REPORT TO THE NATIONAL COMPETITION COUNCIL

IMPLEMENTATION OF NATIONAL COMPETITION POLICY AND RELATED REFORMS

IN

SOUTH AUSTRALIA

MARCH 2002

ABBREVIATIONS

ACCC	Australian Competition and Consumer Commission
ANZMEC	Australia and New Zealand Mines and Energy Council
ARMCANZ	Agriculture & Resource Management Council of Australia and New Zealand
CCA	Conduct Code Agreement
COAG	Council of Australian Governments
CPA	Competition Principles Agreement
GBE	Government Business Enterprise
GBE Act	Government Business Enterprises (Competition) Act 1996
GRIG	Gas Reform Implementation Group
LGA	Local Government Association
NCC	National Competition Council
NCP	National Competition Policy
NEM	National Electricity Market
NRTC	National Road Transport Commission
OLG	Office of Local Government
SAIPAR	South Australian Independent Pricing and Access Regulator
TPA	Trade Practices Act 1974

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1. INTRODUCTION

This report summarises progress during calendar year 2001 by the South Australian Government in implementing the obligations contained in the three Intergovernmental Agreements (National Competition Policy Agreements) endorsed by the Council of Australian Governments (CoAG) on 11 April 1995:

- Conduct Code Agreement;
- Competition Principles Agreement;
- Agreement to Implement the National Competition Policy and Related Reforms.

The report fulfils the formal requirements of the Competition Principles Agreement (CPA) to publish an annual report concerning implementation of competitive neutrality requirements (CPA, Clause 3.(10)) and legislation review requirements (CPA, Clause 5.(10)). Other aspects of competition policy are also covered.

It can be read in conjunction with the SA Government's five previous annual reports to the National Competition Council (NCC) covering calendar years 1996, 1997, 1998, 1999 and 2000. Also relevant are the NCC's first, second and third tranche assessment reports, and supplementary reports on those assessments.

This report is structured under the broad headings of Conduct Code Agreement, Competition Principles Agreement, and Related Reforms. A small bibliography provides details of relevant publications.

The report has been prepared by the Department of the Premier and Cabinet, in consultation with other agencies of the SA Government, including particularly the Departments of Treasury and Finance, Justice, Primary Industries and Resources, Water Resources and Transport, Urban Planning & the Arts.

Inquiries about the report may be directed to the Strategic Policy Division, Department of the Premier & Cabinet, telephone (08) 8226 1931.

2. CONDUCT CODE AGREEMENT

The Conduct Code Agreement (CCA) obliges the South Australian Government to enact Application of Laws legislation to apply the Competition Code, without modification, in South Australia. The Competition Code (effectively the restrictive business practice provisions of Part IV of the *Trade Practices Act, 1974 (C/wth)*) is applied to all persons in South Australia, including the Crown in so far as it carries on a business.

Clause 2.(1) of the CCA requires that written notice of all exemptions made by State law, in reliance on section 51.(1) of the *Trade Practices Act*, will be given to the Australian Competition and Consumer Commission (ACCC) within 30 days of enactment. Clause 2.(3) requires written notice to be given to the ACCC by 20 July 1998 of section 51.(1) exemptions in existence at the commencement of the CCA and which will continue to have effect after 20 July 1998.

The *Competition Policy Reform (South Australia) Act, 1996 (SA)* and the *Competition Policy Reform (South Australia) Savings and Transitional Regulations, 1996 (SA)* came into force on 21 July 1996, and have continued in operation unaltered since that date. This legislation satisfies the obligations contained in clause 5 of the CCA. It applies the Competition Code to all persons coming within South Australia's jurisdictional reach, including those unincorporated persons, not engaged in interstate or foreign trade or commerce, to whom Part IV of the *Trade Practices Act* does not apply for constitutional reasons.

2.1 Section 51(1) Exemptions

The South Australian legislature did not pass any State law in the twelve months to the date of this report giving rise to an exemption from the application of Part IV of the *Trade Practices Act* in reliance on s.51(1) of the *Trade Practices Act.* In addition, no legislated exemptions have been revoked by legislative amendments or repeals in the same period.

2.2 Compliance

South Australian Government businesses have continued to become familiar with the requirements of the Competition Code.

The Crown Solicitor's Office maintains a Competition Unit that can assist agencies with Trade Practices compliance and risk management. The Competition Unit maintains contact with the ACCC, both Canberra and Adelaide Regional Office, on issues that concern both the Government and the ACCC, including substantive trade practices matters and matters of mutual policy interest.

Since the Crown Solicitor's Bulletin was issued to all Chief Executive Officers within the South Australian Government in August 2000, the Competition Unit has received a number of enquiries from a range of departments and statutory authorities, seeking both general assessments of their activities in terms of compliance with the Trade Practices Act, and advice on particular competition questions.

Several major issues have arisen in the last 12 months. For example, one was the answering of a Trade Practices Act section 155 Notice served on an officer of the Department of Human Services relating to conduct by Baxter Healthcare Pty Ltd in certain hospital products markets, in their supplying of those products to government hospitals in SA, and hospitals in other States. DHS Strategic Purchasing Unit had placed a whole-of-government invitation to tender, and Baxter had submitted a tender that, allegedly, leveraged off its monopoly power in one product to require the Government to take all of its requirements for another contestable product, in contravention of section 46 of the Trade Practices Act (misuse of market power). The section 155 Notice did not relate to any business activities of the Crown and was answered as a matter of comity.

Another example was answering a section 75AY Notice served on Energy SA (part of Primary Industry and Resources SA). This Notice relates to the Price Exploitation (ANTS) provisions in Part VB of the Trade Practices Act. The particular matter related to the annual automatic price adjustment process that is part of the pricing principles in the 1989 SA Gas Supply Contracts between Santos and the SA Natural Gas Authority. The issue was whether that price adjustment process had discounted for the benefit to Santos of the removal of the wholesale sales-tax (and other ANTS) impacts, in its accounting for the CPI price adjustment with its GST influenced spike - or whether, as Santos argued, that adjustment could take place in the triennial price arbitration. The Crown is bound by section 75AY in so far as it carries on a business, and the Natural Gas Authority would be likely to be held to be carrying on a business in its activities relating to the 1989 SA Gas Supply Contracts.

Another issue where information was provided to the ACCC as a matter of comity concerned the arrangements by the SA Government to require channel deepening and new bulk-handling infrastructure to be constructed at Port Adelaide as part of the SA ports sale process.

3. COMPETITION PRINCIPLES AGREEMENT

The Competition Principles Agreement puts in place policy elements additional to those contained in the Conduct Code which are considered essential for a comprehensive National Competition Policy. These additional policy elements are:

- independent oversight of prices charged by monopoly Government businesses;
- competitive neutrality, to ensure significant Government businesses do not enjoy any net competitive advantage simply as a result of public sector ownership;
- structural reform of public monopolies prior to privatisation or introducing competition to the market supplied by the monopoly;
- review of legislation which restricts competition;
- third party access to services provided by means of significant infrastructure facilities;
- application of these principles to Local Government.

3.1 PRICES OVERSIGHT

The *Government Business Enterprises (Competition) Act 1996* came into operation on 15 August 1996. The Act establishes an independent prices oversight mechanism by a Competition Commissioner for monopoly or near monopoly Government Business Enterprises (GBEs) and provides for public consultation as part of the mechanism. SA Water Corporation was declared to be subject to prices oversight under this Act in October 1996. The declaration was for a period until 21 November 1999. During 1999 no other GBEs were declared to be subject to prices oversight.

The *Independent Industry Regulator Act 1999* created the SA Independent Industry Regulator. The electricity supply industry is covered by the SA Independent Industry Regulator at present. The Act allows other industries to be brought within scope in future and these will be progressively brought into the scope of SAIIR (subject to Parliamentary approval).

The SAIIR has a role in regulating third party access to the Tarcoola to Darwin railway, pursuant to the *AustralAsia Railway (Third Party Access) Act 1999*. The railway is set to commence operations by mid-2003.

The Government released a discussion paper on water pricing on 8 December 1999, and a discussion paper on sewerage pricing on 7 March 2000. Comments were invited by 15 February and 28 April 2000 respectively. The Government has subsequently announced pricing reforms which satisfied second tranche obligations.

The Maritime Services (Access) Act 2000 provides for the regulation of prices in respect to certain essential maritime services provided by the private port operator. Under the terms of the pricing regulation, the Minister (presently the Minister for Government Enterprises) will issue an initial pricing determination which will establish a price cap for three years. Following this initial three year period, the SA Independent Industry Regulator (SAIIR) will conduct a general review of port services and prices and will establish the on-going pricing regulation.

3.2 COMPETITIVE NEUTRALITY

This section provides the Government's annual report for the 12 months to December 2001 on the implementation of the competitive neutrality policy and principles, as required by Clause 3(10) of the CPA.

3.2.1 Full coverage of significant businesses

South Australia's approach to competitive neutrality, as documented in the Competitive Neutrality Policy Statement, is compatible with the Council's view that "significant businesses should be identified on the basis of their effect or potential effect on their relevant market(s)". The Competitive Neutrality Policy Statement says "Whether a business is significant depends upon its size and influence in the relevant market". Business size thresholds have not been used except to categorise businesses (Category 1 or 2) to facilitate prioritisation in the implementation of competitive neutrality.

Category 2 businesses are not precluded from adopting either corporatisation or commercialisation, as appropriate, although it is expected that generally costs would outweigh the benefits of implementation and thus cost reflective pricing would usually be adopted for these smaller businesses.

The Competitive Neutrality Policy Statement lists those businesses subject to Competitive Neutrality and notes that the lists "are not intended to exclude further activities being identified as significant business activities, and may be subject to revision."

In determining the Category 2 list, all portfolios reviewed a range of smaller activities against the definition of significant government business activity in the Competitive Neutrality Policy Statement. Activities not identified as either Category 1 or 2 businesses are still potentially subject to complaint and subsequent investigation as to the applicability of competitive neutrality.

In summary, there is full coverage of significant business activities under the South Australian Competitive Neutrality Policy framework. Implementation of competitive neutrality has been undertaken progressively over several years and is now substantially complete. Accordingly, focus is now being directed towards ensuring on-going compliance with adopted competitive neutrality measures.

3.2.2 Implementation Progress

Competitive neutrality principles have been progressively applied to the Government's significant business activities (SBA). The timetable for implementation was outlined in the Government's original Competitive Neutrality Policy Statement of June 1996 and was updated in a revised policy statement endorsed by Cabinet in March 1999 and published in May 2000.

The principles of competitive neutrality under section 16 of the *Government Business Enterprises (Competition) Act 1996* were proclaimed on 12 June 1997. The basic competitive neutrality principles are corporatisation, tax equivalent payments, debt guarantee fees and private sector equivalent regulation. Where application of these

four principles is inappropriate, the CPA specifies that prices charged by significant Government business activities should reflect full cost attribution. The mechanism chosen to achieve competitive neutrality depends on the extent to which potential benefits outweigh the costs.

A total of 26 Category 1 and 18 Category 2 Government Businesses are currently listed in the Competitive Neutrality Policy Statement. However, as discussed later in this section, it is likely that the list will be modified to reflect the recent divestment of several Government businesses and the reassessment of a number of existing business activities.

A Guide to the Implementation of Competitive Neutrality was prepared in March 1998 to assist agencies responsible for implementing the principles of competitive neutrality. In addition, *"A Guide to the Implementation of Cost Reflective Pricing"* was prepared and distributed during 2001. This guide provides businesses with guidance in the implementation of cost reflective pricing.

Public Corporations Act

The Public Corporations Act 1993 is the preferred mechanism for implementing corporatisation reforms in South Australia. The Public Corporations Act is flexible in its application in that it can be used either partially or in its entirety to reflect differing operational requirements. It can be applied to an entity's existing legislation but can also be used to establish separate legal status.

The Public Corporations Act includes the following provisions that facilitate corporatisation reforms:

- Establishment of a board;
- Formal requirement to develop performance measures (agreed to by the Treasurer);
- Imposition of tax equivalents;
- Dividend provisions; and
- Annual and interim reporting obligations.

3.2.3 Compliance Monitoring of Identified Significant Business Activities (SBAs)

It has now been over six and a half years since South Australia became a co-signatory to the Inter-Governmental Agreements on Competition Policy. South Australian Government agencies have devoted significant resources in implementing competitive neutrality reforms in respective SBAs. Competitive neutrality implementation programs are now largely complete with only a small number of SBAs still in the process of finalising reforms.

As previously mentioned, focus in South Australia is now moving away from implementation and towards on-going compliance. In December 2001, the Treasurer wrote to all Ministers with responsibility for SBAs, as listed in the Competitive Neutrality Policy Statement, requesting confirmation of on-going competitive neutrality compliance for each SBA and identification of any new SBAs. The request also reinforced that:

- Ministers, through their Chief Executive Officers, are responsible for ensuring that all SBAs comply with competitive neutrality principles;
- Agencies have a number of guides, case-studies and other reference material at their disposal to assist in competitive neutrality implementation and on-going compliance.

The majority of Ministers responded by providing a summary of the current compliance status and internal processes undertaken within their portfolios to ensure compliance. Due to the recent State election not all Ministers were able to respond, and in those instances compliance status was obtained at the officer level. This information is the basis for the following section, presented by portfolio.

The Department of Treasury and Finance and the Department of the Premier and Cabinet will now request confirmation of competitive neutrality compliance for all listed SBAs on an annual basis.

Government Enterprises Portfolio

During 2001, the Minister for Government Enterprises was responsible for the following five SBAs, all of which are on the Category 1 list:-

- South Australian Water Corporation (SA Water)
- South Australian Lotteries
- Forestry SA
- South Australian Totalizator Agency Board (SATAB)
- South Australian Ports Corporation (Ports Corporation)

<u>SA Water Corporation, South Australian Lotteries, Forestry SA</u>

SA Water was corporatised in 1994 with full application of the Public Corporations Act. Forestry SA commenced implementation of corporatisation reforms in 1999 with application of the Public Corporations Act taking effect from 1 January 2001. These entities are subject to tax equivalents and debt guarantee fees, have identified and funded CSOs, separate legal status, a commercially focused Board and formal dividend policies. Financial performance is closely monitored by the owner Minister.

South Australian Lotteries satisfies the majority of corporatisation requirements as listed in the Guide to the Implementation of Competitive Neutrality and has its own legislation. Application of the Public Corporations Act has not occurred at this stage but the organisation operates commercially and its activities are directed through a commercially focused Board. Dividend/distribution policy is governed through the establishing Act and financial performance is closely monitored by the owner Minister.

<u>South Australian Ports Corporation</u>

On 16 October 2001, the Minister for Government Enterprises announced the 99-year lease of Ports Corporation's land, combined with a sale of the wharves, buildings, plant and equipment, and the ongoing business to the Flinders Ports

Consortium. The consortium consists of Adsteam Marine and the French company Groupe Egis.

The divestment was effective from 1 November 2001 and accordingly, Ports Corporation is no longer an SBA.

SA TAB

On 8 February 2000, the then Government announced its in-principle decision to sell SA TAB via a trade sale. In December 2000, the South Australian Parliament passed legislation enabling the sale of SA TAB and providing for the future regulatory environment of the industry.

The formal sale process began in January 2001 and was conducted in three stages - expressions of interest, indicative bids and final bids. In August 2001, the Minister for Government Enterprises announced that the TAB had been purchased by TAB Queensland Limited. Final settlement occurred in January 2002 and accordingly, TAB is no longer an SBA.

