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1 INTRODUCTION

OVERVIEW

At its April 1995 meeting, the Council of Australian Governments (COAG), comprising all Australian governments, signed three Agreements designed to boost the competitiveness and growth prospects of the national economy into the future. The Agreements give effect to a package of micro-economic reform measures that constitute the National Competition Policy (NCP). A background to NCP and an outline of the NCP Agreements are provided at Appendix A.

Under one of the Agreements, the *Competition Principles Agreement* (CPA), governments are required to publish an annual report describing progress in implementing reforms following the application of competitive neutrality and legislation review principles. The Tasmanian Government's Progress Reports meet this requirement and also outline the State's progress in applying the remaining NCP reform principles and NCP sector specific reforms relating to electricity, gas, water and road transport.

This is the fourth NCP Progress Report released by the Tasmanian Government. It outlines the State's progress in applying NCP principles as at 31 December 1999, and later in cases where significant progress has been made. Copies of this report and the April 1999 Progress Report are available at the Department of Treasury and Finance's Internet site: http://www.tres.tas.gov.au. Earlier reports are available from the Department of Treasury and Finance.

For Tasmania, the NCP reform principles are fully in line with the reform directions that the State had commenced prior to April 1995. For this reason, the State has used NCP and the processes that have been consequently established, including the emphasis on consultation and assessment of the public benefit, as a basis for policy development. The Government has consistently applied NCP principles in Tasmania through an open and transparent approach and has now made significant progress in all of the key reform areas.

Tasmania's compliance with the NCP Agreements is evidenced in the positive assessments the State has received from the National Competition Council (NCC) in its recommendations to the Commonwealth Treasurer on whether the State had successfully qualified in full for the first tranche of NCP payments and the 1999-00 component of the second tranche payments. The Commonwealth Treasurer has supported the NCC's recommendations on each occasion. In 1999-00, it is expected that the State will receive $10.8 million in competition payments from the Commonwealth Government in accordance with the NCP Agreements, representing its share of the financial benefits flowing to the Commonwealth as a result of the States and Territories implementing the proposed reforms. Further details on the competition payments, adjusted to reflect the revised inter-governmental financial flows arising from the national tax reforms, are outlined in detail at Appendix A.

REVIEW OF THE NCP AGREEMENTS

The NCP Agreements have now been operational for five years. Two of the Agreements, the CPA and the *Conduct Code Agreement* (CCA), contain provisions for a review of their operation and terms after five years. The other Agreement, the *Agreement to Implement the National Competition Policy and Related Reforms,* does not contain a specific review provision.

Accordingly, a review of the CPA and the CCA has now commenced. It is being undertaken by the parties to the Agreements and is due to be completed by the end of May 2000.

The Tasmanian Government has a very strong interest in this review. While the Government continues to comply with its obligations under the Agreements in their present form, it is committed to ensuring that the concerns that have been raised in relation to the application of NCP to date are fully considered during the review.

In particular, the Government considers that the "public benefit" aspect of NCP is of fundamental importance to its application. That is, under the Agreements, reforms should only be implemented if, on the whole, the benefits to the community of doing so outweigh the costs. However, assessing the public benefit has proven to be a complex and difficult task for governments and independent review groups in some instances.

Tasmania has distinct demographic and economic characteristics. It is distinguished as a regional economy compared with the larger economies of the more highly urbanised mainland States. Given these circumstances, and in light of the concerns raised over NCP, the Tasmanian Government is committed to ensuring that Tasmania's requirements are fully recognised in the application of the Agreements and that the associated principles and processes further the interests of the State as a whole.

Copies of the NCP Agreements are available at the NCC's Internet site: http://www.ncc.gov.au/.

2 REFORMS UNDER THE COMPETITION PRINCIPLES AGREEMENT

Features

- The Competition Principles Agreement commits all Australian governments to progressing micro-economic reforms in a wide range of areas in accordance with a set of well-defined principles. These areas include legislation review, competitive neutrality and monopoly prices oversight.
- The Tasmanian Government's Legislation Review Program is in its final year. The Government continues to make good progress in the implementation of the review timetable and has a work program to complete the outstanding reviews by the 31 December 2000 deadline.
- A detailed account of progress with the legislation review timetable and an outline of the status of a number of major reviews is provided in this Chapter. These major reviews include the *Traffic Act 1925*, the *Taxi Industry Act 1995* and the *Shop Trading Hours Act 1984*. Information on the review status for each Act listed in the timetable is provided at Appendix B.
- Competitive neutrality principles are applied to government business activities in Tasmania, including all significant business activities undertaken by inner budget agencies. This Chapter also provides an update on the Government's progress in this area, including the development of a public benefit test to provide a framework for assessing the costs and benefits of contracting out and privatisation.
- During 1999, the Government Prices Oversight Commission (GPOC) investigated three complaints on the application of competitive neutrality principles by government businesses. These complaints related to the operation of the Community On-line Access Centres, the Printing Authority of Tasmania and the Tattersall's Hobart Aquatic Centre and are outlined in this Chapter.
- This Chapter also provides an outline of pricing policy investigations undertaken and commenced by GPOC since the previous Progress Report, namely for the electricity supply industry, Metro Tasmania Pty Ltd and the Motor Accidents Insurance Board.

LEGISLATION REVIEW

As indicated in previous Progress Reports, the Tasmanian Government's LRP was established under its policy statement of June 1996, entitled *Legislation Review Program: 1996-2000 – Tasmanian Timetable for the Review of Legislation that Restricts Competition* (LRP policy statement). The LRP policy statement was developed in accordance with the requirement of the CPA that parties to the Agreement review and, where appropriate, reform by the end of the year 2000 all legislation that restricts competition.

The LRP policy statement included a timetable for the systematic review of legislation that restricts competition by the year 2000, to ensure that the Government only retains those restrictions that are fully justified in the public benefit. The LRP has provided impetus to the Government's regulatory reform agenda and the Government is committed to reducing the regulatory burden which, in many cases, has restricted the operation of the Tasmanian economy.

The LRP is now in its final year. Since the commencement of the LRP, the Department of Treasury and Finance's Regulation Review Unit has worked closely with agencies responsible for reviewing legislation to ensure that the review timetable is achieved. The LRP has also adapted to take account of issues that have come to light since its commencement, such as further advice from the NCC on review processes and the rescheduling of the review timetable to accommodate an additional number of Acts that were originally scheduled for national review.

Through the LRP, the Tasmanian Government has reviewed, and continues to review, legislation that impacts on areas of significant importance to the State and these reviews have been the subject of considerable interest from members of the Tasmanian community. The following sections detail the Government's progress with the LRP timetable and outline the status of the major reviews.

Review processes

The LRP policy statement provides a detailed outline of the required review processes. Furthermore, the Tasmanian Government has taken account of the NCC's expectations that legislation review processes:

- have terms of reference that address the competition issues, supported by publicly available documentation;
- ensure independence of the review process and objective consideration of the evidence;
- have in place processes for public participation;
- identify all costs and benefits of existing restrictions on competition and those contained in any proposals for reform, clearly requiring a net public benefit to justify retention of restrictions on competition; and
- make the final report and recommendations publicly available.

