

APPENDIX 3

CULTIVATING COMPETITION

Inquiry into aspects of the National Competition Policy Reform Package

Report from the House of Representatives Standing Committee on Financial
Institutions and Public Administration – June 1997

LIST OF RECOMMENDATIONS

Public interest test

- 1 The Committee recommends the following as necessary components of the ‘public interest’ process:
 - a) Responsibility for commissioning reviews (ie terms of reference, nature of the review and reviewers) should be taken at Ministerial level;
 - b) The nature of the review should be determined taking into account the significance, importance, diversity and sensitivity of the issue to be considered;
 - c) Clear terms of reference should be developed for the review including identification of the factors, whether in the list of factors set out in subclause 1 (3) or otherwise, that the decision maker believes is relevant. Terms of reference should be agreed by the relevant Minister;
 - d) The process and its timing should be as transparent as possible;
 - e) A plan of the review should be developed including details of the nature of the review to be used, resources and funding, and specify key dates (start, end, advertisement, call for submissions, closing date for submissions, reporting);
 - f) Consideration should be given to variations of the process for example joint review, national review, etc;
 - g) Methodology used for weighing up the benefits and costs should take account of both quantitative and qualitative data;
 - h) The review should consider the overall, wider consequences and impacts of the decision;
 - i) Level of consultation may vary with the significance, diversity and sensitivity of the review. Consultation should involve key stakeholder groups;
 - j) Where possible reviewers should be independent of the existing arrangements with more significant, more major and more sensitive reviews demanding greater independence;

- k) Where reviews are undertaken by persons closely involved in the activity in question, there should be provision for a review or reconsideration of the initial conclusion by some person or body independent of the relevant activity;
- l) Results of reviews and relevant key stages in the review process shall be publicly available;
- m) Where a matter is reconsidered at a later date, similar processes to those that applied to the initial consideration should be followed; and
- n) The Parties should coordinate their efforts to achieve a common set of basic principles to apply the 'public interest test' as outlined in (a) to (m) above.

The Committee recommends all jurisdictions should publish guidelines encompassing the application of the 'public interest test'. (paragraph 2.76)

Community service obligations

- 2 The Committee recommends that all CSOs be explicitly defined and their details made publicly available. (paragraph 3.41)
- 3 The Committee recommends that the Council of Australian Governments address ways of better coordinating the provision of community service obligations and welfare payments to safeguard the equitable distribution of payments and benefits for all recipients. (paragraph 3.47)
- 4 The Committee recommends that the funding arrangements for both existing and new community service obligations be transparent and assessed on a case-by-case basis. (paragraph 3.74)
- 5 The Committee recommends that any decision by a party to contract out the provision of community service obligations is most appropriately made on a case-by-case basis. Any contracting arrangement should contain clearly identified performance criteria and exit provisions. (paragraph 3.90)
- 6 The Committee recommends all governments:
 - a) Require their government business enterprises to include in their annual reports and corporate/business plans or other publicly available documents detailed information on the objectives, definition, costing, funding and contracting arrangements for community service obligations; and
 - b) Implement effective monitoring programs for community service obligations and ensure that those programs be outcome oriented. (paragraph 3.100)

Implications for the efficient delivery of services by local government

- 7 The Treasurer as a matter of priority address the issue of taxation of local government businesses at the next meeting of the Council of Australian Governments as under the current regime there is a powerful disincentive to corporatise. (paragraph 4.54)

- 8 The Committee recommends that State and Territory Governments encourage their local councils to more urgently implement appropriate accounting and financial management systems to assist resource allocation decisions, including those relating to community service obligations. (paragraph 4.63)

Related issues

- 9 The Committee recommends that following the completion of the current assessment round the Council of Australian Governments evaluate the dual role of the National Competition Council to determine if both roles are appropriate. (paragraph 5.12)
- 10 The Committee recommends the National Competition Council adopt a more open approach to its work and be more active in disseminating information about the activities of the Council and National Competition Policy. (paragraph 5.15)
- 11 The Committee recommends that the review of the need for and operation of the National Competition Council after it has been in existence for five years be an independent review and if the review determines the Council is to continue, a sunset clause on this matter be inserted into the Competition Principles Agreement. (paragraph 5.18)
- 12 The Committee recommends that the Treasurer ensure that:
 - a) The assessment for payment of both the Financial Assistance Grants and Competition Payments be performance based and reflect both the spirit and intent of the competition policy reform legislation and the inter-governmental agreements; and
 - b) Details of the assessment outcomes and process are made publicly available following each tranche's assessment. (paragraph 5.32)
- 13 The Committee recommends that the State, Territory and Commonwealth Governments put in place measurement and monitoring systems so that the outcomes of implementing national competition policy can be adequately assessed in the future. (paragraph 5.34)

The Committee recommends that all agencies involved in the implementation of national competition policy devote resources to ensure community understanding and debate about the contents of the policy and its outcomes. (paragraph 5.39)