The Department of Human Services

The Department of Human Services (DHS) has three Category 1 and six Category 2 SBAs. The Minister for Human Services has confirmed the current competitive neutrality compliance status as follows:

HomeStart Finance

HomeStart Finance is a provider of housing finance to low-income earners who experience difficulty in securing finance from private lenders. HomeStart Finance has adopted all commercialisation reforms as identified in the *Guide to the Implementation of Competitive Neutrality.*

Medvet Science Pty Ltd

Medvet Science is a subsidiary of the Institute of Medical and Veterinary Services, incorporated under the Corporations Law. Medvet manufactures microbiology media; undertakes commercial testing services in microbiology, toxicology and molecular biology; medical evacuation and repatriation services; and overseas commercialisation of intellectual property from research activities in South Australia. Medvet has adopted most commercialisation reforms as identified in the *Guide to the Implementation of Competitive Neutrality*, with exception of tax equivalents. Application of tax equivalents is currently under review.

Institute of Medical and Veterinary Services (IMVS) – Research and Diagnostic Pathology Services

IMVS was established in 1938 to provide laboratory diagnostic services to the Royal Adelaide Hospital. IMVS's operations have expanded to include the provision of diagnostic and consultative services in all areas of pathology to other public and private hospitals, medical practitioners, specialists, industry and the general public. IMVS also undertakes research activities of a non-commercial nature and is

responsible for the Hanson Centre for Cancer Research. IMVS applies the principles of cost reflective pricing to its commercial activities and is in compliance with this measure.

Rental Accommodation – Modbury Hospital, Royal Adelaide Hospital, Flinders Medical Centre

A number of public hospitals provide rental accommodation to staff, relatives of patients, students and other individuals. All rental accommodation is charged in accordance with Cost Reflective Pricing principles.

North Western Adelaide Health Service Equipment Hire (outside customers)

The North Western Adelaide Health Service Equipment Hire business supplies medical related equipment to hospital patients and the general community on a temporary/hire basis. The operations of this business were reviewed by independent consultants during the year and this confirmed compliance with Cost Reflective Pricing principles.

SouthPath Pathology Services

SouthPath Pathology (part of the Flinders Medical Centre) provides pathology services to public hospitals and medical practitioners. SouthPath has confirmed ongoing compliance with Cost Reflective Pricing principles.

Flinders Medical Centre Car Park

The Flinders Medical Centre Car Park was built to alleviate a lack of parking facilities for staff, patients and visitors. The Department of Human Services is currently reviewing the appropriateness of classifying the car park as an SBA. At the time of writing recommendations were still being finalised.

The Department of Education, Training and Employment

The Department of Education, Training and Employment (DETE) has two listed Category 1 SBAs (one of which no longer exists) and three Category 2 SBAs listed in the Competitive Neutrality Policy Statement. In addition, DETE identified an additional Category 2 SBA in 2000.

General Vocational Education and Training Services - General Tender Program, Fee for Service Courses (not required by Government)

These activities are undertaken through TAFE Institutes. During 2001, the then Minister for Education introduced the *Technical and Further Education (Governance Reform) Bill* into Parliament to facilitate corporatisation of TAFE Institutes. The Bill was not considered in 2001 and lapsed as a result of the calling of the State election in February 2002.

It is anticipated that arrangements to satisfy competitive neutrality principles will be in place within TAFE institutes during 2002. However, the Government will not be proceeding with the corporatisation of TAFE Insititutes.

Learning Material Sales (DETE Publishing); International Program – Student Recruitment and International Business; The Distribution Centre

A revised internal costing system to facilitate application of cost reflective pricing is currently being implemented for these businesses with completion expected during 2002. An internal competitive neutrality compliance audit was undertaken for the two international programs that concluded that significant progress had been made in the implementation of cost reflective pricing with only minor cost allocation discrepancies requiring modification.

The Department of the Premier and Cabinet

The Department of the Premier and Cabinet (DPC) has one Category 2 SBA listed in the Competitive Neutrality Policy Statement being the Interpreting and Translating Centre (ITC). In December 1999, a review of competitive neutrality compliance was undertaken by an external consultant. As a result of this review, costing and pricing changes were made to comply with cost reflective pricing. Since implementation of cost reflective pricing, ITC has undertaken annual reviews and made appropriate pricing adjustments to ensure cost reflective pricing principles are maintained.

The Department of Primary Industries and Resources

The Department of Primary Industries and Resources (PIRSA) has two Category 2 SBAs listed in the Competitive Neutrality Policy Statement. In addition, PIRSA identified another two business activities in 2000. At December 2001, PIRSA's business activities included Seed Certification and Testing; Scientific Diagnostic Services; PIRSA Rural Solutions; and State Flora.

Seed Certification and Testing

The Minister for Primary Industries has confirmed that the Seed Certification and Testing business was in compliance with cost reflective pricing principles as at 31st December 2001.

Scientific Diagnostic Services

The Scientific Diagnostic Services business provides a range of diagnostic services for agricultural products. Certain activities within this business are regulated through legislation and other activities are subject to long-term contractual arrangements. Certain contracts are due to for renewal in July 2002, at which stage pricing policies will be reviewed to reflect CRP principles.

State Flora

In 1999, the Government decided to sell State Flora in response to a competitive neutrality complaint lodged in December 1998. Accordingly, State Flora was not included on the list of Category 2 SBAs. Sale negotiations have been protracted and

after two years of negotiation the preferred purchaser failed to make settlement by the specified date, 19 October 2001. PIRSA has embarked on a restructuring program that involves achieving compliance with cost reflective pricing principles.

PIRSA Rural Solutions

PIRSA Rural Solutions provides agricultural consultancy services to a range of public and private clients. During 2001, Rural Solutions developed a commercial pricing policy that is designed to ensure ongoing compliance with cost reflective pricing principles. At the end of this financial year full cost-price comparisons will be made to confirm on-going compliance.

Department of the Environment and Heritage

The Department of the Environment and Heritage (DEH) has one Category 2 SBA listed in the CN policy Statement being Cleland Wildlife Park (CWP). DEH has established CWP as a "ring-fenced" business unit, undertaken extensive analysis on cost allocations and pricing structures and reviewed educational services. CWP has increased pricing levels to reflect cost structures and is progressively moving towards full compliance with cost reflective pricing principles.

Department of Administrative and Information Services

The Department of Administrative and Information Services (DAIS) has one Category 1 SBA and two Category 2 SBAs listed in the Competitive Neutrality Policy Statement being Supply SA; Building Maintenance Services; and Contract Services.

Supply SA and Contract Services

Since the Policy Statement was issued, there have been significant changes to the DAIS business unit then referred to as Supply SA but now named Contract Services. The name change is confusing in that the current business name of Contract Services was once a division within Supply SA while the current trading name of the distribution function of Supply SA was once the business name. These changes have occurred as a result of the Procurement Reform Program.

The Procurement Reform Program has led to the devolution of contract management responsibilities from Contract Services to individual agencies. The impact of these changes is that Contract Services (formerly Supply SA) is no longer conducting an SBA.

The business listed in the Competitive Neutrality Policy Statement as Contract Services (part of Supply SA), that undertook warehousing and distribution functions, has been outsourced, while the buying and selling of goods remains with Supply SA. This activity complies with cost reflective pricing principles.

Building Maintenance Services

The other remaining SBA is Building Maintenance Services, which complies with cost reflective pricing principles.

As a consequence of this restructuring, there are now two category 2 SBAs in this portfolio.

Department of Transport, Urban Planning and the Arts

The Department of Transport, Urban Planning and the Arts (DTUPA) has four Category 1 SBAs and one Category 2 SBA listed in the Competitive Neutrality Policy Statement being Adelaide Festival Centre Trust (specified activities); TransAdelaide; West Beach Trust; Enfield General Cemetery Trust; and Artlab Australia.

Adelaide Festival Centre Trust (AFCT)

The AFCT is responsible for several performance venues in metropolitan Adelaide, undertakes commercial set construction and operates a ticketing agency. The AFCT has implemented significant governance and operational reform, with the partial application of the Public Corporations Act in 1998. A number of corporatisation reforms including application of debt guarantee fees, improved performance monitoring and internal identification of commercial and non-commercial activities have been undertaken. Although not all aspects of corporatisation have been implemented, the specified business activities within the organisation are operating in compliance with competitive neutrality principles. Further corporatisation reforms are being progressively implemented.

TransAdelaide

TransAdelaide is a provider of public transport services in metropolitan Adelaide. TransAdelaide was corporatised in 1998 with full application of the Public Corporations Act. All of the prescribed elements of corporatisation have been implemented, with further work currently being undertaken on the organisation's Community Service Obligations.

West Beach Trust (WBT)

WBT controls a significant parcel of land on the Adelaide metropolitan coast and operates a number of business activities on the site. WBT has environmental protection and access objectives as well as commercial objectives. The Minister for Urban Planning established a WBT commercialisation steering committee that has been progressively implementing commercialisation reforms over the last couple of years. During 2001, the *West Beach Recreation Reserve Act* (WBT Act), the establishing legislation, was amended to facilitate commercialisation objectives. The Public Corporations Act was not applied but a number of similar provisions were incorporated into the WBT Act.

Enfield General Cemetery Trust (EGCT)

EGCT is responsible for a number of metropolitan cemeteries and provides cremation, burial and other related cemetery services on a largely commercial basis. The Minister for Urban Planning established an EGCT commercialisation steering committee in 1999 that has overseen the implementation of commercialisation reforms. In 2001, the *Adelaide Cemeteries Authority Act 2001* was passed through Parliament replacing the existing legislation for EGCT. EGCT is now known as the

Adelaide Cemeteries Authority. The new Act has applied the full provisions of the Public Corporations Act and facilitated the implementation of commercialisation reforms.

Artlab Australia (Artlab)

Artlab undertakes restoration and repair work on cultural artefacts for both public and private customers. Artlab implemented cost reflective pricing principles and an internal audit undertaken in September 2001 confirmed compliance.

Justice

The Justice Portfolio has three listed Category 1 SBAs listed in the Competitive Neutrality Policy Statement being Contestable Legal Services (part of the Crown Solicitor's Office); Police Security Services Division; and the Public Trustee.

Contestable Legal Services (CLS)

CLS refers to those services provided by the Crown Solicitor's Office to clients who have the ability to source legal services from private legal firms. The Crown Solicitor's Office undertook an extensive cost allocation and pricing review that was completed in December 2000. This review confirmed compliance with cost reflective pricing principles.

Police Security Services Division (PSSD)

PSSD is a division of the South Australian Police and provides patrol, building security and camera/alarm monitoring services to Government organisations. PSSD has been "ring-fenced" from the rest of the South Australian Police and has commercial targets. The scope of activities of PSSD has been reviewed over the last few years and may change in the future. Most aspects of commercialisation are in place and further implementation will depend on the scope of activities that will be undertaken in the future.

Public Trustee (Personal Trusteeship Services)

Public Trustee established a steering committee in 1999 to oversee the implementation of corporatisation reforms. Significant progress has been made in the implementation of these reforms. However, in late 2001, Cabinet decided not to proceed with the application of the Public Corporations Act. Further consideration will be required to assess competitive neutrality compliance options.

Tourism

The Tourism Portfolio has three Category 1 SBAs and one Category 2 SBA listed in the Competitive Neutrality Policy Statement being Adelaide Convention Centre; Adelaide Entertainment Centre; Travel Centre; and Tourism Commission wholesale programs.

Adelaide Convention Centre (ACC)

The ACC is the sole provider of large-scale conference/convention facilities in Adelaide and, in terms of the local market, there are no competitors. The ACC has been the recipient of significant capital funds reflecting the broader economic development objectives of the organisation. Accordingly, the ACC has not adopted full corporatisation to achieve competitive neutrality compliance as the objectives of the organisation are not predominantly commercial. However, the ACC has applied provisions of the Public Corporations Act. The ACC has adopted cost reflective pricing principles for commercial activities.

Adelaide Entertainment Centre (AEC)

The AEC operates Adelaide's only large-scale indoor concert/general entertainment venue. The AEC was built by the Government to ensure that the State had a venue suitable for the inclusion of Adelaide on the national and international touring circuit for popular entertainers. The Minister for Tourism applied the Public Corporations Act to the AEC in 1999 for mainly governance reasons and corporatisation was not selected as the preferred competitive neutrality option as the objectives of the AEC were not considered to be predominantly commercial. The AEC has adopted cost reflective pricing principles for its ancillary activities (eg functions).

Travel Centre, Tourism Commission wholesale programs

The activities of these SBAs have changed in recent years and the South Australian Tourism Commission is currently in the process of reassessing them against the SBA criteria.

Department of Industry and Trade

The Department of Industry and Trade has one Category 2 SBA listed in the Competitive Neutrality Policy Statement, the SA Centre for Manufacturing – Advanced Manufacturing Facility. Another activity was subsequently identified as a Category 2 business, the SA Centre for Manufacturing – Graduate Development Program (part of the Engineering Projects Group).

The SA Centre for Manufacturing has recently undergone a restructuring process and the business activities listed above no longer operate in the same manner as previously assessed. A re-assessment of the SBA status of these activities is planned.

3.2.4 Review of the Competitive Neutrality Policy Statement

Pursuant to an undertaking in the Competitive Neutrality Policy Statement, a review of the Policy Statement will be undertaken by June 2002. A working group of officers from the Department of Treasury and Finance, the Department of the Premier and Cabinet, PIRSA and the Office of Local Government is carrying out this review. It will include looking at a number of listed SBAs to assess whether they still meet the SBA criteria.

Some of the SBAs listed in the appendix to the Competitive Neutrality Policy Statement include a number of activities that have now been divested or no longer operate. These are ETSA Corporation and subsidiaries; Fire Equipment Services; SA Generation Corporation and subsidiaries; Ports Corp; and SA TAB.

The working group has drafted a preliminary revised list (not formally endorsed) of Category 1 and 2 SBAs. It includes all currently listed SBAs and identifies potential deletions, additions and those activities being reassessed. The revised list is as follows:

Category 1

- Adelaide Convention Centre
- Adelaide Entertainment Centre
- Adelaide Festival Centre Trust – Bass ticketing service
- Adelaide Festival Centre Trust – Set building workshops
- Attorney-General's Department contestable legal services
- Forestry SA
- Department of Education, Training and Employment General Vocational Education and Training services – fee for service courses (not required by government)
- Adelaide Cemeteries Authority (formerly Enfield General Cemeteries Trust)
- HomeStart Finance
- Lotteries Commission of South Australia conduct of lotteries
- Public Trustee personal trusteeship services
- SA Water
- Medvet Science Pty Ltd
- Institute of Medical and Veterinary Services (IMVS) - Research & Diagnostic Pathology Services
- South Australian Police Department Security Services Division
- Trans Adelaide
- West Beach Trust

To be deleted

- Supply SA (distribution services) now named "Contract Services"
- ETSA Corporation and subsidiaries
- Fire Equipment Services
- SA Generation Corporation and subsidiaries
- SA Ports Corporation
- SA TAB
- Department of Education, Training and Employment General Vocational Education and Training services – general tender program

Requiring further assessment

- South Australian Tourism Commission Travel Centre bookings and sales services
- Adelaide Festival Centre Trust – theatre hire services

Category 2

- Department of the Premier and Cabinet - Interpreting and Translating Centre
- Department for Transport, Urban Planning and the Arts - Artlab Australia
- Department of Human Services - Modbury Hospital rental accommodation
- Department of Human Services - Royal Adelaide Hospital rental accommodation
- Department of Human Services - North Western Adelaide Health Service equipment hire (outside customers)
- Department of Human Services - Flinders Medical Centre rental of flats
- Department of Human Services - Flinders Medical Centre Southpath South Australia pathology services
- Department for Administrative and Information Services - Building Maintenance Services
- Department for Administrative and Information Services - Contract Services – now Supply SA (buy/sell goods)
- Cleland Wildlife Park
- Department of Primary Industries and Resources - Seed certification and testing
- Department of Primary Industries and Resources - Scientific diagnostic services
- Department of Education, Training and Employment -Learning Material Sales (DETE Publishing)
- Department of Education, Training and Employment - International Program – Student Recruitment
- Department of Education, Training and Employment - International Program - International Business

Potential additions

- Department of Industry and Trade - Graduate Development Program
- Department of Primary Industries and Resources - State Flora
- Department of Primary Industries and Resources - Rural Solutions
- Department of Education, Training and Employment - Distribution Centre

Requiring further assessment

- Tourism Commission wholesale programs
- Department of Industry and Trade - SA Centre for Manufacturing - Advanced Manufacturing Facility
- Department of Human Services - Flinders Medical Centre car park

3.2.5 Community Service Obligations

The South Australian Government's policy in relation to CSOs is set out in the CSO Policy Framework document dated December 1996. CSO policy is also reflected in the Competitive Neutrality Policy Statement, *A Guide to Implementation of Competitive Neutrality Policy* and the *Public Corporations Act*.