Another key feature of these processes is the determination of whether an identified restriction is classified as a major or minor restriction on competition. The resulting review process is then tailored to the level of the restriction on competition in the relevant legislation. Where legislation contains major restrictions on competition (those that have economy-wide implications or significantly affect a

sector of the economy), the need to have an independent, open, rigorous and transparent justification process is a paramount consideration when establishing the review. To date, there has been a public consultation process in all reviews of this type.

Progress with the LRP timetable

Since the initial development of the LRP timetable in 1996, a significant number of reviews have commenced, are currently underway or have been completed. During this time, the initial timetable has been regularly updated to reflect changes in the legislation review priorities or legislative programs of agencies.

Currently, a total of 59 reviews (representing 23 per cent of all timetabled legislation) have been completed. Of these, eight are yet to be considered by Cabinet, with the most significant of these being the *Egg Industry Act 1988,* the *Land Surveyors Act 1909,* the *Taxi Industry Act 1995* and the *Plumbers and Gasfitters Registration Act 1951*.

There has also been a rescheduling of a number of reviews due to a lack of support for national reviews of legislation; Tasmania has consistently supported these national reviews. There are currently 12 reviews classified as national, representing only five per cent of all timetabled legislation. This rescheduling has resulted in a large number of State-based reviews being held over until the latter part of the review timetable. However, a significant proportion of these rescheduled reviews are of a minor nature, or apply to legislation that is due to be repealed and replaced with new legislation, thereby effectively removing the legislation from the review timetable.

Currently, a total of 111 Acts have been either removed or excluded from the review or have been repealed. These categories of legislation represent 44 per cent of all timetabled legislation. A further 43 Acts are expected to be repealed during the course of 2000, representing 17 per cent of all timetabled legislation.

There are currently 23 reviews underway which will be completed during the course of 2000 and five reviews that are yet to commence. These will be commenced in the near future.

The Government's work program for 2000 is designed to complete all reviews by the 31 December 2000 deadline. However, the implementation of review recommendations and reforms is expected to extend beyond the deadline.

The status of the LRP timetable during the course of each of the three previous Progress Reports, together with its status at April 2000, is set out in Table 2.1.

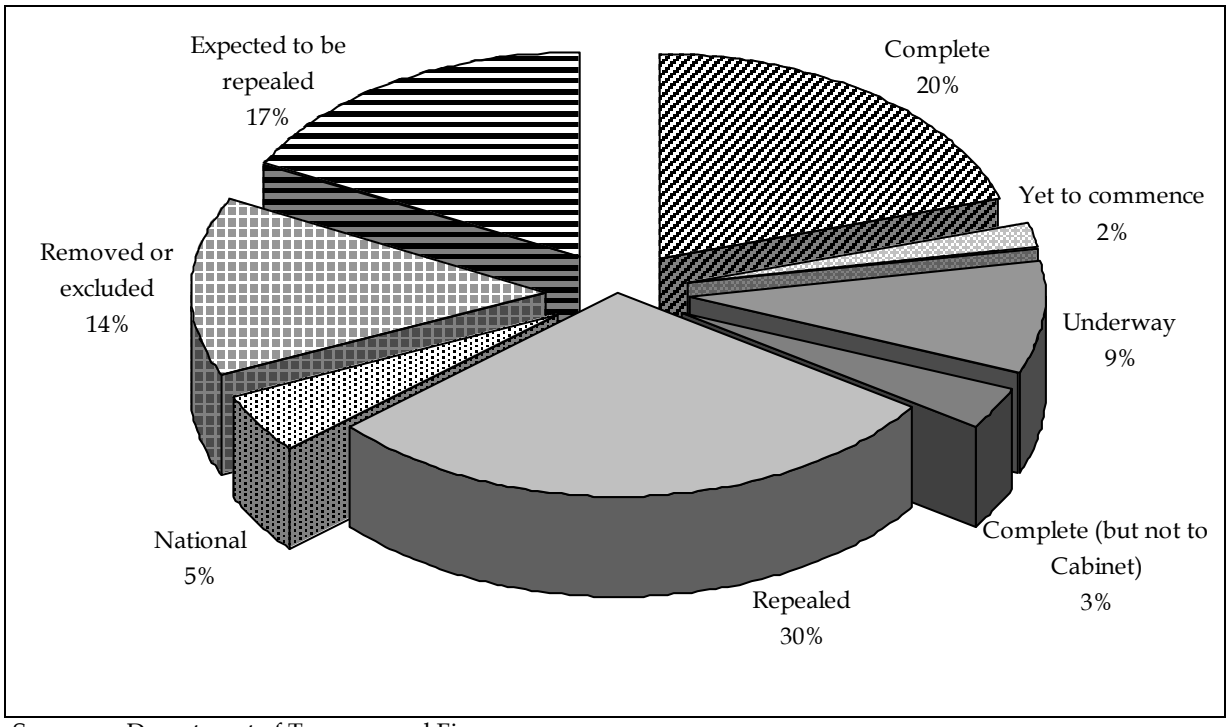
Table 2.1: Progress with LRP timetable July 1997 – April 2000

Status of review/legislation	As at July 1997	As at August 1998	As at December 1998	As at April 2000
Yet to commence	**145**	**52**	**38**	**5**
Underway	**13**	**18**	**23**	**23**
Complete	**....**	**9**	**16**	**51**
Complete (but not to Cabinet)	**....**	**5**	**5**	**8**
National	**11**	**9**	**9**	**12**
Removed or excluded	**16**	**29**	**29**	**34**
Repealed	**31**	**47**	**60**	**77**
Expected to be repealed	**23**	**68**	**56**	**43**
Deferred	**6**	**14**	**17**	**....**
Total	**245**	**251**	**253**	**253**

Source: Department of Treasury and Finance

A breakdown of the status of the reviews as at 30 April 2000 is set out in Chart 2.1.

Chart 2.1: Status of LRP reviews as at 30 April 2000



Source: Department of Treasury and Finance

Major reviews

As mentioned previously, a review of existing legislation is considered to be major where it has economy-wide implications, or where it significantly affects a sector of the economy (including consumers). Details of these major reviews are provided below.

Traffic Act 1925

As indicated in previous Progress Reports, the *Traffic Act 1925* covers a wide range of matters and is progressively being reviewed. The two main components of the legislation are Part III, relating to the economic regulation of public vehicles (other than taxis and luxury hire cars, which were addressed in the 1999 review of the *Taxi Industry Act 1995* as outlined below), and the non-economic regulation and control of drivers and vehicle traffic.

In relation to the first of these components, Part III of the Act and the public vehicle licensing system, legislation to abolish that Part and reform the regulation of public vehicles was passed by the Tasmanian Parliament in November 1997. This package comprised the *Passenger Transport Act 1997*, the *Passenger Transport (Consequential and Transitional) Act 1997* and the *Traffic (Accreditation and Miscellaneous) Act 1997.* This legislative package was in the process of being modified by the *Taxi and Luxury Hire Car Industries Reform Act 1998* at the time the 1998 State election was called. The Acts were not proclaimed.

Upon election, the Government established the Tasmanian Transport Futures Group, involving industry and the Government, to review the legislation that had been developed to see what modifications, if any, were required to ensure the objective of economic reform whilst ensuring public safety and effective industry quality.

