

Appendix B National Competition Policy payments

Under the Agreement to Implement the National Competition Policy and Related Reforms, the Commonwealth agreed to make NCP payments to the States and Territories as a financial incentive to implement the 1995 NCP reform package developed by the Council of Australian Governments. The payments recognise that the financial dividend from economic growth accrues primarily to the Commonwealth through the taxation system. The payments are therefore a means of distributing across the community the gains from economic growth that arise from investment in NCP reform.

The prerequisite for States and Territories receiving NCP payments is satisfactory progress against the NCP obligations (see chapter 2). If governments do not implement reforms as agreed there can be no reform dividends to share. In assessing State and Territory progress against the NCP obligations, the National Competition Council makes recommendations to the Federal Treasurer on the distribution of NCP payments. The Council may recommend reduction or suspension of NCP payments where it assesses that governments have not implemented the agreed reform program.

Table B.1: Estimated annual NCP payments (\$m) for the period 2001-02 to 2004-05 by jurisdiction^a

<i>Jurisdiction</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>
New South Wales	241.0	246.0	252.3	258.0
Victoria	178.5	182.0	186.6	190.7
Queensland	134.6	138.0	142.5	146.9
Western Australia	70.7	72.5	74.7	76.8
South Australia	55.4	56.1	57.1	58.1
Tasmania	17.3	17.4	17.7	17.9
ACT	11.5	11.7	12.0	12.3
Northern Territory	7.4	7.5	7.8	8.0
Total	716.3	731.2	750.7	768.7

^a Estimated NCP payments based on current inflation rate and population growth. Actual figures are published in each Federal Budget.

Source: Australia House of Representatives (2001).