The CSO Policy Statement states that:

> *A Community Service Obligation (CSO) is defined to arise when a government specifically requires a government business enterprise to provide a concession, a service or to carry out an activity which the enterprise would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors generally to undertake, or, which the government business enterprise would only do commercially at higher prices.*[1]
>
> *The defining characteristic of a CSO is that it meets a specified public policy objective, benefiting the community rather than fulfilment of the business's commercial objectives.*

And further that:

> *A key objective of the CSO policy is enhanced accountability and transparency in the delivery of government social and economic policy outcomes.*

The policy also deals with costing and funding of CSOs, with the preferred costing methodology being avoidable cost and "the preferred approach is for CSOs to be explicitly funded with funding arrangements in place to create pressure for greater efficiency in delivering CSOs".

The *Public Corporations Act* requires that the provision of CSOs be set out in the charter of a public corporation, including their nature and scope and the arrangements for their costing and funding. The Act requires that any non-commercial operations must be performed in "an efficient and effective manner" consistent with the requirements of the charter. A performance statement setting performance targets for a public corporation is also required to be prepared in conjunction with the charter.

Similarly competitive neutrality guidelines require that CSOs are identified and costed for commercialised entities.

In relation to entities subject to cost reflective pricing, in general the preference is for direct budget funding of any non-commercial functions or objectives. It is expected that generally non-commercial functions would be separated from commercial activities in defining the scope of smaller government business activities (eg Category 2 businesses).

As indicated above, CSOs are provided in relation to government businesses that are classified to the commercial sector ie non-budget sector. There has been a program of asset sales over recent years, which has resulted in reduction in the number of major government businesses. Currently, CSOs are provided for SA Water for country water services and some other minor activities such as pensioner concessions, emergency services and exemptions to churches and charities. For SA

[1] The definition has been derived from the definition developed by the Steering Committee on National Performance Monitoring of Government Trading Enterprises.

Water's CSOs there has been substantial ongoing consultation with the NCC as part of broad discussion on water reforms. No further change in water CSO arrangements are proposed, noting NCC acceptance of present arrangements in relation to second tranche obligations.

The provision of CSOs to Forestry SA was recently approved, under interim arrangements, following its corporatisation.

CSOs were previously paid in relation to ETSA, which has now been privatised.

The Government's policy is to explicitly fund CSOs to Government businesses that are in the non-budget sector, but due to recent asset sales the businesses to which CSOs apply are currently limited to SA Water and ForestrySA, with other concessions being provided in relation to service provision by private sector entities eg energy rebates.

A CSO Working Group has been tasked to improve some of the procedural aspects of the CSO policy arrangements.

The Working Group is involved in looking at the appropriateness of the CSO arrangements for the entities that have either been recently corporatised or are in the process of being corporatised. The Group is reviewing the processes relating to CSO arrangements with a view to improving the purchaser-provider arrangements and the provision of better and more timely information to Cabinet to assist with decisions on the approval and funding of CSOs.

3.2.6 Competitive Neutrality Complaints

The *Government Business Enterprises (Competition) Act* (GBE Act) came into operation in August 1996. The Act provides for the appointment of Competition Commissioners who can be assigned to investigate complaints of infringement of competitive neutrality principles. In August 1997, a Commissioner was appointed by the Governor to investigate complaints referred to him by the Premier. The Commissioner was re-appointed for a further two year term in December 2001

The Department of the Premier and Cabinet provides a secretariat for the complaints mechanism, which responds to enquiries from the public and manages the complaints process. A package of information relevant to competitive neutrality complaints is available to persons seeking further information or wishing to make a complaint.

Upon receipt of a written complaint against a State or local government business activity, and subject to it being within the scope of the GBE Act, the complaint is referred to the State agency or local government concerned for investigation, response and possible resolution. Where the complaint cannot be satisfactorily resolved at this stage, consideration is given to its assignment to the Competition Commissioner.

Three investigations were incomplete at the end of 2000 and were carried over into 2001 (State Flora, PTB and TAFE).

The State Flora complaint had been suspended pending sale of the government business and was re-opened in August 2001. The Commissioner sought updated information from the parties. His report is expected early in 2002.

Investigation of the PTB complaint, referred to the Commissioner in July 2000, reached the stage where in December 2001 the Commissioner released a draft of his report to the parties for comment. It will be finalised in 2002.

A complaint against TAFE, the TAB and the Lotteries Commission received in November 2000 was closed in September 2001, the complainant having decided to take no further action, following an explanation from the agency that it applied competitive neutrality principles to the activity concerned.

Five written complaints were received in 2001 (against the University of Adelaide; City of Whyalla; Passenger Transport Board; South Australian Tourism Commission; and Parks and Wildlife SA).

Only one (Parks and Wildlife SA), received on 6 November 2001, was assessed as being within the scope of GBE Act. It was referred to the agency for initial investigation and possible resolution.

A complaint against ARRB Transport Research Pty Ldt made in 2000 to the Commonwealth Competitive Neutrality Complaints Office was concluded in 2001. The complaint was not upheld.

Three complaints are carried forward into 2002. All are being investigated by the Competition Commissioner.

A summary of complaint statistics and formal complaint information appears in Tables 1 and 2 below.

TABLE 1: SUMMARY OF COMPLAINT STATISTICS FOR 2001

	Complaints investigated	Completed investigations				Incomplete investigations			
		Upheld		Dismissed		In progress	Terminated – Trivial/ vexatious/ mala fide	Terminated – Complaint withdrawn	Other
	Number	Number	Av. time to recommend	Number	Av. Time to recommend	Number	Number	Number	Number
State	5	0	n/a	4*	n/a	1	0	0	0
Local Government	0	0	n/a	0	n/a	0	0	0	0
Total	5	0	n/a	4	n/a	1	0	0	1

On hand 1/1/01- 3. Add complaints received – 5. Less complaints completed – 5 (4 ultra vires, 1 not proceeded). On hand 31/12/01 - 3*All were considered ultra vires.
In addition, a multi-jurisdictional complaint which was received by the Commonwealth Competitive Neutrality Complaints Office and includes a South Australian department was investigated by the Commonwealth office. The complaint was not upheld.

TABLE 2: FORMAL COMPLAINTS FINALISED IN 2000

Date of receipt of complaint	*Target of complaint*	*Nature of complaint* [1]	*Findings of investigation and recommendation*	*Date of formal advice to complainant*	*Date of formal advice to target of complainant*	*Action taken or proposed following recommendation* [2]	*Other relevant information* [3]
22/11/00	Regency TAFE, SA Totalizator Agency Board and SA Lotteries Commission	Refusal of SATAB and SALC to make gaming machines available to the complainant, a training provider, but providing access to Regency TAFE.	None. The matter was resolved without referral of the matter to, or findings and recommendations from, the Competition Commissioner. The complaint was assessed as ultra vires regarding SATAB and SALC. SALC advised it would consider another request from the complainant. The Department of Education Training and Employment advised that the activity which was subject of complaint applied the principles of competitive neutrality to its pricing.	4/6/01	4/6/01	N/A	Complaint closed 21/9/01
7/6/01	SA Tourism Commission	Local tourist association intended to use a grant from the SATC to expand its accommodation service. This would bring it into competition with the complainant, a private accommodation booking service.	None. The matter was resolved without referral of the matter to, or findings and recommendations from, the Competition Commissioner. The complaint was assessed as ultra vires.	27/8/01	27/8/01	N/A	N/A
24/9/01	Passenger	Loss of tender to	None. The matter was resolved without	10/10/01	N/A	N/A	N/A

	Transport Board	rival private bus and coach operator following competitive tender process.	referral of the matter to, or findings and recommendations from, the Competition Commissioner. The complaint was assessed as ultra vires.				
13/10/01	City of Whyalla	Commonwealth grant to council to produce a software package which was to be made available to local governments on a non-commercial basis. This would place the complainant, a software producer, at a disadvantage.	None. The matter was resolved without referral of the matter to, or findings and recommendations from, the Competition Commissioner. The complaint was assessed as ultra vires.	6/12/01	6/12/01	N/A	Office of Local Govt advised of outcome. The complainant was originally referred to the CN Complaints Secretariat by the OLG.
8/11/01	University of Adelaide	The University intended to establish a private senior secondary school on the University grounds. The complainant argued the costs were not calculated using competitive neutrality principles.	None. The matter was resolved without referral of the matter to, or findings and recommendations from, the Competition Commissioner. The complaint was assessed as ultra vires.	27/11/01	N/A	Universities advised of the State Competitive Neutrality policy.	N/A

(1) brief description including any issues peculiar to the complaint; (2) including action by : Minister, target of complaint and dissatisfied complainants(3) including reason for delay in resolving complaint where applicable

3.3 STRUCTURAL REFORM

3.3.1 Electricity

The electricity sector was the subject of considerable structural reform in 1998 and 1999. Developments during 2001 are reported in section 4.1.

3.3.2 SA Lotteries Commission

In November 2000, legislation to prepare the SALC for sale was defeated in Parliament. Although foreshadowed in the previous report, there have been no further structural reforms for SA Lotteries in the context of ongoing public ownership pending the completion of the overarching gambling legislation review.

3.3.3 SA Totalizator Agency Board

On 15 August 2001, the Government announced the sale of SA TAB to TAB Queensland Ltd. Settlement was completed on 14 January 2002.

3.3.4 ForestrySA

On 1 January 2001 the South Australian Forestry Corporation Act 2000 came into effect. The Act established the SA Forestry Corporation (known as ForestrySA) as a government business and applied the full provisions of the *Public Corporation Act 1993.*

3.3.5 Ports

On 16 October 2001 the Government announced the divestment of Ports Corp to the Flinders Port consortium. Settlement was completed on 2 November 2001. The consortium has commenced a 99 year lease of Ports Corp land and has purchased wharves, buildings, plant and equipment and the ongoing business. Section 16 of the *South Australian Ports (Disposal of Maritime Assets) Bill 2000* enables the Governor to repeal the *South Australian Ports Corporation Act 1994* on a date to be determined.

In April 2001 the Government submitted a report on its structural review to the NCC. The NCC will consider the compliance of the South Australian ports structural reform process with Clause 4 of the CPA in light of its pending decision on whether to recommend certification of the legislated third party access regime in accordance with Clause 6. The Council is still considering this matter.

3.3.6 Education and Training Services

The Department of Education, Training and Employment has identified a range of activities which have been determined as significant business activities and which will be subject to competitive neutrality reform. The pricing structures of these activities, in particular, Curriculum Material Sales, Distribution Centre Services and the International Program have been reviewed in order to ensure compliance with the cost reflective pricing principles established by the South Australian government.

There are currently eight publicly owned TAFE Institutes responsible for the delivery of vocational education and training services in South Australia. These operate as units within the Department of Education, Training and Employment.

During 2001, the then South Australian Government endorsed an arrangement to pilot a new governing structure for the Institutes, preceding the introduction of the TAFE (Governance Reform) Amendment Bill 2001 into Parliament. The Bill was not passed before the calling of the State election.

3.4 LEGISLATION REVIEW

This section provides the Government's annual report for the 12 months to December 2001 on the review of legislation that restricts competition, as required by clause 5.(10) of the CPA.

3.4.1 Reviews completed by December 2001

Good progress continued to be made during 2001 with reviews of the 178 Acts containing restrictions on competition. The legislation review timetable was updated and re-published in March 2000. It was also updated and attached to the *Report to the NCC for 2000*, also published on the Department of Premier and Cabinet's internet site. Attachment 1 shows the Acts listed for review and gives brief details, including whether the review has been completed. The reviews are grouped by portfolio.

Currently 150 reviews have been completed and 27 are underway (9 of these are national reviews).

A list of review reports provided to the NCC for reviews which were not listed as completed in the legislative review update table in the 1998 Annual Report, and where the government has made a policy decision on the recommendations forms Attachment 2.

Only the review of the Ports Corporation Act remains to be commenced and as this Act is scheduled for repeal when the SA Ports (Disposal of Maritime Assets) Act 2001 becomes fully operational (likely to be in 2002), no review will be undertaken.

3.4.2 Specific Reviews

The following have been identified by the NCC as priority issues. The NCC has commented on South Australia's performance in relation to the review or the implementation of recommended reforms in these areas, either in the Third Tranche Assessment or in supplementary working papers sent in September 2001.

Architects Act

The Commonwealth Treasurer released the final Productivity Commission report on 16 November 2000. An inter-government working group, with a representative from each State and Territory, was set up to develop a national response to the review. This group is expected to present its proposed response to CoAG for consideration shortly.

Barley Marketing Act
The Act requires a review of the single export desk to be conducted at the end of November 2002. South Australia will discuss the review with the NCC during bilateral discussions prior to the NCC making its assessment in June.

Children's Protection Act
The review report recommended that restrictions in section 6(1) were unjustified and may limit the Court's ability to appoint an officer best suited to needs of the child. Cabinet approved drafting amendments on 21 August 2000.

Chiropodists Act
Cabinet approved the drafting of amendments to the Act. A draft Bill has been drafted.

Chiropractors Act
Cabinet approved the drafting of amendments to the Act. A Bill is being drafted.

Compulsory Third Party Insurance
The Government released an Indicative Response to the National Competition Policy review of Compulsory Third Party (CTP) bodily injury insurance arrangements in February 2001. The decision to retain the Motor Accident Commission (MAC) as the sole provider of CTP insurance in South Australia was reaffirmed in September 2001, following a period of public consultation. The Government considered that the review demonstrated that a sole provider scheme is cheaper for motorists than a multi-provider scheme and that the objectives of CTP legislation – universal coverage, fair claims settlement, (maximum) affordability of premiums, fairness and community acceptability as well as minimum financial risk to the Government – cannot be achieved except by restricting competition through compulsion, community rating and provision by a single statutory authority.

The decision to retain MAC as the sole provider was considered to be in the public interest and in terms of National Competition Policy requirements within the range of outcomes that could reasonably be reached based on the evidence available.

All documentation (including reports commissioned from Tasman Asia Pacific/Macquarie Bank, the South Australian Centre for Economic Studies (SACES) and Trowbridge Consulting) was released at the time of public consultation. In addition, South Australia responded in September 2001 to queries raised in the NCC's letter of 4 June 2001, which followed up on an earlier meeting between South Australian and NCC officials. South Australia also offered to meet with officers from the NCC to expand on the points raised and work through the case in the Government's indicative response.

