

“MINISTER’S DECISION NOTICE”
under section 57 (3) of the *Queensland Competition Authority Act 1997* on a competitive neutrality complaint lodged by Sita Queensland Pty Ltd (trading as Coachtrans Australia) against Queensland Rail

The complaint

Pursuant to s.46 of the *Queensland Competition Authority Act 1997* (the Act), the Queensland Competition Authority (QCA) investigated a complaint lodged by Sita Queensland Pty Ltd (trading as Coachtrans Australia) (the complainant). The complaint related to the setting of fares by Queensland Rail (QR) for passengers on the Citytrain’s Brisbane to Gold Coast service.

QR is a declared significant business activity for the purposes of the application of competitive neutrality principles pursuant to Part 4 of the Act. The concept of competitive neutrality requires that a government significant business activity should not be the subject of any net advantage or disadvantage by reason of its ownership by government.

The complainant alleged that QR had breached the principle of competitive neutrality, misused its monopoly powers and severely distorted the market. The latter two matters do not come within the QCA’s jurisdiction and accordingly this decision relates only to the alleged breach of the principle of competitive neutrality.

The complainant alleged that the principle of competitive neutrality had been breached by the prices QR was charging for the Brisbane to Gold Coast passenger rail services. Further, it was alleged that QR enjoyed procedural and regulatory advantages over its competitors.

The decision

As the Ministers responsible under the Act, pursuant to section 57:

- (a) we reject the QCA’s decision that there has been a breach of the principle of competitive neutrality in relation to the fares charged by QR for its Brisbane to Gold Coast services; and
- (b) we accept the QCA’s decision that QR does not enjoy any procedural or regulatory advantages in respect of the Brisbane to Gold Coast services which breach the principle of competitive neutrality.

Reasons for the decision

(a) Rejection of QCA’s decision that there has been a breach of the principle of competitive neutrality in relation to the fares charged by QR for its Brisbane to Gold Coast services.

We reject the QCA’s decision that there has been a breach of the principle of competitive neutrality in relation to the fares charged by QR for its Brisbane to gold Coast services because we consider that the information available to us is not sufficiently conclusive to support the QCA’s decision.

(b) Acceptance of the QCA’s decision that QR does not enjoy any procedural or regulatory advantages in respect of the Brisbane to Gold Coast services which breach the principle of competitive neutrality.

The complainant alleged that it was disadvantaged by a number of procedural and regulatory mechanisms.

We accept the QCA’s decision that QR does not enjoy any procedural or regulatory advantages in respect of the Brisbane to Gold Coast services which breach the principle of competitive neutrality for the reasons set out in the attachment to this decision notice.

ATTACHMENT TO MINISTER'S DECISION NOTICE

REGARDING THE Competitive Neutrality Complaint lodged by Sita Queensland Pty Ltd (trading as Coachtrans Australia) against Queensland Rail.

The complaint alleged that it was disadvantaged by a number of procedural and regulatory mechanisms.

Real-time motorist information displays which promoted QR *vis a vis* the Coachtrans service on the same route:

The variable message signs promoting rail services are administered by the Department of Main Roads independently of QR and we conclude there is no evidence in the Department of Main Roads' policy of wishing to promote QR because of its Government ownership. The policy is predicated on safety, community standards and supply and demand.

Not being able to access service contract areas:

With regard to Coachtrans not being granted access rights to certain areas, we note that access is subject to the ownership of previous rights and entitlements which rest with contract service holders.

Integrated ticketing and co-ordination of services:

We note that the Queensland Department of Transport instigated the current efforts at implementing improved integrated ticketing in October 1997. As this process is accessible to all potentially interested parties through a specific Working Group on this matter, we consider that QR does not enjoy any regulatory or procedural advantages over Coachtrans.

Access to key decision-making services:

We consider that QR's involvement in a reference group for the Southern Gold Coast-Tweed Corridor Study has not disadvantaged other competitors (including Coachtrans) because of the wide range of interests represented on the group and the opportunity for all sectors to have input into wide community consultation on the matter.

PETER BEATIE
Premier

DAVID HAMILL
Treasurer

Dated: 6 August, 1998