This Group provided its report to the Government in July 1999 and recommended a number of key legislative changes including the:

- introduction of a mandatory operator accreditation system for operators of public passenger vehicles to ensure public safety;
- adoption of specific transitional arrangements for the open tour and charter bus industry to move to an open and competitive market. A public benefit test was undertaken by KPMG of these transitional arrangements and they were found to be justified in the public benefit;
- clarification of the system by which regular passenger transport (bus) services would be reviewed and contracted, including defining the compensation entitlements of operators displaced through such a process; and
- adoption of legislation governing luxury hire cars similar to that introduced into Parliament in 1998, but with greater clarity in the area of overlap between taxis and luxury hire cars (namely pre-booked work).

Legislation amending the Passenger Transport Act and the Taxi Industry Act (regarding luxury hire cars) was introduced into Parliament in October 1999 and passed unamended in November 1999. This legislation was assessed in accordance with NCP principles and was endorsed subject to a full Regulatory Impact Statement (RIS) being prepared in relation to the system of passenger transport operator accreditation. This RIS will be prepared once details of the accreditation system are resolved. A suitable sunset clause will be inserted in the regulations to achieve this end by 31 December 2001. All existing passenger transport operators will be given interim accreditation and a quality-based interim system of accreditation will be available for new industry entrants pending finalisation of the full accreditation system.

The new system of transport industry legislation will commence once the supporting regulations are finalised. It is anticipated that this will occur around mid-2000.

Other significant events that occurred over the previous year include:

- the adoption of the Australian Road Rules on 1 December 1999. These provide national road rules to be obeyed by all road users including drivers and passengers, pedestrians, riders of motor cycles, bicycles and people in charge of animals. This involved major modifications to the regulations supporting the Traffic Act; and
- the passage by Parliament in October 1999 of the *Vehicle and Traffic Act 1999*. Previously Tasmanian legislation has been amended to accommodate the NRTC reforms. The new Vehicle and Traffic Act provides the new legislative framework for Tasmanian road transport legislation based on adoption of the national road transport reforms. Progressively, Tasmanian road transport regulation will be replaced by regulations under this new legislative umbrella. The Act will be proclaimed around mid-2000 following the completion of consequential amendments and the commencement of the new computer system that will support the new vehicle registration and driver licensing system.

Taxi Industry Act 1995

A review was undertaken during 1999 and 2000 of the Taxi Industry Act and the changes to that Act relating to the licensing of luxury hire cars. The review has now been completed.

An independent Review Group was appointment by the Government in May 1999. The Group released a discussion paper in July 1999 and sought submissions from interested parties on the objectives of the legislation and the restrictions on competition contained in the legislation. The paper also outlined the key issues and a range of possible alternatives in relation to each restriction. Some of the issues considered by the Group were the:

- requirement to hold a perpetual taxi licence in order to operate a vehicle as a taxi – this restricts entry to the industry because there are strict criteria to be met before new licences are issued;
- method for determining the issue price for new licences (the capped price);
- geographical areas that define where a licensed taxi is able to operate - these restrict the ability for taxis to freely operate across all areas of the State; and
- setting of fares to be charged for the different times of the day (tariff times) - this restricts operators from competing on fares, and therefore prevents operators and customers from setting fares at mutually agreed rates.

A range of written submissions was received in relation to the discussion paper and a series of public hearings were held in major centres around the State.

In December 1999, the Group released a draft RIS, and sought further submissions on the Group's preliminary recommendations prior to finalising the RIS and its recommendations. The principal recommendations were to retain perpetual licensing but to offer more licences to the market and to allow competition on the level of taxi fares, most notably for pre-booked work.

The Review Group presented its final review report, which included its final recommendations, to the Government in mid-April 2000. The Government is currently considering this report.

Shop Trading Hours Act 1984

In late August 1999, a review of the State's *Shop Trading Hours Act 1984* was endorsed by the Government together with the Review Group responsible for conducting the review. The legislation requires retail businesses employing more than 250 people in certain types of shops to be closed at certain times and on certain days (such as Sundays and most public holidays).

The review commenced in October 1999. A discussion paper was released on 15 December 1999 for public comment and the Review Group received many detailed written submissions. In February 2000, the Group held public forums in major centres around the State and subsequently held further discussions with interested parties.

Based on the information it obtained through this consultative process, the Review Group is currently preparing a RIS to be released in May 2000. This will contain the Group's preliminary recommendations and will be made available for further public comment prior to its final review report and recommendations being presented to the Government. It is expected that the final review report will be completed in June 2000.

Legal Profession Act 1993

The review of the *Legal Profession Act 1993* was endorsed by the Government in February 2000 and has recently commenced.

The Review Group is currently completing a discussion paper and expects to release the paper for public comment in May 2000. It will include the terms of reference for the review, discussion on the restrictions contained in the legislation and will seek submissions from interested parties for consideration by the Review Group prior to it drafting a RIS. The RIS will also be released for public comment. It is anticipated that the final review report, which will include the Group's final recommendations, will be presented to the Government by October 2000.

Electricity Supply Industry Act 1995

A major review of the Electricity Supply Industry Act has recently commenced and is due for completion by 31 August 2000. The major restrictions on competition identified for review include the:

- impact on businesses within the electricity supply industry of the conditions imposed by the licensing system applicable to operations within the industry including the generation, transmission, distribution and retailing of electricity, together with any other operations for which a licence is required under the legislation;
- impact on Tasmania's electricity supply industry and electricity customers of the requirement for participants to comply with the Tasmanian Electricity Code;
- exclusive retail provisions in the Act;
- extent to which the Electricity Supply Industry Act and the associated subordinate legislation provide for competition in the Tasmanian electricity supply industry; and
- impact on business of the procedures for setting tariffs for the retailing of electricity.

An issues paper is expected to be released in late May 2000.

Mineral Resources Development Act 1995

A major review of the *Mineral Resources Development Act 1995* (MRDA) is currently under way. The MRDA provides for a system of licences and leases governing the exploitation of the State's mineral resources. The licensing and leasing arrangements permit exclusive access to certain lands for exploration and mining purposes and also impose certain conditions on the tenement holders.

In particular, the MRDA Review Group is considering:

- licensing and leasing arrangements provided for in the MRDA;
- restrictions on access to land under the MRDA; and
- the costs imposed by the conditions attached to tenements.

A discussion paper was prepared by the Review Group and was distributed to major interest groups in late 1999. The Group expects to finalise its RIS by 30 June 2000 and will make this available for public comment.

Dairy Industry Act 1994

The *Dairy Industry Act 1994* contains a range of restrictions regulating the structure and operation of the Tasmanian dairy industry as well as the market for dairy products in the State. The structure of the industry has been regulated under the Act through the requirement for all parties involved in the production of dairy products to be licensed including farmers, manufacturers, processors and vendors. In addition, the Act prohibits dairy processors and producers from purchasing milk from an unlicensed dairy farm.

Under the Act, the farm gate price and quality standards for market milk are set by the Tasmanian Dairy Industry Authority which also has the power to establish Codes of Practice for the Tasmanian dairy industry. A system has also been established under the Act to pool funds from market milk sales and then distribute these funds to individual farmers. As such, the Act places considerable restrictions on the structure of the dairy industry and the operation of the market for dairy products in Tasmania.

