National Competition Policy

The National Competition Policy is the name given to a set of reforms accepted by the Commonwealth, States and Territories in October 1992, in response to the findings of the National Competition Policy Review Report (the so-called “Hilmer Report”). The commissioning and implementation of the Hilmer Report reflected the changing attitudes in Australia towards protectionism and market regulation during the late 1980s and early 1990s. These became perceived as the reasons for Australia’s failure to embark upon significant export-oriented industrialisation, over-reliance upon exports from the primary industries sector and a burgeoning trade deficit. “Deregulation,” “level-playing fields,” “free trade” and “competition” became the policy buzzwords.

Specifically, these National Competition Policy reforms resolved to:

- use the Trade Practices Act 1974 to prevent anti-competitive behaviour by all government and private businesses;
- foster “competitive neutrality” so as to enable private businesses to compete equally with government businesses for tenders;
- streamline the regulatory and pricing frameworks of water, gas and electricity utilities, along with the road transport sector;
- establish a national access regime to facilitate sharing of essential infrastructure among competing businesses; and
- examine and reform laws that hinder competition, except in cases found to be in the public interest.

In return for successful implementation of the National Competition Policy, State and Territory governments receive per capita payments from the Commonwealth. These are intended to reflect that although the benefits of greater competition flow on to the community, in general, the direct financial benefits tend to flow to the Commonwealth in the form of increased taxation revenue.

Although consistent with a common move towards managerialism and neoliberalism, it also constituted a shifting of policy power towards the centre. It effectively imposed upon the States and Territories a requirement that they implement the Commonwealth’s national policies at a state level and meet the benchmarks administered by the National Competition Council.

The National Competition Policy is overseen by the National Competition Council, which was established in late 1995. It is an independent, statutory body that reports directly to Council of Australian Governments and whose role it is to advise, rather than implement, the National Competition Policy. The National Competition Council is also responsible for assessing individual State and Territory governments’ progress in implementing the reforms, ascertaining whether individuals States have made sufficient progress to receive
their compensation payments and to make available to the public information about the
details and progress of the National Competition Policy.

**Further Reading:**

Harman, E. 1996. The National Competition Policy: A study of the policy process and

Hollander, R. 2006. National Competition Policy, regulatory reform and Australian
33–47.
