

B2 Prices Oversight of Government Business Enterprises

Legislated monopolies, businesses that operate in markets with natural monopoly characteristics and firms in poorly contested markets all have the potential to restrict output and overcharge consumers. Moreover, in some cases, newly introduced competition may take time to develop. In these circumstances, prices oversight may be warranted to limit abuse of market power.

Under the CPA, prices oversight of State and Territory Government business enterprises is primarily the responsibility of the respective State or Territory. As part of this responsibility, the States and Territories are to consider establishing independent sources of prices oversight, of their business enterprises, where oversight arrangements do not already exist. Alternatively, with the agreement of the Commonwealth, the States and Territories can subject their business enterprises to a mechanism administered by the ACCC.

Prices oversight arrangements exist in all States and Territories except Western Australia and the Northern Territory.

- In NSW, the Independent Pricing and Regulatory Tribunal is responsible for prices oversight in electricity, gas, water, waste and urban passenger transport.
- Victoria's Office of the Regulator General provides independent prices oversight in electricity, gas, water, ports and grain handling.
- The Queensland Competition Authority provides independent prices oversight of government business activities that are public monopolies or near monopolies, and which the Premier and Treasurer declare to be Government Monopoly Business Activities. Queensland is assessing major government businesses against criteria for declaration, commencing with port authorities.
- In South Australia, the *Government Business Enterprises (Competition) Act 1996* establishes a prices surveillance mechanism for the State's monopoly or near monopoly government businesses. SA Water Corporation is declared for prices oversight until 21 November 1999.
- In Tasmania, the Government Prices Oversight Commission (GPOC) regulates the pricing policies of the State's monopoly or near monopoly GBEs and government agencies, including the Metropolitan Transport Trust, the Hydro-Electric Corporation and a range of other government (including local government) businesses. Five monopoly businesses – Hydro-Electric Corporation, the Metropolitan Transport Trust, the Motor Accidents Insurance Board, Hobart Regional Water Authority and the North West Regional Water Authority – were originally scheduled in the GPOC Act. In addition, there is a mechanism under which other monopoly services can be declared.
- In the ACT, the Independent Pricing and Regulatory Commission has the power to regulate prices, make access determinations and carry out other functions with respect to businesses declared by the Minister. Industries subject to price regulation include electricity, water, public transport (buses and taxis) and gas.