A major review of the Act was initiated in August 1998. The Dairy Industry Review Group, which was independent, operated for approximately 12 months. During that time the Review Group prepared a summary issues paper, a detailed issues paper and a RIS. The Review Group delivered its final report in July 1999.

The Review Group recommended against immediate deregulation in Tasmania in favour of deregulation after five years. However, these recommendations were conditional on the outcome of the review being undertaken at that time of Victoria's dairy industry legislation and on the outcome of negotiations for a national restructure package.

The recommendations of the review were superseded by the agreement of all States and Territories to deregulate their respective dairy industries following the introduction by the Commonwealth of a $1.7 billion Dairy Industry Adjustment Package (DIAP).

The final agreement on deregulation by the States and Territories occurred on 3 March 2000 at a meeting of the Agriculture and Resource Management Council of Australia and New Zealand. The Commonwealth has since passed the relevant legislation to establish and fund the DIAP. All other

jurisdictions are now introducing the necessary legislation to effect the deregulation of the dairy industry.

In Tasmania, deregulation of the dairy industry is being implemented through the *Dairy Industry Amendment Bill 2000*. This Bill passed through the House of Assembly on 11 April 2000. It is expected to be debated in the Legislative Council in late May 2000 and to commence on 1 July 2000.

The Bill effects deregulation by repealing Part 4 of the Dairy Industry Act, which covers all the mechanisms for fixing a regulated price for market milk and administering and distributing the pool created by the resulting price margin. The Bill also contains a small number of consequential amendments to other sections of the Act.

Environmental Management and Pollution Control Act 1994

The *Environmental Management and Pollution Control Act 1994* (EMPCA) contains provisions to permit the making of potentially anti-competitive regulations to manage the environmental impacts of certain activities. The regulations made under EMPCA contain a number of restrictions in relation to the:

- operation of waste disposal and waste management activities and the remediation of contaminated sites;
- activities and the operation of devices that emit noise or air pollution;
- manufacture, import or sale or certain domestic solid fuel burning appliances, particularly wood heaters; and
- sale of leaded petrol.

A review of EMPCA was initiated in May 1998 and was undertaken by a representative Review Group with an independent Chair.

The Review Group prepared a RIS for public consultation in February 1999. Following an extensive consultation process, a final review report was submitted in March 1999.

The review presented recommendations across three broad categories including legislative amendments, areas requiring further review and the replacement of old regulations under the *Environment Protection Act 1973* (repealed) with more modern regulatory mechanisms.

In relation to recommendations requiring legislative amendment, the Review Group proposed that EMPCA be amended to provide a person with reasonable opportunity to comply with an Environmental Protection Notice prior to allowing a Local Government council to take action under the Act. This proposed amendment to EMPCA was agreed to by the Government in December 1999. A Bill to effect this amendment has been prepared and has been passed by the House of Assembly. The Bill is currently being debated in the Legislative Council.

The EMPCA Review Group also recommended that more detailed reviews should be undertaken of two other elements of EMPCA. These reviews were considered to be too detailed to be part of the LRP review of the Act. The Review Group recommended that detailed reviews be undertaken of the:

- level 2 activities under the Act, which are generally those that are listed as having a more significant impact, to ensure that such classifications are justified in terms of warranting the additional scrutiny, restriction and regulation under the Act; and

- fees charged for a number of functions and services under the Act to make them more equitable and more closely reflect cost recovery.

The Department of Primary Industries, Water and Environment (DPIWE) has initiated a review process to address both of the above issues. Given the widespread impacts associated with these issues, it is anticipated that the review will require significant analysis and extensive consultation.

The EMPCA Review Group also recommended that regulations in relation to air and water pollution, created under the previous *Environment Protection Act 1973* (repealed), be replaced with more contemporary regulatory mechanisms.

In relation to air pollution, DPIWE has released a discussion paper on the development of more modern regulatory arrangements for the management of air quality. This discussion paper is the first step towards the replacement of the current regulations.

The Review Group proposed that regulations in relation to water pollution would be replaced by the *State Policy on Water Quality Management 1997* after the regulations expire on 1 January 2000. As such, the previous air pollution regulations were permitted to expire on 1 January 2000. Water pollution and management in Tasmania is now regulated through the State Policy on Water Quality Management. The Policy establishes a framework for setting water quality objectives and then sets out policies for limiting pollution from both point sources and diffuse sources (agricultural and urban run-off etc) so that these water quality objectives can be achieved.

Apple and Pear Industry (Crop Insurance) Act 1982

In early 1997, an independent Review Group was established to examine the restriction on competition imposed by the *Apple and Pear Industry (Crop Insurance) Act 1982*. The Act requires that all apple and pear growers in the State that market more than 20 tonnes of fruit are obliged to insure their crop with the Fruit Crop Insurance Board (FCIB). Participation is compulsory, with the FCIB being able to recover the amount of the premium if the grower fails to apply for an insurance policy, or fails to pay or tender payment of a premium. This has the effect of putting in place a statutory monopoly. It also restricts the ability of Tasmanian apple and pear growers to manage their crop-related business risks independently, including to self insure.

Following its assessment of the costs and benefits to the community as a whole from this restriction on competition, the Review Group concluded that the continuation of the Act and its compulsory powers cannot be justified in the public benefit. The principal reasons for this conclusion were that:

- no other stone fruit industry or general crop industry in Tasmania is subject to compulsory membership of an insurance scheme of the nature imposed by the FCIB on apple and pear growers in the State;
- other States do not legislate to provide for compulsory insurance of their apple and pear industries and it is difficult to argue that Tasmania's apple and pear industry is significantly different or subject to any additional risk to warrant the need for a compulsory insurance scheme;
- the diversity of approaches taken in relation to insurance by growers in other industries with similar risk profiles suggests that mandatory insurance is not necessary for the apple and pear industry to operate efficiently and effectively; and

- the Review Group considered that insurance choice should be a market decision and growers in the apple and pear industry should be able to manage their risks associated with potential crop damage in a manner they consider optimal.

In December 1998, the Government accepted the recommendations of this review. In November 1999, the *Apple and Pear Industry (Crop Insurance) Amendment and Repeal Act 1999* was passed by Parliament. This Act provided for the:

- conclusion of the Fruit Crop Insurance Scheme on 30 June 2000;
- winding up of the FCIB once it completes its administration of the 1999-00 season, which is expected to be around December 2000; and
- creation of the Apple and Pear Industry Research and Development Account and Board of Management to fund a broad range of research and industry enhancement programs from the remaining funds of the FCIB, which are expected to be in the order of $500 000.

Liquor and Accommodation Act 1990

The *Liquor and Accommodation Act 1990* is scheduled for review in accordance with the State's legislation review obligations under NCP. It is anticipated that the review will begin in June 2000 following the finalisation of a suite of legislative amendments to the Act.

The review of the Liquor and Accommodation Act will be conducted by an independent review panel. The review will examine the general trading restrictions and licensing arrangements imposed by the Act to determine whether these restrictions can be justified in the public interest.