The NCC advised in January 2002 that it wished to explore further the public interest justification for a monopoly provider. The NCC has asked for any further information "which offers more conclusive and quantitative evidence of the respective costs and benefits to South Australia of CTP insurance provision under different market structures", for instance, more detailed information on claims costs by private and government providers of CTP as well as "a more definitive treatment of the benefits (actual and potential) of each form of service delivery".

In particular, the NCC has advised that it "does not believe that the SACES report provides sufficient evidence to support several of its conclusions. That is, its conclusions do not satisfy the CoAG requirement of falling within the range of outcomes that could be reasonably reached from the evidence that SACES provides". In this regard, the NCC refers to the Tasman Asia Pacific/Macquarie Bank report and its own analysis.

Relative costs

In relation to relative costs, the NCC comments that the inference that should be drawn from the Tasman Asia Pacific report findings that claims costs are similar in both New South Wales and South Australia is unclear. It further comments that "it does not point in any conclusive way to a case for either monopoly or multiple provision of CTP insurance. The central question is what arrangement best delivers South Australia's CTP objectives: the industry structure that produces the lowest claims cost is an important aspect of this."

As was noted in South Australia's response of September 2001, the Tasman Asia Pacific report said that "it is inappropriate to form a definitive judgment on the relative costs of alternate market structures from the available data." The differences between States in scheme structures, claims experience etc make it impossible to reach a definitive conclusion about relative costs. What can be concluded, however, is that even after all the adjustments to data made by Tasman Asia Pacific in reducing the apparent cost level in New South Wales relative to South Australia, the cost levels were about the same in the two States. As South Australia noted in its response, "This in itself indicates that the cost comparisons are favourable to South Australia, as was confirmed by the more neutral analysis by SACES."

In relation to the "central question" posed by the NCC, therefore, South Australia considers that the available information, including the SACES report, does provide the necessary "evidence" that the existing industry structure, that is CTP provision by a statutory authority, produces the lowest cost outcome. Importantly, this arrangement is also the only one that delivers the CTP objectives of universal coverage, fair claims settlement, (maximum) affordability of premiums, fairness and community acceptability as well as minimum financial risk to the Government.

South Australia referred to the Queensland CTP review in its September 2001 response. As the NCC has noted, this provided a comparison of a monopoly provider and the Queensland scheme that existed at that time (changes have been made to the Queensland scheme subsequent to the review).

The Queensland legislation review of CTP insurance undertaken by Argyle Capital estimated that premiums could be $36 lower under a State monopoly than under the fixed premium private multi insurer market in Queensland (but the NSW multi provider file and write model could add $15 to premiums). Overall efficiency (ie average premiums paid as claims) was highest in Western Australia (69.9%) and South Australia (69.1%) and lowest in NSW (57.2%), with Queensland second-lowest (62.8%).

The report says that “the examination of various alternative schemes has highlighted the advantage of a Government monopoly with economies of scale, the capacity to take a longer-term view in premium setting and the capacity to reserve in profitable periods” (p32).

Despite the reported benefits of a monopoly, the report did not favour a move away from a competitive outcome – it was commented that this “would tend to deny the history of the scheme” (p 120). The arguments against introduction of a government monopoly largely reflect possible disruption of moving from the status quo – including adverse impacts on existing insurers – and the assumption of operational risks by the Government. Neither of these issues is relevant in the South Australian situation of an existing Government monopoly – conversely, there would be costs in moving away from the status quo of a Government monopoly.

The HIH Experience

Since the review was completed, the failure of HIH has resulted in substantial additional costs for those States in which there were private sector providers of CTP insurance. South Australian taxpayers were spared those costs, due to control and responsibility resting with the statutory authority, the Motor Accident Commission (MAC), the sole provider of CTP insurance in this State. The HIH situation has demonstrated that governments and taxpayers are at risk even when compulsory third party insurance is privately provided. Consequently, there is an argument that the public provision of the service allows governments to better manage that risk.

In relation to the HIH experience, one of the factors that the NCC raises is that good prudential supervision is a requirement for prevention of failure by either public or private insurers. The advantages of public ownership in this regard is that it avoids costs associated with the establishment of a separate regulatory framework by the State to ensure that its CTP objectives are being met, including minimising tis financial risk (notwithstanding the move by the Australian Prudential and Regulation Authority to improve national regulation). A sole provider also enables the Government to more readily monitor operations. (It is further noted that the CPA specifically is not intended to promote public or private ownership and is "neutral" regarding "nature and form of ownership of businesses".)

Economies of scale/system improvements and niche marketing

Other aspects raised by the NCC relate to existence of economies of scale and scope, system improvements and niche marketing. In relation to economies of scale, the NCC notes that there are smaller private providers in Queensland and New South Wales and that this suggests "that it is not necessary to legislate for a monopoly for economies of scale to be realised." As we have indicated above, there are no comparable data available to conclusively demonstrate at what level economies of scale might operate. Similarly, it is difficult to provide "evidence" that multiple insurers have less incentive to invest in system improvements or would engage in unacceptable levels of niche marketing - nevertheless, these concerns remain valid in ensuring that CTP objectives are met. As the NCC notes, it would require the Government to regulate to ensure that private sector providers allocated resources for system improvements to reduce litigation and fraud. Further, as indicated above, the evidence is that sole provision is cheaper overall.

Community rating

In its January 2002 letter, the NCC also discusses the issue of community rating in relation to concerns about niche marketing and suggests that insurers should be allowed to adjust premiums according to risk.

As the Government's indicative response detailed, the benefit of community rating is 'fairness':

"The potential costs of community rating are associated with the loss of price signals to owners/drivers. For example, a proportion of young drivers might now be on the road (particularly the less affluent young and those without access to a vehicle registered by an older person) and causing a higher accident rate because premiums are affordable compared with "actuarial' premiums. Also, statistically, lower income individuals tend to be involved in more accidents – the number of such individuals now on the road might also be higher and accident levels higher than otherwise because of community rating.

The case for community rating is closely linked to that for compulsion in that it is necessary to regulate premiums for high risk owners/drivers so as to prevent an insurance entity defeating a requirement on it to provide cover to all comers. Also, as with other forms of societal compulsion such as taxes, ultimately compulsory CTP relies on community acceptance which appears to be greatly aided by 'community rating' – the essential feature of which is uniform, or not greatly dissimilar CTP premiums for most owners/drivers. The benefits of community rating are intrinsic in the community's revealed preference for the elimination of potentially large differences in premiums which might otherwise be faced by different individuals.

In turn, that community acceptance/preference may be based on a view that motor vehicle usage is an essential individual requirement or right subject to adherence to road traffic laws and the public safety regulation of drivers through driver licensing. For example young people seeking or having obtained employment in non-CBD areas or country based young people reliant on a motor vehicle, would pay the same as other motorists. "

The SA Centre for Economic Studies concluded that "there are equity and compliance benefits of community rating and the associated costs do not appear to be large" (p11).

As the indicative response further comments:

"A key objective of community rating is to ensure that CTP insurance premiums are affordable for all motorists. Unlimited risk rating would increase overall costs because of the additional complexity of the system. It would also result in very large premium increases – the Centre suggests perhaps several hundred dollars – for high risk groups. The TAP report notes that commercial decisions might still result in some degree of cross-subsidies. It is likely that risk rating would not differentiate between responsible drivers within a high risk group, such as young drivers. As the Centre comments "Equitable premium setting is not just a question of income distribution. It might also be deemed unfair to use "blunt" statistical discriminators

which are cheap for an insurer to devise but tend to lump together people with different circumstances" (p9).

The issue of compliance is also of concern – as the Centre notes, "without community rating it is likely there would be a higher number of uninsured vehicles on the road and avoidance of higher premiums through registration in other people's name."

The TAP report also indicated that an alternative premium capping subsidy approach to maintaining affordability would be quite complex under a multi provider model .

The indicative response therefore concluded:

"Unlimited risk rating would increase overall costs because of the additional complexity of the system and there could be substantial premium increases for high risk drivers. It would not meet the affordability objective and could be inequitable. The community tends to accept that motor vehicle usage is an essential individual requirement or right subject to adherence to road traffic laws. Driver's licence penalties are a direct and superior method of driver regulation."

Economies of scope

In relation to economies of scope, the NCC suggested MAC's ability to achieve these was limited by it being restricted to dealing only in CTP insurance but noted that SACES argued that economies of scope could be achieved through outsourcing. Claims management is outsourced by MAC to SGIC General Insurance Ltd. Investment management is also substantially outsourced by MAC. Colonial First State Investments Ltd manages funds across all sectors in which MAC invests, excluding direct property. In addition, Fidelity Investments Australia Ltd manages international equities for MAC. Recently, Mapie Brown Abbot and UBS Australia Ltd have also begun undertaking funds management for MAC. MAC also outsources the collection of premiums to Transport SA, Registration & Licensing Office to gain synergies, economies of scale and, hence, savings. We note that a decision to outsource or conduct functions in house is a normal business decision that will be considered on its merits.

In conclusion, South Australia considers that it has demonstrated a clear public interest case for retention of a single statutory authority as provider of CTP insurance in this State.

Dentists Act

Amendments to the Dentists Act 1984 passed through Parliament and have partly come into operation. The amendments provide for the removal of provisions preventing qualified specialised dentists from practicing general dentistry, enabling dental therapists to also practice in the private sector under the control of a dentist but limited to working on children, allowing the registration of dental technicians, enabling clinical dental technicians to fit partial dentures once competency has been demonstrated to the Dental Board, extending the membership of the Board and Professional Conduct Tribunal to include a dental prosthetist, dental technician, dental therapist, and another consumer representative to the Board and the Tribunal, removal of restrictions on advertising, requiring adequate professional indemnity insurance and prohibiting

employers from unduly influencing employees to perform dentistry detrimental to consumer welfare. Ownership restrictions were also amended, giving the Minister having the power to make exemptions from the restriction. There is already non-dentist ownership of dental practices and this is expected to increase.

Development Act

The review was completed in July 1999. The review report made several recommendations for change or further investigations that might lead to change. The majority of these have been implemented. However, the recommendations that are yet to be implemented or are not supported by the State Government are summarised below.

1. Recommendations relating to the same development assessment processes for government business enterprises which engage in business activities for profit and complete directly with the private sector.

The State Government supports the retention of the separate Crown development assessment process set out in section 49 of the *Development Act 1993*. The section 49 process is required so that the provision of public infrastructure can proceed efficiently. However, in response to the review recommendation, two new requirements for the assessment of Crown developments, similar to those imposed upon the private sector, were included in the Government's Development (System Improvement Program) Amendment Act 2000. These amendments came into operation on 2 April 2001.

2. In relation to the application of the Building Rules to Crown development, the principle of occupant safety should not be compromised by exemptions to the Act.

Crown buildings built prior to the operation of the *Development Act 1993* are exempt from the fire safety provisions of the Act. A Cabinet Directive has been drafted for consideration by State Cabinet, which ensures that State agencies address the upgrading of, safety and access to Crown buildings through the adoption of risk management and asset management processes.

3. Application of the use of private certification to provisional Development Plan consents in the case of complying kinds of development.

A Working Party was convened to determine the response to this recommendation. The Group has presented its final report to the Government, which is considering the recommendations. The Working Party has recommended that the use of private certifiers for complying kinds of development should not be introduced immediately. The Working Party formed the view that the arguments for private certification should be reviewed in two years time when other recommendations relating to development assessment processes have been acted upon.

4. Removal of the requirement in regulation 86 of the Development Regulations 1993 for a person with recognised planning qualifications to provide a report on a non-complying development application, and on an amendment to a Development Plan.

On 15 March 2001 Regulation 86 was amended to delete the requirement for a report from a qualified planner on non-complying development applications, thus implementing this portion of the Review Panel's recommendation.

The State Government does not support the deletion of the requirement for professional planning advice on the preparation of amendments to Development Plans. The retention of the requirement for professional advice in relation to Development Plan amendments is justified by reference to the potentially wide impact of zoning decisions. The cost of compliance in relation to Plan amendments is borne by Councils and the direct impacts on competition are, therefore, minimal.

5. Other jurisdictions have lesser periods of post graduate experience before qualification to act as a private Building Rules certifier, than the 8 years experience required by Regulation 91 of the Development Regulations 1993 – this discrepancy should be examined.

The Australian Building Codes Board is currently considering this matter with the goal of formulating a nationally agreed level of experience to be required by private Building Rules certifiers. When the Board adopts a nationally agreed position, the State Government will amend Regulation 91 of the *Development Regulations 1993* to reflect this agreed position.

In addition to the above, amendments have also been made to the Development Act which are designed to deter commercial competitors from initiating or financially supporting the initiation of court proceedings by a third party for the purpose of delaying a potential competitor's approved development.

Fair Trading Act

In response to comments by the NCC in the Third Tranche Assessment, the relevant agency has been asked to review the Act to ensure that any provisions beyond those which duplicate parts of the Trade Practices Act are reviewed according to the clause 5(1) principles. This may not be achieved before 30 June 2002, but as this Act is not on the schedule of Acts to be reviewed, it is considered reasonable to report on the outcome of the review in the Annual Report for 2002.

Fisheries Act

South Australia's principal fisheries legislation, the *Fisheries Act 1982,* is currently under review. An Issues Paper was released for comment during 2001 and feedback from stakeholders has been incorporated into a draft Final Report. The South Australian Government has not yet considered the draft Final Report.

It is noted that this review did not consider the provisions in the *Fisheries Act 1982* that deal with farmed fish (aquaculture). These were examined in the development of a new Aquaculture Act.

Gambling

A comprehensive review of all gambling legislation is well advanced and a draft report is near completion. The review covers the following Acts:

- Authorised Betting Operations Act
- Casino Act

- Independent Gambling Authority Act
- Gaming Machines Act
- Lottery and Gaming Act
- State Lotteries Act

The majority of the Racing Act has been repealed and the remaining sections will be repealed as relevant sections of the above Acts become operational.

Land Agents

The Government endorsed review recommendation. The recommendation can be achieved without amending the Act. The Commissioner for Consumer Affairs has implemented the recommendations administratively (the recommendations were matters within his discretion).

Liquor Licensing

Several restrictions on the sale of liquor were removed by the Liquor Licensing Act 1997. The new Act retains the concept of "proof of need" to contain the number of outlets and also retains the requirement that liquor can only be sold from stores devoted entirely to liquor sales.

The Government undertook to reconsider the case for the needs criterion. The new Attorney-General has yet to address the issue of a review of these provisions.

Medical Practitioners

Amendment were introduced into Parliament. The Bill lapsed following the announcement of the State election and will have to be re-introduced.

Mining Act, Opal Mining

The review of the *Mining Act, 1971, Opal Mining Act, 1995* and *Mines and Works Inspection Act, 1920* and the respective Regulations thereunder is nearing completion. A Consultation Paper was sent to organisations interested in the review process.

Occupational Therapists

Cabinet approved the drafting of amendments to the Act. A draft Bill is being prepared.

Optometry

The review has been completed and is being considered by the Minister.

Petroleum Products (Regulation) Act

The Department of Treasury and Finance and the Department for Administrative and Information Services have jointly reviewed the Petroleum Products Regulation Act 1995. The review report takes account of submissions received during the public consultation phase on the Issues paper prepared by the review panel. The review report is to be considered by the Government.

Pharmacy

A national review of the Pharmacy Act has been completed. A working party appointed by Senior Officials has completed its report which is awaiting consideration by CoAG.

Physiotherapists
Cabinet approved drafting of amendments. A Bill has been prepared.

