I will deal with one particular area and put it on the agenda so that every member in this House understands the difficulty. That issue is rural water pricing policy. This matter was debated and discussed by Cabinet recently. The options were whether or not to implement the current water industry reform agenda, which includes significant above-CPI price increases in most irrigation systems. There was a proposal that we should stick rigidly to the Council of Australian Governments' agenda, which is dictated by the National Competition Policy reform. This would have resulted in additional revenue of \$3m from price increases and a reduction of State support for the irrigation system. The Borbidge Government made no decisions on these matters and, quite rightly, left it and considered it. Of course, we have now inherited the problem. We want to share the solution with the Opposition.

The COAG policy requires the adoption of a pricing regime based on the principles of consumption-based pricing, full cost recovery and, desirably, the removal of cross subsidies which are not consistent with efficient and effective use and service provision. Where charges do not currently fully cover the costs of supplying water to users, the policy requires—and this is the COAG policy, not ours; we do not like this at all—that charges and costs should be progressively reviewed so that, by no later than 31 December 2001, they comply with the principle of full cost recovery with any subsidies being made transparent. I am happy to accept that it is National Competition Policy. I do not care about the source of it. I am just saying that this is the pressure on the States.

The provision of financial assistance grants by the Commonwealth is conditional— and this is the nub—on the States making satisfactory progress with the implementation of National Competition Policy and related reforms. And the implementation of the COAG water industry reforms are required for the Queensland Government to receive the competition payments related to the COAG agreements. Commonwealth competition payments of \$176m for 1999-2000 and \$211m for 2000-01 are conditional on the State making satisfactory progress with the implementation of National Competition Policy and related reforms. Our progress with implementing the COAG requirements for the water industry will be evaluated by the National Competition Council between April and June next year. That is why the point made by the Treasurer in relation to the National Competition Council is so important. The council is likely to recommend whether or not Queensland should receive the full \$387m.

Queensland's progress on implementing rural water pricing reform will be closely monitored by the NCC and, in particular, the NCC is expecting significant progress towards cost recovery with price increases in all schemes from 1 July next year. Queensland's policy framework, called Rural Water: Pricing and Management, was released in September 1996. It defined how the COAG policy target would be met in State-owned schemes. Queensland is the only State that has not implemented rural water pricing reforms.

Cabinet decided that I should address the issue of rural water pricing policy with the Prime Minister. In addition, the Environment Minister and the Natural Resources Minister should join me in convening a meeting with key stakeholders and industry groups regarding rural water pricing policy. In other words, I will be raising this with the Prime Minister in the next couple of days. I want changes to protect Queensland and rural Queensland. I want the support of both sides of Parliament to achieve that. Therefore, I inform the House that I will be raising this matter with the Prime Minister over the next two days, because we want to protect Queensland for the future.