National reviews

Clause 5 of the CPA specifies that where legislation has a national dimension or effect on competition (or both), consideration may be given to conducting a national review. If a national review is determined by jurisdictions to be appropriate, the Tasmanian Government is required to consult with other jurisdictions that have an interest in the matter before determining terms of reference or appropriate review bodies.

National reviews are currently being progressed, or are scheduled, in the following areas:

- Agricultural and veterinary chemicals;
- Architects;
- Drugs, poisons and controlled substances;
- Consumer credit;
- Pharmacy;
- Travel agents;
- Trade measurement; and
- Radiation control.

Of particular significance is the national review of pharmacy legislation. If the recommendations of this review are adopted nationally, they will have major implications for the ownership, location and registration of pharmacists across Australia. The final report of the NCP review of pharmacy regulation was delivered to Heads of Government on 9 February 2000 and publicly released on 18 February 2000.

In order to develop a coordinated response to this report, a COAG Senior Officials Working Group has been established, comprising Commonwealth, State and Territory officials, chaired by the Commonwealth. This Working Group will report back to Senior Officials who will report to Heads of Government on an appropriate coordinated response.

Tasmania is currently developing new legislation to govern the registration of pharmacists and the ownership of pharmacies, and the outcome of the national review of this legislation is expected to impact on the provisions to be included in this legislation.

Gatekeeper arrangements

Over 400 legislative proposals have been assessed under the "gatekeeper" provisions of the LRP since its inception in June 1996.

The regulation of the health professions is an area that continues to undergo significant reforms through the introduction of new Acts regulating these professions. As reported in previous Progress Reports, a major legislative program has been undertaken by the Department of Health and Human Services which has resulted in the reform of legislation governing the practice of the majority of the health professions. In each case, the new legislation is based on a template established by the *Optometrists Registration Act 1994*. A number of improvements have been made to this template over time, such as removing the restrictions on advertising historically included in legislation regulating the health professions.

The major restrictions in the health professions relate to the protection of title and a requirement for professional indemnity insurance. These restrictions have been demonstrated to be in the public benefit to ensure that public health and safety is not compromised in areas which generally involve high levels of information asymmetry between professionals and their patients. The consequences of any misuse or misrepresentation are considered to be too great to either remove the restriction or rely on other forms of regulation such as negative licensing.

Since the previous Progress Report, work has continued on the repeal and replacement of legislation relating to health professionals. The *Physiotherapists Registration Act 1951* was repealed in 1999 by a new *Physiotherapists Registration Act 1999* that came into effect on 1 March 2000. Similarly, the *Psychologists Registration Act 1976* will be replaced by a new Act that is currently before Parliament. A new Radiation Technologists Registration Bill is currently being drafted and will be considered by Parliament later this year. If passed, this will repeal the *Radiographers Registration Act 1971.*

Reviews are currently being undertaken of legislation dealing with the registration of medical practitioners and dental practitioners with a view to the preparation of new legislation to replace the existing Acts governing these health profession areas. A key issue in these reviews is the extent of any restrictions placed on the ownership of practices.

In other areas, legislation assessed under the "gatekeeper" provisions of the LRP includes the Building Bill that is designed to establish new accreditation and licensing procedures for all building

practitioners, and the Vehicle and Traffic Bill that will implement the nationally agreed vehicle registration and driver licensing requirements.

COMPETITIVE NEUTRALITY

The primary objective of the competitive neutrality principles is to promote the efficient use of resources in public sector business activities. In particular, the competitive neutrality principles aim to eliminate resource allocation distortions arising out of the public ownership of entities engaged in significant business activities. That is, government businesses should not enjoy any net competitive advantage simply as a result of their public ownership and should compete on fair and equal terms with private sector businesses.

In applying the competitive neutrality principles, the CPA places government businesses in two categories:

- significant Government Business Enterprises (GBEs), which are classified as Public Trading Enterprises (PTEs) and Public Financial Enterprises (PFEs) under the Australian Bureau of Statistics' (ABS) Government Financial Statistics Classification; and
- significant business activities (SBAs) undertaken by a government agency (other than an agency classified as a PTE or PFE above) as part of a broader range of functions.

In June 1996, the previous Tasmanian Government published a policy statement and implementation timetable in accordance with the CPA requirements, entitled *Application of the Competitive Neutrality Principles under National Competition Policy*. This statement outlined the manner in which the competitive neutrality principles were to be applied to State Government business activities in Tasmania and set out an implementation timetable. The principal components of the policy statement and progress with its implementation are outlined below.

The application of the competitive neutrality principles to Local Government business activities in Tasmania is discussed in Chapter 4.

Government Business Enterprises

The CPA competitive neutrality principles are entirely consistent with the reform directions which were already in place in Tasmania in relation to GBEs. These directions are embodied in the *Government Business Enterprises Act 1995* (GBE Act). This Act places GBEs on a more competitive footing through the processes of both commercialisation and corporatisation. The Act fulfils Tasmania's competitive neutrality commitments in relation to significant GBEs by subjecting them to:

- tax equivalent regimes;
- debt guarantee fees directed at offsetting the advantage of Government guarantees on borrowings;
- dividend requirements; and
- all regulations normally applying to the private sector.

Since 1 July 1997, all Tasmanian GBEs have been subject to a full tax equivalent regime, dividend regime and guarantee fees through the *Government Business Enterprises (Amendment of Act's Schedules)*

Order 1997. The only exception to this arrangement is the Port Arthur Historic Site Management Authority (PAHSMA), reasons for which were fully detailed in previous Progress Reports.

Community Service Obligations

The implementation of the Government's Community Service Obligation (CSO) policy is integral to the enhanced performance and accountability of GBEs under the GBE Act. GBEs are expected to improve performance by focusing on commercial goals. Non-commercial activities can be recognised by the Government as CSOs, providing strict criteria are met. These are:

- a specific directive from the Government must exist;
- there is a net cost to the GBE from providing the function, service or concession; and
- the function, service or concession must be one which would not be performed under normal commercial circumstances.

CSOs are purchased by the Government from the GBE so that the provision of CSOs by the GBE will no longer compromise the achievement of the commercial objectives of the GBE. Accordingly, non-commercial activities and functions, not all of which may qualify as CSOs, are clearly identified, justified and separately accounted for.

The CSO policy ensures that the Government's social and other objectives are achieved without impacting on the commercial performance of a GBE. It also improves the transparency, equity and efficiency of the delivery of non-commercial activities.

Since July 1997, CSO contracts detailing funding for the provision of non-commercial activities to an agreed level have been signed with the Hydro-Electric Corporation (HEC) and the Public Trustee. Over the same period, contracts in relation to non-commercial activities have also been entered into with two State-owned Companies, Metro and Aurora Energy Pty Ltd (Aurora). These are based on the same principles as the CSO policy, but activities are referred to as Community Service Activities.

A number of these contracts are currently in the process of being revised/reviewed. A new CSO involving the Civil Construction Services Corporation is in the process of determination, details of which will also be documented by way of a contract between the business and the Purchasing Minister.

Recent reforms to GBEs

The Tasmanian Government has reviewed and reformed a number of government businesses since the signing of the CPA. These reforms are detailed below.