Poultry Meat
The South Australian Government is in the process of reviewing the Poultry Meat Industry Act 1976. A previous attempt to repeal the Act was unsuccessful due to grower concern at their exposure to the market power of the processors. Five year authorisations to Steggles (now Bartters) and Inghams are due to expire on 11 June 2002, and 30 June 2002 respectively. A draft Bill and a Consultation Paper are in preparation for public comment.

Santos
In September 2000 the South Australian government announced an independent review of the Santos Limited (Regulation of Shareholdings) Act 1989, The Act restricts any one shareholder from having more than a 15 percent shareholding in Santos Ltd.

On 11 July 2001 the Government announced that it had considered the findings of the independent review and resolved to make no change to the Act. The decision to continue to present arrangement reflects the importance of South Australia of gas supply from the Cooper Basin.

Shop Trading Hours Act 1977
"The South Australian *Shop Trading Hours Act 1977* (the Act) was reviewed in 1998 and amendments to the Act were made on 21 October 1998 through the Parliamentary process. The review received 644 submissions from a range of stakeholders and showed that there was polarised community views on the need for deregulation of shop trading hours in South Australia.

Subsequent to this review, further amendments to the Act were made in December 2000. These provided for the implementation of deregulated trading hours for shops in the Glenelg Tourist Precinct. The review that led to these amendments also found that there were significantly polarised views from interested stakeholders.

The South Australian Government believes that the benefits achieved through the 1998 amendments and the Glenelg Tourist precinct proposal represent an outcome that provides greater amenity for the public of South Australia and balances the competing stakeholder interests on this issue. It is also a pragmatic, achievable result which reflects the Parliamentary realities which operate in this State at present.

The South Australian Government considers that it has complied with the requirements of National Competition Policy in relation to Shop Trading Hours arrangements. It has reviewed the *Shop Trading Hours Act 1977* and ensured that this review provided the opportunity for a wide variety of interested parties to comment. The South Australian Government amended the Act and provided an outcome which offered a greater range of choice for consumers and balanced the stakeholder interests in the issue."

Taxis
The review of this Act was undertaken by consultants and the report was released by the Minister for Transport and Urban Planning on 8 November 2000. The report is published on the Passenger Transport Board website at: http://www.adelaidemetro.com.au. The review is with the Minister for Transport and Urban Planning for consideration.

Trade Measurement
Once the national review of the Trade Measurements Act is completed, South Australia will review the provisions of the Trade Measurement (Administration) Act which apply specifically to South Australia. It should be noted that this Act was not on the schedule of Acts to be reviewed.

Trade Standards
The review of the Act did not recommend reforms. The Government has endorsed the report and a copy was provided to the NCC in early March 2002.

Veterinary Surgeons
The Review was prepared by May 2000 and approved by Cabinet in September 2000. It was distributed to stakeholders who participated in the Review, and has thus been effectively publicly released. A new Veterinary Practices Bill is under consideration by Cabinet for introduction to the next session of Parliament.

Advertising restrictions were removed in June 2000 except those covering bringing the profession into disrepute, those containing misleading statements or those comparing the advertising veterinary surgeon with other veterinarians. However these restrictions are contained in subordinate legislation and will be looked at again after the Bill is passed by Parliament.

Wheat
The provisions of the Wheat Marketing Act 1989 which are not related to the national marketing scheme have been reviewed and the restrictions have been assessed as trivial.

Workers Rehabilitation and Compensation Act 1986
A draft report was released for comment on 25 May 2000. A draft final report has been prepared and its expected to be forwarded for the Minister's consideration in March/April 2002.

It is understood that Victoria and Queensland have both completed similar reviews and have both concluded that a statutory monopoly is justified under NCP principles.

3.4.3 New legislation

Clause 5(5) of the Competition Principles Agreement requires proposals for new legislation containing restrictions on competition to be accompanied by evidence that the legislation is consistent with the principles in clause 5(1). The guidelines issued by the Department of Premier and Cabinet in February 1998 remind SA portfolio agencies of this obligation.

Agencies are adopting a model process for dealing with NCP issues in new legislation prepared by the Department of Premier and Cabinet and approved by the all Department Chief Executives on 28 November 2001. The process involves considering restrictions on competition during the development of a policy which may lead to new legislation or amendments to existing legislation; identifying in the Cabinet submission seeking approval to draft the legislation that these issues have been considered; and commenting on the issues in the second reading speech of Bills going to Parliament.

This process is published on the Department of Premier and Cabinet internet site, at www.premcab.sa.gov.au.

3.4.4 Ten Year Review

Following the completion of the scheduled legislation reviews, clause 5(6) requires the systematic review of legislation which restricts competition at least every ten years.

It should be noted that in South Australia subordinate legislation lapses at the end of ten years, and must be remade. This will bring into play the processes for the review of new legislation described above.

3.5 THIRD PARTY ACCESS

3.5.1 Port Facilities

In October 2001 the SA Government sold the business of the South Australian Ports Corporation at six of the nine Government owned and operated ports.

The *Maritime Services (Access) Act 2000* ("the Act") came into operation on 26 October 2001. The Act establishes a third party access regime which may be applied by proclamation to nominated ports and to a range of maritime services, namely: channels, pilotage, berths, loading and unloading facilities, storage, and land used in connection with a maritime service. The Act has been proclaimed to apply to the six ports sold in October, and to a seventh port operated by another private enterprise. At present it has been proclaimed to apply only to channels, pilotage, certain nominated common user berths, and bulk handling (loading and unloading) facilities.

The Act provides that proclaimed "maritime services" generally are subject to the negotiate and arbitrate requirements of the access regime, while a sub-set defined as "essential maritime services" is also subject to price regulation by the South Australian Independent Industry Regulator ("SAIIR"). All access disputes are referred to the SAIIR, who may conciliate and arbitrate, and may also appoint a separate arbitrator.

The South Australian Government has submitted an application to the National Competition Council seeking a recommendation by the Council that the Commonwealth Minister certify the access regime as "effective", pursuant to s.44M of the Trade Practices Act. The Council is still considering the application.

3.5.2 Rail Facilities

The Tarcoola to Darwin Railway is subject to an access regime established by South Australian and Northern Territory legislation, namely the Australasia Railway (Third Party Access) Act 1999 of each jurisdiction. The legislation commenced in both jurisdictions on 2 September 1999, and was certified as an effective access regime by the Federal Treasurer on 21 March 2000.

In accordance with contractual arrangements with Asia Pacific Transport Pty Ltd, the consortium contracted to build and operate the railway, there is a joint obligation on the Governments of the Northern Territory and South Australia to commence the access regime so that it takes effect upon the later of the date of completion of the new railway, or 1 July 2003.

The State has been advised that at present the estimated date for completion of the railway is in the first quarter of 2004 and the commencement date for the access regime will be timed to coincide with this date.

Aulron Energy Limited has lodged an application with the NCC for a declaration under Part IIIA of the Trade Practices Act 1974 for services provided by the Wirrida - Tarcoola railway line. The Council has called for written submissions from interested parties with a view to making a recommendation to the Commonwealth Minister in 2002.

3.5.3 Gas Fields

The Petroleum Act 2000 was proclaimed on 25 September 2000. This Act implements the reforms outlined in the Upstream Issues Working Party Report to ANZMEC and CoAG.

Petroleum Exploration Licences 5 and 6 under which the SA Cooper Basin had been explored since, effectively, 1953 expired on the 25 February 1998. Three rounds of bidding for new licences have been held. Successful bidders are known but award of licences awaits resolution of Native Title issues.

Commercial arrangements between new explorers and the Cooper Basin partners are being negotiated for access to existing exploration infra-structure.

3.6 LOCAL GOVERNMENT

The application of competition principles to the Local Government sector in South Australia is continuing, consistent with the Statement on the Application of Competition Principles to Local Government (the so-called Clause 7 Statement).

Clause 7 Statement

As previously reported, the Clause 7 Statement was revised in May 2000. The new statement provides greater definition and guidance with respect to the meaning of “business” and “significant” for the purposes of competitive neutrality policy. In addition, it requires Councils to include in their annual report information on

significant business activities, the application of competitive neutrality (including complaints) and the review and reform of by-laws. Information from Councils 2000/2001 annual reports has been used as the basis for the following report. As a consequence, the reporting period for Local Government in this report is for the 2000/2001 financial year.

Significant Business Activities

It has been previously reported that councils have identified all significant business activities and determined which competitive neutrality principles are to apply to them. Councils continue to review these arrangements and, as a consequence, there has been a slight change in the reporting of significant business activities from the last report.

The pattern established since the commencement of NCP implementation and reporting in South Australian Local Government continued during the reporting period. Generally speaking, councils are only involved in small-scale business activities and cost reflective pricing is the most common principle being applied to achieve competitive neutrality.

There are four councils conducting Category 1 business activities. The Adelaide City Council (the local governing body for the central business district in Adelaide) the District Council of Mount Barker, the City of Mitcham and the City of Unley.

The five Category 1 business activities previously reported by the Adelaide City Council remain the same for this reporting period. (North Adelaide Golf Links, Central Market Authority, Off Street Parking (U-Park), Property Management and Wingfield Waste Management Centre). An organisational structure has been implemented in the Adelaide City Council that separates its business activities from its other activities, and commercialisation principles are being applied.

The District Council of Mount Barker conducts the Monarto Quarry, which was classified as a category 1 business in the second year of its operation. Commercialisation is the competitive neutrality principle being applied.

The City of Mitcham and the City of Unley jointly run a fully commercial cemetery operation as a Category 1 business via a separately incorporated subsidiary.

Councils reported on a total of 34 Category 2 business activities. These are almost exclusively small scale, with caravan parks occurring most frequently. Table 3 below summarises the Category 2 activities and the principles being applied to them – cost reflective pricing (CRP), commercialisation (COM) or corporatisation (COR).

In the majority of cases, cost reflective pricing is the principle being employed to achieve competitive neutrality. For a number of the caravan park operations the small scale of the activity means that the cost of implementing a formal cost reflective pricing regime would outweigh the benefits. In these instances the councils ensure that they are charging at least the market price for the activity, on the assumption that this is a reasonable proxy for a cost reflective price.

TABLE 3 – Category 2 significant business activities

Nature of Activity	Number	CRP	COM	COR
Caravan Parks	20	19	1	
Works/Development	3	3		
Recreation centres	3	3		
Waste management	1	1		
Function centres	1		1	
Saleyards	1	1		
Small tourist facility	1	1		
Utilities	2	2		
Rural Transaction Centre	1	1		
Multipurpose recreational, sport and tourism facility management	1			1

By-laws

As previously reported, each council has identified by-laws that may restrict competition and, where appropriate, initiated reform of the by-laws.

All by-laws in South Australia are subject to a sunset clause - after seven years of operation they lapse. Under the terms of the new Local Government Act 1999, any new by-laws made must not restrict competition to any significant degree unless there is evidence that the benefits of the restriction outweigh the costs and that the objectives of the by-law can only be reasonably achieved by the restriction.

All council by-laws, when made, are also examined by the Legislative Review Committee of Parliament, which must ensure that they are in accordance with the general objects and intent of the legislation under which they are made. The Committee may move for the disallowance of a by-law.

Competitive neutrality complaints

The State Government complaints mechanism in the Department of Premier and Cabinet was established to receive and consider complaints made about the implementation of national competition policy by both State and Local Governments.

Before a complaint is assigned to an independent Competition Commissioner the matter must have been referred to the Local Government agency for investigation (or further investigation) and report, but not have been resolved by agreement between the parties during that process. The Clause 7 Statement advises councils to establish their own formal mechanism to handle complaints, and a draft model was prepared to provide guidance. If, after investigation by Local Government, the complainant is dissatisfied with the response the matter can be referred to the State Government and investigated under that process.

No council reported a competition related complaint in the 2000/2001 financial year.

4. RELATED REFORMS

The Agreement to Implement National Competition Policy and Related Reforms makes provision of specified financial assistance by the Commonwealth conditional on the States making satisfactory progress with the implementation of the requirements of the Conduct Code Agreement and Competition Principles Agreement and also with implementation of related reforms which have been the subject of separate CoAG agreements. These related reforms include:

- establishment of a competitive national electricity market;
- national framework for free and fair trade in gas;
- strategic framework for the efficient and sustainable reform of the Australian water industry;
- road transport reforms.

4.1 ELECTRICITY

Under the *Agreement to Implement the National Competition Policy and Related Reforms*, the third tranche obligations for the relevant jurisdictions (New South Wales, Victoria, South Australia and the ACT) are to:

- have given full effect to, and continue to observe fully, the Competition Policy Inter-governmental Agreements;
- have fully implemented, and continue to observe fully, all COAG agreements with regard to electricity, gas, water and road transport.

With respect to electricity, this refers to aspects such as:

- the ability for customers to choose which supplier, including generators, retailers and traders, they will trade with;
- non-discriminatory access to the interconnected transmission and distribution network;
- no discriminatory legislative or regulatory barriers to entry for new participants in generation or retail supply; and
- no discriminatory legislative or regulatory barriers to interstate and/or intrastate trade.

Continued Structural Reform in South Australia

Since becoming a party to the National Competition Policy the South Australian Government has been pursuing a timetable of reform and restructuring of the electricity sector.

The disaggregation of the electricity sector was completed on the 12 October 1998. The previous Government embarked on a program of transferring these entities to the private sector. This program was completed on 31 October 2000, with the sale of the transmission company, ElectraNet.

All seven electricity sector companies are now either owned or leased by private sector firms. The disaggregated structure has been strictly maintained. Each former government-owned generator is now owned by separate private sector interests.

Generation is structurally separated from transmission and full 'ring-fencing' of the retail and distribution businesses has been achieved through separate private ownership of each entity.

The South Australian Government's Clause 4 review of the South Australian electricity supply industry made recommendations as to how best to introduce competition into the electricity industry by restructuring and selling South Australia's electricity assets. This report was assessed by the NCC as being "rigorous and independent" *(*Second Tranche Assessment, page 187).

Save for implementation of Full Retail Competition, South Australia has met its NCP obligations, with the structures now in place.

Regulation

Pursuant to the COAG third tranche agreement the South Australian Government has put in place a regulatory structure to observe and maintain the pro-competitive structure of the electricity generation and retail businesses.

The South Australian Independent Industry Regulator (SAIIR) was established under the *Independent Industry Regulator Act 1999*. The South Australian Governor appointed Lewis W. Owens to this position, for a term of 6 years, which commenced on the 1 January 2000.

The *Independent Industry Regulator Act 1999*, ensures the independence of this position by requiring that the SAIIR is not subject to Ministerial direction. The SAIIR can only be removed from office under specific circumstances and is appointed for a fixed five-year term, with the first appointment being for six years.

The functions of the SAIIR are set out in the *Independent Industry Regulators Act*:

- Promote **competitive** and fair market conduct;
- Prevent misuse of **monopoly** or **market power;**
- Facilitate **entry** into relevant markets;
- Promote economic **efficiency**;
- Ensure consumers benefit from **competition** and **efficiency**;
- Protect the interests of consumers with respect to reliability, quality and safety of services and supply in regulated industries;
- Facilitate maintenance of the financial viability of regulated industries.

The new Government intends to enhance the functions and authority of the SAIIR through establishment of an Essential Services Commission.

In addition to the SAIIR, the Government also created the Electricity Supply Industry Planning Council (ESIPC), under the *Electricity Act 1999*. The purpose of this Council is to provide advice to the government and SAIIR on the future development of the South Australian Power System.

ESIPC has responsibility for the continued obligations on network services providers in respect of inter-regional network planning. In addition to having a representative

on the Inter-Regional Planning Council (IRPC), ESIPC also provides resources and information to facilitate inter-regional planning.

The South Australian Government has maintained the Office of the Technical Regulator. The Technical Regulator was established under the *Electricity Act 1996* and the *Gas Act 1997*. It has the principal functions of:

- monitoring and regulation of safety and technical standards in the electricity supply industry;
- monitoring and regulation of safety and technical standards with respect to electrical installations;
- administration of the provisions of the Act relating to the clearance of vegetation from powerlines;
- any other functions assigned to the Technical Regulator under the Act.

An independent Electricity Ombudsman Scheme has been established and commenced operations on the 4 January 2000. The Ombudsman is responsible for resolving disputes between the entities and customers.

An Electricity Pricing Order was issued on 11 October 1999. This order sets out:

- Prices charged by the transmission business until 2003;
- Prices charged by distribution business until 2005 and provides guidance for future regulatory periods; and
- Prices charged to franchise customers until 2003 and prices for small country customers beyond 2003.

These regulatory bodies are designed to ensure that the South Australian Electricity Supply Industry remains competitive, has the ability to plan into the future and that the safety and security of the power system remains a priority.

New Entrants

The South Australian Government has actively assisted new sources of generation into the South Australian region. The new 500MW Pelican Point gas-fired generation plant, as a public infrastructure project, received planning approval in accordance with section 49 of the *Development Act 1993*.

The South Australian Government has also been an active supporter of further electricity interconnection, in addition to the current significant (500MW) interconnection that exists with Victoria through Heywood.

The proposed Murraylink 200 MW non regulated interconnector has been endorsed as a public infrastructure project in accordance with section 49 of the *Development Act 1993*. Assistance provided to the proposed SNI interconnector includes:

- SNI being declared a Major Development by the Minister for Transport & Urban Planning on 27 January 2000;
- With the approval of the Treasurer, the Regulator (SAIIR) on 7 June 2000 issued a licence exemption enabling TransGrid to undertake various route and survey work to prepare its EIS for the proposed line.

In addition, since commencement of the NEM an 80MW gas-fired plant has been installed by Origin Energy at Ladbroke Gove in the South East.

The new Government will actively pursue further interconnection, such as the SNI link with NSW.

Full Retail Competition

South Australia customers are continuing to become contestable consistent with the following timetable, which is laid out in Regulation (Regulation 5A, *Electricity (General) Regulations 1997*).

South Australian Contestability Timetable

Tranche	Contestability Date	Annual Electricity Consumption (GWh)	Customer Numbers (sites)	Annual Energy Consumed (GWh)
1 & 2	20 December 1998	≥ 4 GWh	147	3,406
3	1 July 1999	≥ 0.75 GWh	630	1,140
4	1 January 2000	≥ 0.16 GWh	2,329	790
5	1 January 2003	Remaining customers	730,677	5,089

South Australia is actively participating in the national FRC decision-making structure and is progressing jurisdictional issues associated with the implementation of FRC in South Australia from 1 January 2003

4.2 GAS

COAG endorsed the Natural Gas Pipelines Access Agreement (the Agreement) in November 1997. The Agreement establishes the basis for a National Third Party Access Code (the Code) for Natural Gas Pipeline systems, both transmission and distribution. The Agreement stipulated that the Code was to be given legal effect by a uniform Gas Pipelines Access Law, with South Australia as the lead legislator.

In this capacity, South Australia enacted the Gas Pipelines Access(South Australia) Act 1997 (the Act), which came into operation on 30 July 1998. The Gas Pipelines Access Law and the Code are set out in the schedules to that Act.

The Act came into operation after the Commonwealth legislation received the Governor-General's assent on 30 July 1998. The Commonwealth legislation is integral to the operation of the National Access Regime. South Australia as the lead legislator had its gas pipelines access regime certified by the Commonwealth Minister as "effective" on 8 December 1998. This prohibits the use of the "declaration" pathway within the Trade Practices Act 1974 to obtain pipeline access.

The High Court held, in re Wakim on 17 June 1999, that the Constitution prevented State legislation conferring jurisdiction on the Federal Court, even when Commonwealth legislation has purportedly consented to such conferral of jurisdiction. This decision has resulted in the conferral of jurisdiction on the Federal Court in the Act being invalid, and the Act requiring amendment. All Parties to the Agreement have put forward changes to their enabling legislation, which have been agreed by all Parties. Changes required to be made by South Australia in its capacity as lead legislator were agreed to by all parties, and came into operation on 28 January 2001. Owing to this necessary amendment, the process of certification was delayed.

In July 1997, the Gas Act 1997 came into effect, establishing a new regulatory regime for the gas industry. The Act provides for separate licences to operate pipelines and to undertake gas retailing, thereby ensuring effective separation of these activities. Energy SA supports the Technical Regulator in carrying out these functions. In July 1997, the pipeline networks previously owned by Boral in South Australia (eg Adelaide, Mt Gambier, and Berri) were sold to Envestra Limited, an energy infrastructure company. This sale meant that the former pipeline and retail parts of Boral within South Australia were legally separated. Neither of the legal entities which own/operate gas pipelines within South Australia, namely Epic Energy and Envestra have been issued with a licence to enable them to retail or sell natural gas. Origin Energy (formerly Boral) the main natural gas retailer in South Australia, along with other entities including Terra Gas Trader have been issued with licences to retail natural gas, but not for the operation of gas pipelines.

It is the South Australian Government's view that such structural separation, along with the provisions of the South Australian Gas Access Regime ensures the continued separation of the natural monopoly element of the gas industry, namely the pipelines, from the retailing element.

The structural separation of the competitive retailing aspect of the gas industry from the natural monopoly pipeline element is seen as consistent with National Competition Policy. The 1997 COAG Natural Gas Pipelines Access Agreement applies the access regime to both transmission and distribution pipelines, rather than just transmission pipelines as noted in the February 1994 COAG communique. It seems inconsistent with the seamless approach to pipeline access, that ownership of transmission pipelines should preclude ownership of distribution pipelines. From this it is concluded that clause 10 of the February 1994 agreement is satisfied as long as structural separation is maintained.

The Gas Pipelines Access (South Australia) Act 1997 establishes the South Australian Independent Access and Pricing Regulator (SAIPAR) for gas distribution pipelines in South Australia. SAIPAR released a final decision on access to South Australia's distribution network on 21 December 2001. The national access regime makes the ACCC the national regulator of transmission pipelines. The ACCC made its final decision on the Moomba to Adelaide pipeline access arrangement on 14 September 2001.

Retail Contestability

In the Third Tranche Assessment, the NCC stated that:

> "Jurisdictions have made good progress in implementing natural gas reform. The most significant remaining issue is the implementation of full retail contestability. The Council will monitor progress in this area for the NCP assessment in 2002." (Third Tranche Assessment, page 7.29)

Pursuant to the 1997 inter-governmental agreement, the legal barriers to contestability of gas retailers have been removed according to the following timetable:

Date	April 1998	1/7/99	1/7/2000	1/7/2001
Annual TJ	>100	10 –100	<10 (non domestic)	All customers

All natural gas consumers have now been legally contestable since 1 July 2001. While it is the South Australian Government's view that removing legal impediments to retail competition in gas is sufficient to satisfy the 1997 inter-governmental agreement, it is working with industry to facilitate the development of systems and market arrangements to encourage the entry of alternate gas retailers.

In the 1997 intergovernmental agreement, South Australia had considered the potential difficulties in providing gas retail choice to all customers and noted that "The precise timing of the final tranche of contestable customers (ie domestic) will be the subject of a review prior to 2001 of any technical and economic constraints"

The dates for legal contestability were not changed as a result of technical or economic constraints and all gas consumers are now legally contestable. In practice, however, the removal of legal barriers to contestability is not synonymous with actual retail competition. Recent barriers to the introduction of retail competition include:

- Absence of third party access arrangements for distribution and transmission pipelines. However, in September 2001 the ACCC made its final decision on the transmission pipeline access arrangement, and in December 2001 the SAIPAR made its final decision on the distribution system access arrangement.
- Lack of spare firm capacity on the Moomba to Adelaide transmission pipeline.
- A need for the industry to develop market rules to allow for the orderly management of customer transfers between retailers.

Access to firm gas supplies into Adelaide remains a major problem for the introduction of retail competition, as there is currently inadequate transmission capacity on the Moomba-Adelaide pipeline. Consumer retail choice is contingent on the resolution of this issue.

The SA Government had anticipated this problem and attempted to facilitate the early development of a new pipeline into South Australia by undertaking a Request for Submissions (RFS) process seeking proposals for new gas supply options into South Australia so as to improve the security and competitiveness of gas supply into South Australia whilst facilitating industry development. This process resulted in the selection of an alliance of demand side parties as the successful proponents, proposing to construct a 45 PJ per annum (compressible up to at least 60PJ per annum) pipeline (the SEA Gas pipeline) from Western Victoria to Adelaide by December 2003, subject to the conclusion of gas supply and haulage contracts.

It is anticipated that this supply problem will be resolved within the next few years with the development of either or both the proposed SEA Gas pipeline and the Duke Energy pipeline from western Victoria.

One of the other major practical barriers to competitive retailer entry has been the need for customer transfer systems and rules to permit the orderly transfer of customers between retailers. A “manual” customer transfer system based on a network and consumer transfer code and supplementary industry protocols for all telemetered sites, will become operational upon the approval of Envestra’s distribution access arrangement. This system will cover all customers with adequate (telemetered interval) meters.

In order to facilitate the introduction of competition in the industrial market and better manage daily gas flows, telemeters are being progressively installed as part of the access arrangement on all gas sites using over 10TJ per annum. Customers using less than 10TJ can access the manual customer transfer system by installing telemetry at their own expense, but in practice it is expected that only the top 200-400 customers will be interested in manual transfers.

The Gas Full Retail Contestability Committee, chaired by the Technical Regulator, has been established to address problems associated with the introduction of full retail contestability, and retail competition. It comprises representatives of the Office of the Technical Regulator, SAIPAR and industry representatives including various retailers, Envestra Limited (the owner of the South Australian Distribution network), the current and prospective transmission pipeline owners, Terra Gas Trader, and others. The Committee is addressing issues such as:

- development of automated customer transfer systems suitable for the mass market;
- balancing apportionment and reconciliation of gas where there is more than one user on a pipeline whose consumption is not metered daily;
- consumer protection;
- dispute resolution procedures;
- communication with consumers about the introduction of full retail contestability; and
- appropriate legislative frameworks.

The committee has developed a Network and Consumer Transfer Code which has been accepted by the Technical Regulator, and which applies as a licence condition under sections 25 and 26 of the Gas Act 1997. Issues addressed in this Code include balancing and apportionment and responsibility for installation and protection of metering equipment. The FRC Steering Committee is also developing the interim manual transfer rules mentioned above.

It is currently anticipated that automated transfer systems could be in place in early 2003, subject to industry preparedness and cost benefit analysis of system development to meet this time-line.

4.3 WATER

With regard to water, COAG agreed to a Strategic Framework for the reform of the Australian Water Industry. The *Agreement to Implement the National Competition Policy and Related Reforms* deals with issues including:

- natural resource management
- providing water for the environment
- pricing (including the treatment of cross subsidies)
- more rigorous approaches to future investment
- trading in water entitlements
- institutional reform
- improved public consultation

Water Reform in South Australia

South Australia has made significant progress in implementing the COAG strategic water reform framework. Importantly the legislative, policy, and institutional reforms have seen the continued achievement of many on-ground outcomes through 2001.

The reforms are resulting in improved decision making with the community and better balancing of the competing demands on water resources. Catchment water management boards are now playing a very important role in community education and involvement, as well as linking organizations involved with managing land and water across the catchment, through their planning processes.

The formation of the Department for Water Resources has brought together the policy, planning, regulatory and management activities necessary to achieve a strong, consistent and collaborative focus on water issues. The Department established a key focus for water resource management, by raising the profile of water, and providing improved coordination across government through its lead role.

The Department for Water Resources is also leading strategic planning for future water resources management in urban areas. A principal aim is to continue to foster and initiate innovative water source and supply strategies and ensure the strategic use of existing water infrastructure in order to enhance our water supplies.

South Australia has already identified the importance and potential for water reuse. Major wastewater treatment and reuse projects have been implemented for Bolivar and Christies Beach, as a result of Environment Improvement Programs developed between EPA and SA Water. Storm water treatment and reuse through wetlands and Aquifer Storage and Recovery (ASR) schemes has been implemented at numerous sites, with large wetland developments linked to ASR schemes under construction at Parafield and Morphetville.

In addition to the non-traditional use and re-use of water, improved techniques for reduced consumption and smarter re-use are being actively promoted through television advertising campaigns backed by information brochures.

The South Australian Water Policy Committee is an inter-departmental committee comprising Chief Executives of the ten government departments and chaired by the

Department for Water Resources. The committee provides high level, integrated policy advice to the Government on water-related matters. It has established a number of sub-Committees and groups to coordinate and report on various current water reforms. These groups have made significant progress over the last year in the continued implementation of the CoAG water reforms. The groups include:

- Lower Murray Reclaimed Irrigation Areas Steering Committee,
- South Australian Water for the Environment Coordinating Committee,
- State Water Monitoring Coordinating Sub Committee,
- Mount Lofty Ranges Watershed Protection Office
- River Murray Land and Water Management Plan Steering Committee
- River Murray Wetlands Technical and Policy Advisory Groups
- State Floodplains Committee

The new State Water Plan 2000, a strategic plan for water for the whole of the South Australian Government, was adopted in October 2000. The State Water Plan 2000 contains 47 action statements, and foreshadows a number of targeted plans aimed at coordinating activities and policies in high value areas. These include wetlands, floodplains and estuaries, all recognised for their high biodiversity values and importance in maintaining healthy water dependent ecosystems.

The implementation of this plan is already demonstrating the benefits of a coordinated approach to water resource management across government. The Ministers for Water Resources, and Environment and Heritage jointly launched the Wetlands Strategy for South Australia in January 2002. The development of other strategies and action plans identified in the State Water Plan is now the focus of attention, with the Department for Water Resources forming a strategic link in leading each of these inter-departmental teams.

South Australia is providing for environmental water requirements through the rollout of water allocation plans - fourteen in total to date. Catchment water management boards have been instrumental in this process, developing community ownership of the water allocation plans through their education and consultation programs. This now means that most of our water resources are subject to strict licensing regimes and compliance programs. The security provided to allocations has increased the value of water, enhanced water trading, and as a result also increases economic activity across the regions.

A key strategic water resource for South Australia is the catchments in the Mount Lofty Ranges. 2001 has seen the commitment of a further $4.8million over four years to water monitoring and resource assessment. This complements existing commitments of $40 million to major strategies aimed at improving land management practices, rehabilitating waterways and riparian vegetation, and monitoring and enhancing water quality in these catchments. These programs are coordinated through the Mount Lofty Ranges Catchment Program and Watershed Protection Office.

2001 has marked the beginning of a new era in water resources management for the Murray Darling Basin, with priorities moving towards the health of the River Murray. The Murray Darling Basin Commission (MDBC) and Ministerial Council (MDBMC)

acknowledged the need to return some water to the River Murray in order to improve its ecological values and increase flows out of the Murray Mouth. The MDBMC adopted 15 high level objectives for the River Murray including fish passage from the sea to Hume Dam, and committed to a policy for restoration of adequate flows to the Murray. The next step is to determine how much water is needed and how these flows can be achieved.