Bulk water suppliers

As outlined in previous Progress Reports, in late 1996 the Hobart Regional Water Board was transferred to Local Government and re-established as a joint authority under the *Local Government Act 1993*. The joint authority services the southern region and has been subject to a full tax equivalent and guarantee fee regime since 1 January 1997.

In July 1997, the State Government's North Esk Regional and West Tamar Water Supply Schemes were transferred to Local Government and, together with Launceston City Council's water supply scheme,

re-established under the Local Government Act as a joint authority that became the Esk Water Authority (EWA). This joint authority services the greater Launceston area and is subject to a full tax equivalent and guarantee fee regime.

The *North West Regional Water (Arrangements) Act 1997* was passed by Parliament in December 1997, providing for the transfer of the North West Regional Water Authority (NWRWA) to Local Government. The Act was proclaimed on 10 August 1999 and from this date, NWRWA was transferred to the North Western councils as a joint authority. The new entity operates as the North West Water Authority (NWWA) and is also subject to a full tax equivalent and guarantee fee regime.

Having successfully transferred the bulk water schemes to Local Government, future arrangements for the Rivers and Water Supply Commission (RWSC) are to be considered. The RWSC is responsible for the management of the Prosser River Bulk Water Supply Scheme, various irrigation and drainage schemes throughout the State and for ensuring the management of Tasmania's water resources is conducted on a sustainable and ecologically sound basis, whilst recognising the needs of industry, agriculture and the Tasmanian community. The RWSC is working with irrigation scheme participants to ensure that they have a full understanding of the implications of further devolution of irrigation management and the capacity to initiate change if they so choose.

Port reform

Competitive transport costs through Tasmania's ports are vital for Tasmania's overall prosperity. Corporatisation of the port authorities, with a view to improving their commercial performance, was completed in July 1997 with the commencement of the *Port Companies Act 1997,* which established four wholly State-owned Companies and two subsidiary companies under the Corporations Law. The new companies commenced operations on 30 July 1997.

In addition, from 30 July 1997 the tax equivalent and guarantee fee regimes under the GBE Act replaced the partial competitive neutrality regimes that previously applied to the port authorities. The port companies are also expected to make dividend payments to the Government in accordance with the requirements of the Corporations Law.

The Marine and Safety Authority of Tasmania (MAST) was also established on 30 July 1997. In addition to performing the regulatory and non-commercial functions previously undertaken by the port authorities, MAST undertakes the functions of the former Navigation and Survey Authority of Tasmania and is responsible for the safe operation of vessels within Tasmanian waters.

Metro Tasmania Pty Ltd

Metro provides public urban road transport services in the metropolitan areas of Hobart, Launceston and Burnie. As indicated in previous Progress Reports, on 14 January 1998 the *Metro Tasmania Act 1997* and the *Metro Tasmania (Transitional and Consequential Provisions) Act 1997* received Royal Assent, thereby effecting the transition of the former GBE, the Metropolitan Transport Trust (MTT), to a State-owned Company. As a result, Metro is subject to Corporations Law obligations as well as the full tax equivalent and dividend regimes and guarantee fee obligations.

Other significant Government business activities

The Government's policy statement on the implementation of competitive neutrality principles required all significant business activities undertaken by budget sector agencies to be identified by 30 June 1997. At the same time, each agency was required to submit to the Department of Treasury and Finance a timetable for the application of the competitive neutrality principles to these activities. Each agency is required to report to Treasury at six-monthly intervals on progress in implementing these principles. A table detailing the current status of implementation of competitive neutrality principles across agencies is included at Appendix C.

In supporting Government agencies in the implementation of the competitive neutrality reforms, a number of guidelines have been published including:

- *The Application of Competitive Neutrality Principles to the State Government Sector* (July 1996);
- *Guidelines for Considering the Public Benefit under the National Competition Policy* (March 1997); and
- *Guidelines for Implementing Full Cost Attribution Principles in Government Agencies* (September 1997).

As previously reported, the Department of Treasury and Finance also conducted a seminar in December 1997 for State Government agencies to facilitate a better understanding of the concepts of competitive neutrality and full cost attribution (FCA).

Since the seminar, individual meetings between agencies and Treasury officers have provided an additional forum for the clarification of the competitive neutrality principles, where required, to ensure that the implementation of reforms progresses on a timely basis and is consistent with NCP requirements.

The Tasmanian Parliamentary Labor Party, the Tasmanian Branch of the Australian Labor Party and the Tasmanian Trades and Labor Council endorsed an Agreement in August 1998 that noted "the Parties to this Agreement recognise that the privatisation, contracting out or outsourcing of any service currently provided by the Government should only occur after a rigorous examination of the social and economic costs and benefits of any such proposal".

In response to this commitment, the Government is in the final stages of development of a public benefit test that provides a framework for assessing the costs and benefits of contracting out and privatisation proposals. Consultation with relevant stakeholders has occurred and implementation of the framework is anticipated by 30 June 2000.

Competitive neutrality complaints mechanism

Clause 3(8) of the CPA requires the State Government to implement a complaints mechanism in relation to competitive neutrality matters.

As reported previously, in its policy statement on competitive neutrality, the Government indicated that it will be utilising the Government Prices Oversight Commission (GPOC) to receive and investigate complaints against State and Local Government business activities in relation to the application of the competitive neutrality principles. The role of GPOC has been outlined in previous Progress Reports and is also addressed later in this Chapter.

The *Government Prices Oversight Amendment Act 1997* was enacted in September 1997. The Act extends the role of GPOC to include the investigation of complaints against the failure of a public sector body to comply with the competitive neutrality principles and associated implementation guidelines.

In 1998, the *Government Prices Oversight Regulations 1998* were made which provide for the making, investigation and determination of complaints to GPOC in respect of a contravention of any competitive neutrality principles.

Under the *Government Prices Oversight Act 1995* (GPOC Act) and regulations, complaints may be lodged against a government body when an individual believes that the government body has contravened any of the principles and considers that he or she is adversely affected by such a contravention. The individual must have first attempted to resolve the matter with the government body informally, prior to lodging a formal complaint. The scope of the complaints mechanism includes government agencies, Local Government businesses, statutory authorities, GBEs and State-owned Companies.

In early 1999, GPOC issued guidelines, entitled *National Competition Policy Competitive Neutrality Principles Complaints Mechanism*, which outline the processes and procedures required to be followed under the regulations as well as each party's obligations in the event of a complaint being received. These guidelines and an information brochure have been distributed to all major stakeholders to raise the awareness of the complaints mechanism policy and procedures. A media statement was also issued to raise the wider community's awareness of the mechanism. An article was also published in April 1999 in the *Tasmanian Business Reporter,* the Tasmanian Chamber of Commerce and Industry's publication.

During 1999, three complaints were referred to GPOC. These complaints were in relation to the operation of the Community On-line Access Centres, the Printing Authority of Tasmania and the Tattersall's Hobart Aquatic Centre operated by the Hobart City Council.

Community On-line Access Centres

A complaint was lodged with GPOC in relation to the operations of the Community On-line Access Centres on the basis that these centres were charging for access to the Internet at rates that were seen as below a fair market price.