Other significant highlights for the Murray Darling Basin Initiative in 2001 were the launch of the Murray Darling Basin Salinity Management Strategy, the River Murray (SA) Salinity Strategy and the Dryland (SA) Salinity Strategy. These projects mark the commencement of a new round of investment and regulatory strengthening to manage salinity in the River Murray. Over the next seven years, through the National Action Plan for Salinity and Water Quality and the MDBC, around $60M will be spent in the River Murray region on further salt interception and related activities. Most of the work so far has focused on planning and capacity building for this investment. 2002-2003 will see a substantial increase of the work in this area.

The Murray Darling Basin is not the only surface water basin shared with other States by South Australia. The Lake Eyre Basin is the largest internal drainage basin in the world. South Australia shares this basin with Queensland and the Northern Territory. This year marked the signing of an intergovernmental agreement between Queensland, the Commonwealth and South Australia for the management of that basin.

Developing the right policy instruments to account for the decrease in yield of water resources as a result of land use change has taken a great deal of time and resources. Changing land use (in particular through forestry) and its impact on the yield of water resources is an emerging pressure throughout Australia (not just South Australia) including the Murray Darling Basin. A number of other pressure points have emerged. Significant forest expansion in the South East of South Australia affecting the groundwater recharge in the region, and the potential for similar expansion in the Adelaide region to affect surface water yields sparked investigations of the impact. These have found that both these water resources are reasonably secure for the foreseeable future within the current management arrangement.

An example of the success of the new water resource management and service delivery structures can be seen in the Eyre Peninsula. Increasing development in the region is stretching the existing water supply network. The newly formed Eyre Peninsula Catchment Water Management Board, the Department for Water Resources, and SA Water are working together to develop a solution that meets the economic, social and environmental constraints developed by each of these organisations. Water resource management has been improved through the introduction of water licenses for all commercial, industrial and agricultural users controlled through new water allocation plans. This is resulting in a more detailed consideration of the environmental issues, and involves extensive education and consultation with the local community. SA Water is investigating options to conserve water in the region, and augment supplies (including the use of desalination).

Water Pricing

- In November 2001, legislation was passed to remove free water allowances that currently apply to commercial customers. The change will be implemented on a revenue neutral basis from 2002/03 with full water use charges for these customers being phased in over 5 years.

- In relation to sewerage pricing, preparations are well progressed to introduce a broader based trade waste charge to apply to major dischargers to the sewerage system. Consultation with the dischargers affected was undertaken in the later half of 2001. The new charges are scheduled for implementation in 2002/03 with full charges being phased in over 5 years.

- The *Water Resources Act 1997* provides for water or land based levies to be raised to fund integrated natural resource management programs and projects incorporating management of water, land, vegetation and biodiversity identified by the Catchment Water Management Boards. This is a move towards accounting for the environmental costs of water use, and cost recovery for water resource management effort. The Boards are responsible for a broad range of activities to ensure the sustainable use of the catchment's water resources. (Water Resource Planning Committee can undertake this role via special purpose levies where catchment boards have not been established).

- South Australia has already provided a complete description in the Third Tranche Assessment Report on Water Reforms in regard to what purposes water and land based levies are raised for, and what levels these levies are currently set at. The expansion of the area of the State covered by catchment water management boards has seen an increase in the area subject to levies, including the Eyre Peninsula region for the first time.

- South Australia has demonstrated its commitment to protecting environmental water requirements through backing the new water allocation plans with substantially increased penalties for illegal or use in excess of water allocation. Penalties have reached up to $15/kL for unlicensed water use.

- SA Water's Contribution to Government (Dividend plus Income Tax) is based on cash flow rather than accounting profit. Cash flow is applied as it avoids complications of accounting adjustments including prior year adjustments, changes in accounting policy and capitalisation issues.

- The contribution formula determines an annual contribution at 55% of earnings (before financing costs of interest and depreciation) less stay in business capital. The formula was agreed by Cabinet and applied for the first time in 2001/02. The rate (55%) was determined by benchmarking and is at the upper end of contributions made by Government owned Australian Water Utilities. The top rate for these organizations was 60%.

- SA Water monitors the rate against benchmarks on an annual basis.

- The NCC has again raised the issue of the transparency in water price setting South Australia continues to note that the power to set water and sewerage

prices resides with the Minister responsible for SA Water, rather than SA Water itself and that the Minister's recommendations are approved by Cabinet, so that the actual decision on prices is made by Cabinet itself. This matter will be taken up with the NCC in bilateral discussions.

- Rural service provision in South Australia is a private sector concern. Ownership and management of previously government owned irrigation districts has been devolved to private irrigation trusts.

Water Allocations and Entitlements

- The *Water Resources Act 1997* provides for a comprehensive system of transferable property rights for water allocations in accordance with the COAG requirements.

- Formal recognition and protection of environmental water provisions for prescribed resources are provided under the *Water Resources Act 1997*. The main vehicle for achieving this is the relevant water allocation plan that must be prepared for all prescribed resources by either a catchment water management board as a part of its catchment water management plan, or where a board does not exist, by the relevant water resources planning committee.

- The relevant board or committee is required to identify both environmental water requirements and provide for regular monitoring. Therefore, instead of issuing a water licence for environmental requirements (as in the case of consumptive use), environmental water provisions will be formally recognised and protected through the legally binding provisions of water allocation plans.

- An adaptive management approach is built into the regular, community-based review of these plans. If the results of monitoring indicate that the resource is over-allocated to consumptive use, then this can be addressed through making appropriate adjustments to the water allocation plan via the review process.

- Fourteen of the fifteen water allocation plans were completed by 2 January 2002. The remaining one, for the River Murray, has been completed with public consultation undertaken, however is awaiting approval and endorsement by the Minister for Water Resources. This has been delayed as a result of the state election.

- The Water Resources Act 1997 provides an established process for the management of stressed water resources. This includes a range of tools from moratoriums on increased water use, consulting with the community when potentially stressed and developing areas are identified to determine the most appropriate management tools, and prescription of areas. South Australia has an ongoing process for monitoring and assessment of water resources to identify stressed resources. This is demonstrated through:

    - The prescription of the Tintinara Coonalpyn Prescribed Wells Area and Morambro Creek Prescribed Watercourse and Prescribed Surface Water Area (in the Upper South East). Water allocation plans are now being prepared for

these areas. The plans will protect water dependent ecosystems and better manage these water resources.

- The proposed prescription for the Great Artesian Basin, water resources in the Baroota area, and also the Marne River and Saunders Creek in the eastern Mount Lofty Ranges. The Minister for Water Resources is currently consulting with the community to identify the best method to achieve improved water resources management in these areas. Presuming these areas are prescribed, water allocation plans will then be prepared for these resources.

- There are several water resources requiring management attention, which are not prescribed but which are located in catchment water management board areas. Although water allocation plans are not required in these cases, the management needs of these resources will be addressed in the relevant board's catchment water management plan.

- Eight catchment water management boards have now been established, and cover 95% of the area of the state. To date two boards have their catchment water management plans endorsed by the Minister under the Act. A further three boards have completed their plans, and are currently undertaking public consultation on their drafts prior to endorsement by the Minister. The remaining three boards are still undertaking the rigorous consultation and research necessary for the development of these comprehensive plans.

Water for the Environment

- The State Water Plan 2000 established a state-wide policy for water for the environment with a framework of integrated policies for the management of all water-dependent ecosystems such as wetlands, riparian zones, estuaries and floodplains. This is a significant policy advance as previously the policy approach to the management of these ecosystems was fragmented and lacked focus.

- The policies on water for the environment in the State Water Plan 2000 establish principles and a process for determining and improving environmental water provisions. These policies are used in developing water allocation plans.

- The Wetlands Strategy for South Australia, an action from the State Water Plan 2000, was jointly launched by the Ministers for Water Resources, and Environment and Heritage in January 2002. The development of other strategies and action plans identified in the State Water Plan is now the focus of attention, with the Department for Water Resources forming a strategic link in leading each of these inter-departmental teams.

- The Department for Water Resources leads the South Australian Water for the Environment Coordinating Committee, charged with the responsibility for developing a 'water for the environment' strategic plan for South Australia. This will address the issues of roles and responsibilities, research and monitoring needs, and communication of the extensive programs currently being undertaken across the state. It will lead to a greater integration of effort, and strategic knowledge generation.

- South Australia is continuing to improve its knowledge of environmental water requirements. Water dependent ecosystems in South Australia rely either on seasonal wetting from larger rivers (e.g. the River Murray), ephemeral streams, or shallow groundwater systems. There is little information available on the latter two sorts of systems, which comprise the majority of the water dependent ecosystems. Currently there are many investigations and research activities occurring in South Australia in regard to this need. They include:

    - *Environmental flow requirements in Australian arid zone rivers* (ARIDFLO) project. This is a large-scale research project investigating the hydrology/ecology relationships in rivers of the Lake Eyre Basin. It will provide valuable knowledge and tools upon which to base water resources management decisions for arid zone rivers.
    - *Mid-North River Management Planning* project has completed assessments of environmental water requirements for the Wakefield, Broughton and Light Rivers. The environmental water requirement assessments were used as a basis for setting policies for the Clare Valley Water Allocation Plan.
    - Onkaparinga Catchment Water Management Board is conducting a two-year study on environmental water requirements and environmental water provisions for the Onkaparinga River catchment. This study will integrate ecology, hydrology and socio-economic analyses.
    - The Southern Region of Councils is undertaking a study of the Onkaparinga Estuary.
    - River Murray Catchment Water Management Board is conducting two projects. The first is to determine environmental water requirements for the temporary streams of the eastern Mount Lofty Ranges. The second is to develop an environmental flow decision support system for the River Murray in South Australia.
    - There are a numerous other environmental flow related projects being undertaken for the River Murray including:
        - Fish passage through the Barrages,
        - Weir Manipulation for enhanced watering of wetlands,
        - Lower Lakes and Coorong Water Management Study,
        - Murray Mouth Sediment Modelling Project,
        - Lower Murray Scientific Panel Study, and
        - the Barrages Environmental Flow Scientific Panel Study.
    - South East Catchment Water Management Board has conducted a desktop study on environmental water requirements and provisions for groundwater-dependent ecosystems in the South East. The results of this study formed the basis for the development of provisions for water dependent ecosystems in the water allocation plans.
    - A number of other important studies are being undertaken in the South East by the Department for Environment and Heritage. These include
        - wetlands waterlink projects (to provide habitat corridors between wetlands),
        - grazing impacts on wetlands,
        - the impact of groundwater drains on seasonal wetlands, and
        - a hydrological assessment of South East swamps.

Trade in Water Entitlements

- South Australia continues to improve its water licence registry system. It is currently developing an improved Water Information and Licence Management Application (WILMA). The South Australian Government has committed $2.1 million to the project. The greatest benefit will be in the change to client centred operation from property centred. This will enable members of the public to be more readily able to access information.

    - The first stage of WILMA has been completed.
    - The second stage will see a range of internet based services and information come on line over the next two years, including a water licence registry, on-line access and lodgement of licence applications, transfers and other forms. The greatly improved access to information to the community will provide greater public confidence to stimulate trade in water.
    - Stage 3 of WILMA, will extend support for water trading by integrating the trading function and automatically registering the results of trades within the system. An e-commerce capability will be a key feature of stage 3, allowing customers to lodge applications, review their own information and make payments via the Internet. Stage 3 will also incorporate integration with DWR's GIS systems, providing up-to-date information to support resource assessment and management functions.

- The commitment to metering, and a move to volumetric based licences as detailed in the State Water Plan 2000 will result in the potential for increased availability of water through savings brought about by water use efficiency improvements. Community support for steeper penalties for over-use of water (ie use in excess of licensed allocation) will further stimulate both the leasing and permanent trade in water allocations to avoid hefty penalty charges of up to $15/kL (depending on the area and volume in excess of allocation).

- The MDBC is undertaking a trial for interstate trade in the Mallee area (Sunraysia and the Riverland) of the Murray-Darling Basin. The pilot project commenced on 1 January 1998 for a period of 2 years or until a net volume of 10 gigalitres has been traded from any jurisdiction. The trial will identify impediments to interstate trade of water entitlements. South Australia is participating in an MDBC review of the pilot trading scheme to ensure the principles, policies and administrative procedures are operating effectively and that the environment is adequately protected. Options are also being examined to expand the trial in terms of participants and geographical extent. To September 2000, there were a total of 53 interstate trades representing a volume of 9.8GL. All but six of these trades were transferred into South Australia representing a net volume of 8.8GL being traded into South Australia. South Australia supports the continuation of interstate trade, and is working to resolve details to allow for the expansion of trading boundaries.

- Strong intra-state trade in water allocations continued along the River Murray in South Australia. Both intra and interstate River Murray water allocations have been traded to irrigators within the Barossa Valley. Having purchased a River Murray allocation through the trading market, these Barossa irrigators have

negotiated an arrangement with SA Water to transport their allocations to the Valley via surplus capacity in the Swan Reach – Stockwell pipeline. The new Barossa Irrigation Limited pipeline scheme has increased the capacity to supply irrigators in the Barossa, and has the potential to further stimulate trade in allocations on the River Murray.

- Although water allocations are being traded within the South East Region of South Australia, the water market is very thin. The community remains divided on the merits of water trading. A consultancy entitled "Opportunities to improve water trading in the South East of South Australia" was undertaken by CSIRO Land and Water Division. The final report was delivered in November 2000 and addresses the following:

    - Identifies the issues currently constraining water trading
    - Develops/identifies a range of processes for the establishment of an effective water market
    - Identifies the critical success factors for water trading
    - Identifies the experiences from elsewhere, which have proved to be unsuccessful or inappropriate for prudent resource management.

- Policies supporting water trading have applied to the Mallee Prescribed Wells Area since 1997 but little trading activity has occurred due to community concern and uncertainty. However a recent substantial trade has generated significant interest in the district which may facilitate an increase in trading activity.

- Water trading has continued in the Northern Adelaide Plains area. Reclaimed water from the Bolivar Sewage Treatment Works is progressively being allocated and some limited trade in this valuable resource is already being observed.

- Policies in the water allocation plans across all areas of the state allow for trade within environmental constraints.

Institutional Reform

- The Government has implemented policies and arrangements to devolve management responsibility for irrigation areas to the irrigators. Eight major irrigation areas that were formerly owned and operated by the Government have been established as Private Irrigation Trusts under the Irrigation Act 1994. The Loxton Irrigation District is one of the last major irrigation areas to be converted to self-management. All formal approvals and processes are now complete, including a floodplain health study as part of the assessment of the environmental sustainability of the project. The area was establishment as a private irrigation district on 1 July 2001.

- In the Lower Murray Reclaimed Irrigation Area the Government owns and operates nine irrigation districts. The Government is currently reviewing options for future management of these districts and to assist in this task it has appointed an Irrigation Advisory Board drawn from irrigators to provide advice. The Board is appointed under the Irrigation Act and reports to the Minister for Water Resources. The South Australian Water Policy Committee, in overseeing the privatisation of the Lower Murray Reclaimed Irrigation Area, appointed a Steering

Committee. This Committee has worked with the Board, and undertaken a number of studies. These included an assessment of the economic viability and environmental sustainability of flood-irrigated dairying on the Lower Murray Swamps. A funding study has just been completed, and the outcome of this will determine the option taken in the rehabilitation of the Lower Murray Reclaimed Irrigation Areas.

Environment and Water Quality

- Development of the Environment Protection (Water Quality) Policy has taken longer than anticipated due to the large number of submissions received during the extensive consultation period required under the Environment Protection Act. Changes made as a result of the submissions received must also be subject to a further round of consultation with bodies prescribed by the Act. The Policy, when approved, will become subordinate legislation under the *Environment Protection Act 1993* and will further enhance the implementation of National Water Quality Management Strategy in South Australia. When it comes into effect the Policy will be a key regulatory instrument in South Australia for the protection of water quality in surface and underground waters.

- A State Water Monitoring Coordinating Committee was established in South Australia in 1998 with representation from key agencies involved in water quality and quantity monitoring. A document entitled "Roles, Responsibilities and Framework for Water Monitoring in South Australia" has been produced and endorsed by agencies. This has facilitated the development of an integrated monitoring network between Department for Water Resources, Environment Protection Authority, SA Water and catchment water management boards, which is especially important in monitoring and assessing the health of water dependent ecosystems.

- The Environment Protection Agency has prepared a report looking at the issues associated with water quality in the Mount Lofty ranges watershed near Adelaide. The report entitled "The State of Health of the Mount Lofty Ranges Catchments: from a Water Quality Perspective" contains a number of important initiatives to reduce the risks to water supplies. This report led to the formation and funding of the Mount Lofty Ranges Watershed Protection Office to undertake and assist in the overseeing of a large range of these initiatives.

- The Directions Statement “Managing Salinity in South Australia” was released in August 2000. This is an umbrella document to the more specific draft State Salinity Strategies. It aims to educate South Australians about salinity, highlight the seriousness of the problem, engender public support, and demonstrate the Government's commitment to act. The more specific strategies will include the River Murray Salinity Strategy and the Dryland Salinity Strategy. The River Murray Strategy outlined the following 5 goals:

    - salinity arising from irrigation will not impact on the River Valley
    - the health of the floodplain and wetlands will be protected and enhanced
    - regional groundwater discharge into the River Valley will be managed
    - salinity management will be delivered in partnership with an informed and involved community

- actions will be based on scientific knowledge and principles and will embrace innovation and adaptation

Public Consultation and Education

The following programs are currently being undertaken in relation to consultation and public education in South Australia:

- The South Australian Government launched the Watercare program, a broad program targeted at providing consistent community education messages from across government on water related matters. The aim is to better coordinate all community education programs in the water resources portfolio, to ensure correct, consistent, and complementary education is occurring throughout South Australia. The materials will be badged under the 'Watercare' logo, to provide a focus for public recognition of the water conservation messages.

- National Water Week was held in October 2001, and continuing from the impressive response in previous years, involved hundreds of events and activities held throughout the State. It included environmental walks, media water saving campaigns, product displays, newspaper educational features, school activities and displays. A particular focus for 2001 was provided by the slogan of "Water for Life". The week also gave an opportunity to recognise important contributions from individuals and community groups to water conservation and pollution prevention activities.

- An Integrated Schools Package has been produced by the River Murray Urban Users Group which has also worked with teachers and advised them on educational material specific to the Murray Darling Basin.

- 'Waterwise' is a community-based project funded through the National Heritage Trust and Murray Darling Association working with industry to develop best practice water conservation demonstration sites.

- The Water Conservation Partnership Project has been established. The project links local government and the community with state government departments in addressing the issue of water conservation for the benefit of the River Murray. The project will incorporate the production of educational material to be used with councils and residents.

- Extensive consultation is an integral part of the establishment of catchment water management plans and water allocation plans being developed under the *Water Resources Act 1997.*

- There are now a large number of South Australian government and private industry water-related web sites providing educational information and resources on water initiatives.

4.4 ROAD TRANSPORT

The set of national road transport reforms considered under National Competition Policy originate from the Heavy Vehicles Agreement 1991 and Light Vehicles Agreement 1992. The reform programs envisaged under these agreements were subsequently included in the third of the three agreements underpinning NCP, the *Agreement to Implement the National Competition Policy and Related Reforms*.

The assessment framework for road transport reforms was subsequently refined to 19 specific reforms across six modules:

- Road transport charges;
- Dangerous goods;
- Vehicle operations;
- Heavy vehicle registration;
- Driver licensing;
- Compliance and enforcement.

The assessment framework of reforms was agreed by the Australian Transport Council (ATC) in December 1998 and endorsed by the Council of Australian Governments (COAG) in May 1999, as the framework for the second tranche assessment of road transport reform.

The 1999 NCP Second Tranche Assessment concluded that South Australia had implemented 14 of the 19 reforms in full, with the following five reforms expected to be completed in late 1999 onward:

- Reform 2 – Heavy vehicle registration scheme;
- Reform 3 – Driver licensing;
- Reform 4 – Vehicle operation;
- Reform 8 – Common mass and loading rules;
- Reform 13 – Safe carriage and restraint of loads.

By the time of the NCP Supplementary Second Tranche Assessment of Road Transport Reform in March 2000, South Australia had implemented three of the outstanding reforms in full (reforms 4, 8 and 13) and had passed the necessary legislation (the *Motor Vehicles (Miscellaneous) Amendment Act 1999*) to implement the remaining two. The NCP Supplementary Second Tranche Assessment report noted that full on-ground implementation of the registration scheme and driver licensing reforms was delayed by the need to complete computer system changes (scheduled for March 2001), and concluded that it was satisfied that South Australia had taken the necessary action to deliver the second tranche reforms.

As previously reported, South Australia had been implementing the *Motor Vehicles (Miscellaneous) Amendment Act 1999* section by section as computer system changes were made. The last of the system changes were completed in June and July 2001. Accordingly, the last of the national vehicle registration reforms was implemented on 7 June 2001 and the remaining national driver licensing reforms implemented on 5 July 2001.

In November 2000, ATC agreed to a framework for the third tranche NCP assessment. COAG subsequently endorsed the assessment framework.

ATC proposed six reforms as being assessable under the third tranche assessment:

1. Combined vehicle standards;
2. Australian Road Rules;
3. Combined truck and bus driving hours;
4. Consistent on-road enforcement for roadworthiness;
5. Second heavy vehicle charges determination;
6. Ultra-low floor bus axle mass increase.

In South Australia, implementation of these reforms is complete. Reforms 1, 2, 3 and 5 were fully implemented on 1 December 1999 following passage of the *Road Traffic (Miscellaneous) Amendment Act 1999* and promulgation of the following regulations and rules:

- *Road Traffic (Driving Hours) Regulations 1999*;
- *Road Traffic (Road Rules – Ancillary and Miscellaneous Provisions) Regulations 1999*;
- *Road Traffic (Miscellaneous) Regulations 1999*;
- Road Traffic (Vehicle Standards) Rules 1999;
- Australian Road Rules.

In the case of reform 4, consistent on-road reform for roadworthiness, many of the measures were implemented administratively ahead of regulatory change. Full implementation occurred in conjunction with the computer system changes associated with the *Motor Vehicles (Miscellaneous) Amendment Act 1999* in July 2001.

Implementation of reform 6, ultra-low floor bus axle mass increase, was completed in on 7 June 2001 with the promulgation of amendments to the *Road Traffic (Mass and Loading Requirements) Regulations 1999*.

5. BIBLIOGRAPHY

The following three Intergovernmental Agreements were endorsed by Heads of Government on 11 April 1995:

- *Conduct Code Agreement*
- *Competition Principles Agreement*
- *Agreement to Implement the National Competition Policy and Related Reforms*.

The following documents summarise the NCC's assessments for all jurisdictions:

- *Assessment of State and Territory Progress with Implementing National Competition Policy and Related Reforms* - June 1997
- *National Competition Policy and Related Reforms: Supplementary Assessment of First Tranche Progress* - June 1998
- *Second Tranche Assessment of Governments' Progress with Implementing National Competition Policy and Related Reforms* - June 1999
- *Supplementary Second Tranche Assessment Report* - December 1999
- *Assessment of Governments' Progress in Implementing National Competition Policy and Related Reforms, (Third Tranche Assessment), June 2001*
- *Assessment of Governments' Progress in Implementing National Competition Policy and Related Reforms - Water Reforms, June 2001*

Copies of these and other documents on aspects of NCP are available from the National Competition Council in Melbourne, telephone (03) 9285 7474, and can be downloaded from the Council's website at:
http://www.ncc.gov.au

Relevant documents concerning NCP implementation in SA include:

- *Report to the National Competition Council - Implementation of National Competition Policy and Related Reforms in SA* - March 1997
- *Report to the National Competition Council - Implementation of National Competition Policy and Related Reforms in SA* - April 1998
- *Report to the National Competition Council - Implementation of National Competition Policy and Related Reforms in SA* - March 1999
- *Report to the National Competition Council - Implementation of National Competition Policy and Related Reforms in SA* - March 2000
- *Report to the National Competition Council - Implementation of National Competition Policy and Related Reforms in SA - March 2001*

- *Review of Legislation which Restricts Competition - timetable*, June 1996 (updated May 1997, May 1998, December 1999, March 2001)
- *Guidelines Paper for Agencies conducting a Legislation Review under the CoAG Competition Principles Agreement* - February 1998
- *Clause 7 Statement on the Application of Competition Principles to Local Government - May 2000*

- *Structure of Government Business Activities,* March 1995
- *Community Service Obligations - Policy Framework*, December 1996

- *Water and Sewerage Pricing for SA Water Corporation*, December 1996
- *Water and Sewerage Pricing for SA Water Corporation - Final Report of investigation under the Government Business Enterprises (Competition) Act 1996* - June 1997

- *Competitive Neutrality Policy Statement,* May 2000
- *A Guide to the Implementation of Competitive Neutrality Policy* - March 1998
- *A Guide to the Implementation of Cost Reflective Pricing – A part of Competitive Neutrality Policy,* October 2000

Copies of each of these publications are available from the Strategic Policy Division, Department of the Premier and Cabinet, telephone (08) 8226 1931. Some can be downloaded from the Department's website at:
http://www.premcab.sa.gov.au/html/nationalcompcont.html

Attachment 1

LEGISLATION REVIEW REPORTS PROVIDED TO NCC in 2001 and 2002 (as at 4/3/02)

Legislation	Date provided (* denotes electronic version provided)
Agricultural and Veterinary Chemicals (South Australia) Act 1994	18 June 2001
Agricultural Chemicals Act 1955	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Agricultural Holdings 1891 (The)	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Business Names Act 1996	18 June 2001
Children's Services Act 1985	24 August 2001
Chiropodists Act 1950*	18 June 2001
Chiropractors Act 1991*	18 June 2001
Coast Protection Act 1972	4 March 2002
Construction Industry Training Fund Act 1993	18 June 2001
Controlled Substances Act 1984	Not provided - publicly released national reviews (advice 18 June 2001)
Conveyancers Act 1994	18 June 2001
Cremation Act 1891	18 June 2001
Crown Lands Act 1929	4 March 2002
Dairy Industry Assistance (Special Provisions) Act 1978	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Dangerous Substances Act 1979	18 June 2001
Dentists Act 1984*	18 June 2001
Development Act 1993	18 June 2001
Discharged Soldiers Settlement Act 1934	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Education Act 1972	24 August 2001

Electricity (General) Regulations 1997	25 September 2001 (by email)
Electricity (Miscellaneous) Amendment Act 1999	25 September 2001 (by email)
Electricity Act 1996	25 September 2001 (by email)
Electricity Corporations (Restructuring & Disposal) Act 1999	25 September 2001 (by email)
Electricity Corporations (Restructuring and Disposal) Regulations 1999	25 September 2001 (by email)
Electricity Corporations Act 1994	25 September 2001 (by email)
Electricity Corporations Regulations 1997	25 September 2001 (by email)
Emergency Powers Act 1941	26 November 2001
Enfield General Cemetery Act 1944	18 June 2001
Environment Protection Act 1993	4 March 2002
Explosives Act 1936	18 June 2001
Financial Institutions (Application of Laws) Act 1992	Not provided as Act has been repealed.
Firearms Act 1977	18 June 2001
Fisheries (Gulf St Vincent Prawn Fishery Rationalisation) Act 1987	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Fisheries (Southern Zone Rock Lobster Fishery Rationalisation) Act 1987	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Flinders University of South Australia Act	3 February 2002
Freedom of Information Act	24 August 2001
Fruit and Vegetables (Grading) Act 1934	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Garden Produce (Regulation of Delivery) Act 1967	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Groundwater (Border Agreement) Act 1985	24 August 2001
Hairdressers Act 1988	18 June 2001

Heritage Act 1993	4 March 2002
Highways Act 1926	18 June 2001
Independent Industry Regulator Act 1999	25 September 2001 (by email)
Irrigation (Land Tenure) Act 1930	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Land Agents Act 1994 (and supplementary report)	24 August 2001
Land and Business (Sale and Conveyancing) Act 1994	18 June 2001
Land Valuers Act 1994	18 June 2001
Landlord and Tenant Act 1936	Not provided as restrictive sections have been repealed.
Legal Practitioners Act 1981	9 October 2001
Local Government Act 1934	24 August 2001
Margarine Act 1939	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Marginal Dairy Farmers (Agreement) Act 1971	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Meat Hygiene Act 1994	18 June 2001
Medical Practitioners Act 1983*	18 June 2001
Motor Accident Commission (CTP)	25 September 2001
Motor Vehicles Act 1958	25 September 2001 (CTP)
Murray Darling Basin Act 1993	24 August 2001
National Electricity (South Australia) Act 1996	25 September 2001 (by email)
National Parks and Wildlife Act 1972	4 March 2002
Native Vegetation Act 1991	4 March 2002
Natural Gas Pipelines Access Act 1995	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Noxious Insects Act 1934	18 June 2001
Occupational Therapists Act 1974*	18 June 2001
Optometrists Act 1920*	18 June 2001

Passenger Transport Act	NCC obtained from website
Petroleum (Submerged Lands) Act 1982	Not provided - publicly released national reviews (advice 18 June 2001)
Petroleum Act 1940	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Pharmacists Act 1991	Not provided - publicly released national reviews (advice 18 June 2001)
Phylloxera and Grape Industry Act 1995	18 June 2001
Physiotherapists Act 1991*	18 June 2001
Prevention of Cruelty to Animals Act 1985	4 March 2002
Prices Act 1948	18 June 2001
Psychological Practices Act 1973*	18 June 2001
Public Trustee Act 1995	18 June 2001
Radiation Protection and Control Act 1982	Not provided - publicly released national reviews (advice 18 June 2001)
River Murray Waters Agreement Supplemental Agreement Act 1963	24 August 2001
Roxby Downs (Indenture Ratification) Act 1982	21 January 2002
Rural Industry Adjustment (Ratification of Agreement) Act 1990	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Rural Industry Adjustment and Development Act 1985	18 June 2001
Rural Industry Assistance Act 1985	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Sandalwood Act 1930	Not provided as repeal of the Act is recommended (advice 18 June 2001)

Second-hand Dealers and Pawnbrokers Act 1996	Not provided. Assessed as meeting CPA obligations by NCC June 2001.
Second Hand Vehicle Dealers Act 1995	24 August 2001
Seeds Act 1979	Not provided as repeal of the Act is recommended (advice 18 June 2001)
South Australian Film Corporation Act 1972	18 June 2001
South Australian Museum Act 1976	18 June 2001
Southern State Superannuation Act	Annual Report 1999
South Eastern Water Conservation and Drainage Act 1992	24 August 2001
Stock Foods Act 1941	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Stock Medicines Act 1939	Not provided as repeal of the Act is recommended (advice 18 June 2001)
Stony Point (Liquids Project) Ratification Act 1981	21 January 2002
Unauthorized Documents Act 1916	26 November 2001
University of Adelaide Act	3 February 2002
University of South Australia Act	3 February 2002
Vocational Education, Employment and Training Act 1994	18 June 2001
War Service Land Settlement Agreement Act 1945	Not provided as repeal of the Act is recommended (advice 18 June 2001)
White Phosphorus Matches Prohibition Act 1915	18 June 2001
Wilderness Protection Act 1992	4 March 2002