Following consideration of the facts of this case, GPOC determined that it did not have jurisdiction to consider the matters raised. It is understood that this was also the conclusion that NCC officers reached following consideration of this case.

There were a number of facts upon which this decision was based. The critical determinant in making the decision was the fact that the Community On-line Access Centres have principally been established as incorporated not-for-profit community associations, with a community management committee appointed from within the relevant local community. The underlying purpose in establishing these Centres is to provide communities with access to technology, principally as a community education tool. Further, as the members of the community became familiar with the technology it was believed that they would take up other opportunities, such as investing in their own computer technology and Internet access arrangement, thus increasing business opportunities within the community. As not-for-profit community organisations, the Community On-line Access Centres are not government businesses and, therefore, are not required to comply with the competitive neutrality principles under the NCP Agreements.

In addition, grants to establish the Centres were initially provided by the Commonwealth Government. These grants provided base funding for the employment of a coordinator and for computer hardware and software. Further, these grants were provided on the same basis as any similar grant provided to other community or charitable organisations. The relevant community body responsible for the management of a Centre is required to enter into a standard grant agreement, developed in consultation with the Crown Solicitor, setting out the purpose of the grant and the financial accountability requirements regarding annual reporting and auditing.

As part of the conditions of receiving a grant, the Community On-line Access Centres undertake to be self-sustaining within 12 months of their establishment. After the initial grant, the Centres would be required to fund from their own resources the payment of the coordinator, hardware and software, and server access. However, there was no directive from the State Government that fees be introduced, nor was there any directive that the amount to be charged was to be fixed at any specified amount. On this basis, GPOC determined that the Government cannot be assumed to control the community bodies and as such they cannot be taken to be *de facto* government businesses.

The Printing Authority of Tasmania

In April 1999, a complaint was lodged with GPOC against the PAT in relation to three alleged breaches of the competitive neutrality principles. The complaints related to the:

- rent paid by the PAT on the premises it occupies at Salamanca Place;
- government subsidy paid to the PAT over the period 1992-93 to 1995-96; and
- requirement for Government agencies to obtain a quote from PAT for quantities of printing over a specified limit.

On the evidence provided by the Valuer-General and the PAT, it was concluded that the rental paid by the PAT on the Salamanca Place premises is in accordance with normal commercial practice. On this basis, GPOC found that there was no evidence that the PAT was receiving a net competitive advantage from government ownership. Therefore, the PAT was not in contravention of the competitive neutrality principles and as such was not required to change its practices to recognise a rental subsidy in its accounts, nor was there any further action required by the Tasmanian Government to address this matter.

The second issue predated the relevant competitive neutrality guidelines issued by the Government and since that time no further subsidies have been paid to the PAT. On this basis, GPOC concluded there was no breach of the competitive neutrality principles by the PAT and no further action needed to be taken by the Tasmanian Government in this regard.

In relation to the third issue raised, GPOC determined that this matter was a procurement policy issue not a competitive neutrality issue, and is a matter for the Tasmanian Government to determine. Further, GPOC noted that in cases where there is a requirement imposed on agencies to obtain quotes from the PAT, there is no guarantee that the PAT will win all or any given tender for printing works.

Tattersall's Hobart Aquatic Centre

A formal complaint in relation to the operations of the THAC was lodged in July 1999. It was alleged that breaches of competitive neutrality principles related to the non-application of FCA to the services and programs that the Hobart City Council's THAC offers to the general public. Consequently,

Dockside Fitness Centre (Dockside), co-located at the THAC, was directly benefiting from this situation by enjoying a reduced rate for their members gaining access to the pool of the THAC. In addition, it was also alleged that the corporate memberships and deals with other health clubs offered by the THAC management do not reflect the full cost of providing access to the THAC.

GPOC noted, in reaching a decision, that the Hobart City Council has recognised the THAC as a significant business activity to which FCA should apply and was aware of its obligations. However, GPOC found FCA had not been appropriately assessed and applied to the THAC. Further, the pricing decisions of the Hobart City Council in relation to the THAC had not been based on FCA principles.

In summary, GPOC recommended that:

- the Hobart City Council and THAC review the costing and pricing policies to correctly take account of the requirements under NCP and competitive neutrality principles, including the establishment of FCA for the THAC and that all subsidies be made transparent; and
- the policy statements relating to the application of competitive neutrality, namely the *Application of the National Competition Policy to Local Government* and the *Full Cost Attribution Principles for Local Government* (FCA Guidelines), be reviewed to provide additional guidance for setting of prices in a competitive environment.

The Treasurer has subsequently requested the Department of Treasury and Finance to undertake a review of the FCA Guidelines to provide additional guidance in regard to pricing, to be completed in 2000.

Since the GPOC finding was made, the Hobart City Council has purchased Dockside and therefore the issue of the levy charged to Dockside does not need to be pursued. The Hobart City Council has also reported that it is further refining its competitive neutrality costs involved in operating the THAC. It also has no objection to making transparent the value of any public subsidy made in relation to the THAC. However, the Hobart City Council remains of the view that it has benchmarked the pricing of its services and that it should be free to operate the THAC in a commercial manner. The Local Government Office of the Department of Premier and Cabinet is pursuing this matter.

Other issues

One other matter in relation to the provision of student accommodation was formally referred to GPOC in February 2000. This is currently being investigated.

STRUCTURAL REFORM OF PUBLIC MONOPOLIES

Tasmania's electricity supply industry has undergone significant reform over the past few years. The formerly vertically integrated HEC has been separated into three State-owned businesses (refer to Chapter 5).

The prospective development of Basslink and the State's entry to the National Electricity Market (NEM) will facilitate the introduction of competition to the State's generation and electricity retailing sector, both of which are currently public monopolies. In light of these developments, the Government

has undertaken structural reviews of both sectors pursuant to clause 4(3) of the CPA. These are discussed in detail in Chapter 5.

MONOPOLY PRICES OVERSIGHT

The CPA requires the State to consider establishing an independent source of prices oversight advice in relation to monopoly, or near monopoly, suppliers of goods and services. Such a mechanism is necessary to ensure that monopoly providers charge prices that are "fair and reasonable" and do not result in the exercise of monopoly market power to the detriment of consumers and businesses.

The Tasmanian Government was already preparing the *Government Prices Oversight Act 1995* (the GPOC Act) before the CPA was signed. The GPOC Act, which came into effect on 1 January 1996, established GPOC as an independent body charged with the responsibility of conducting investigations into, and making recommendations on, the pricing policies of both GBEs and government agencies that are monopoly, or near monopoly, suppliers of goods and services in Tasmania. The *Government Prices Oversight Amendment Act 1997* further extended the coverage of the GPOC Act to include investigations into Local Government monopoly services.

The GPOC Act provides for the prices and pricing policies of the most significant public sector monopolies in Tasmania to be investigated at least once in every three years. Five GBEs were originally scheduled in the Act (the HEC, MTT, MAIB, HRWA and NWRWA). In addition, the Act provides a mechanism under which other monopoly services can be declared and therefore become subject to a GPOC inquiry.

GPOC has completed investigations into the pricing policies of the HEC, the MTT, the MAIB, and, most recently, the three bulk water supply authorities (HRWA, NWRWA and the EWA). Details of the bulk water prices investigation and the revised prices oversight arrangements for the electricity supply industry were provided in the previous Progress Report.

Since the previous Progress Report, an investigation into the pricing policies for the electricity supply industry has been completed by the Office of the Tasmanian Electricity Regulator and work has commenced on further investigations into the pricing policies of Metro (formerly the MTT) and the MAIB.

Electricity supply industry pricing investigations

GPOC completed its first investigation into the pricing policies of the HEC in 1996. Following this investigation, the Government set maximum price paths for retail tariffs in the *Government Prices Oversight (Electricity Prices) Order 1996* (GPOC Order) for the period January 1997 to December 1999.

Since the Order was passed, substantial reform has taken place in the Tasmanian electricity supply industry. A key feature of the reform program was the enhancement of the regulatory framework applying to the industry. To ensure that the regulatory framework was transparent, independent of government and coordinated within a single regulatory body, responsibility for the regulation of electricity prices was transferred to the Electricity Regulator under amendments to the *Electricity Supply Industry Act 1995* (ESI Act). As a consequence, the GPOC Act was amended to remove all references to the HEC and electricity and the *Electricity Companies (Transitional Price Control) Order 1998*, preserving the terms of the previous Order, replaced the GPOC Order.

Under section 5 of the ESI Act, which came into effect on 1 July 1998, the Government Prices Oversight Commissioner was appointed as the Electricity Regulator. The ESI Act provides the Regulator with the power to 'declare' services where an electricity entity has substantial market power in the provision of such services and to impose maximum prices for such services for periods of three to five years. This contrasts with the previous arrangements where GPOC made recommendations to the Government on maximum prices.

The *Electricity Supply Industry (Price Control) Regulations 1998* establish the procedural framework to be followed by the Regulator in conducting pricing investigations and resembles, to a large extent, the framework contained within the GPOC Act.

The 1999 electricity pricing investigation

In March 1998, GPOC commenced an investigation of maximum prices to be charged by the HEC from 1 January 2000. The purpose of this investigation, under the terms of reference provided by the Government at the time, was to recommend maximum prices for the monopoly services provided (at that time) by the HEC.

Following the State election in August 1998, the Government advised the Regulator that the terms of reference for the investigation would be amended to extend the date for completion to the second half of 1999. The investigation was suspended and subsequently recommenced under new terms of reference in April 1999.

The new terms of reference required the Electricity Regulator to investigate the pricing policies associated with the following declared services:

- electricity generation on mainland Tasmania for tariff sales;
- electricity transmission on mainland Tasmania;
- electricity distribution on mainland Tasmania;
- electricity retailing to tariff customers on mainland Tasmania;
- system control functions including procurement and use of ancillary services; and
- retail supply for customers on King Island and Flinders Island.

The Regulator was required to make a determination in relation to the declared services for the period 1 January 2000 to 31 December 2002.

The prices paid by customers that have non-tariff contracts with Aurora were not included in the declared services. However, the Regulator was asked to consider, as part of this investigation, the appropriate level of price protection for industrial customers on contracts, prior to the introduction of retail contestability.

To assist interested parties, the Regulator published an issues paper for comment in May 1999 outlining the key matters that the Regulator was to address during the course of the investigation. In addition, the Regulator released submissions from the HEC and Aurora and a discussion paper provided by Transend.

Twenty-two submissions were received in response to the issues paper. The three electricity entities made further submissions in responses to the issues paper. The Regulator also met with the electricity entities and other interested parties following the receipt of submissions.

The draft report was released on 30 September 1999 and sixteen submissions were received in response, including a submission from each of the three entities and the Government. The Regulator also held a public forum on 30 October 1999.

Following consideration of the issues raised in response to the draft report, the Regulator issued the final report on 30 November 1999 detailing his decisions in regard to the pricing of the declared services. The Determination arising from the investigation was issued to the three electricity entities on 20 December 1999. The new tariffs complying with the Determination were implemented on 1 January 2000.

Metro Tasmania Pty Ltd

The *Government Prices Oversight (MTT Bus Fares) Order 1997*, made following the completion of the first investigation in 1997, is due to expire on 30 June 2000. The Government issued terms of reference for an investigation in relation to the pricing policies of Metro in December 1999. The original terms of reference required GPOC to complete its investigation and issue a final report by 29 February 2000. However, given the delay in obtaining two consultants' reports, GPOC was granted an extension of time to 2 June 2000 to complete the final report.

An issues paper was released in February 2000 and a draft report was released for public comment in mid-April 2000. GPOC also intends to meet with stakeholders and other interested parties during the course of the investigation.

Motor Accidents Insurance Board

The *Government Prices Oversight (MAIB Premiums) Order 1997* is due to expire on 30 November 2000. The Government issued terms of reference for an investigation into the pricing policies of the MAIB on 14 April 2000. GPOC intends to issue for public comment a background paper in early May 2000 and a draft report by 30 May 2000, and to meet with stakeholders and other interested parties during the course of the investigation.

THIRD PARTY ACCESS

As noted in previous Progress Reports, the *Tasmanian Electricity Code* provides for, *inter alia*, third party access to the Tasmanian transmission and distribution network in a similar way in which the *National Electricity Code* provides for the access regime in the NEM. Formal licences issued to Transend Networks Pty Ltd (for transmission) and Aurora (for distribution) require compliance with the *Tasmanian Electricity Code* and its third party access provisions.

3 REFORMS UNDER THE CONDUCT CODE AGREEMENT

EXTENSION OF PART IV OF THE TRADE PRACTICES ACT 1974

The CCA sets out the agreed basis for extending the coverage of Part IV of the Commonwealth's *Trade Practices Act 1974* (TPA) to all businesses, regardless of their form of ownership.

This extended coverage arises by virtue of the Commonwealth's *Competition Policy Reform Act 1995* and Tasmania's *Competition Policy Reform (Tasmania) Act 1996*. This latter Act, which was enacted in July 1996, extends the coverage of Part IV of the TPA to all business activities in Tasmania, whether they are incorporated or unincorporated, or publicly or privately owned.

REPORTING OBLIGATIONS UNDER THE CCA

Under the CCA, the Commonwealth, States and Territories are required to report to the Australian Competition and Consumer Commission (ACCC) on legislation reliant on section 51(1) of the TPA. These obligations are:

- to notify the ACCC of legislation that relies on section 51(1) within 30 days of the legislation being enacted or made (clause 2(1)); and
- to have notified the ACCC by 20 July 1998 of legislation relying on the version of section 51(1) in force at 11 April 1995 that will continue pursuant to the current section 51(1) (clause 2(3)).

As indicated in the previous Progress Report, in accordance with clause 2(1) of the CCA, Tasmania notified the Commonwealth Government and the ACCC regarding new legislation (within 30 days of being enacted) which relied on section 51(1) of the TPA. These Acts and their relevant sections are outlined below:

- *Electricity Supply Industry Act 1995* (section 44);
- *Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995* (section 7); and
- *Electricity Supply Industry Amendment Act 1998* (section 49F(2)).

The Electricity Supply Industry Act is currently under review under Tasmania's LRP and the Electricity Supply Industry Amendment Act is being reviewed in conjunction with the review of this Act. The Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry.

As also indicated in the previous Report, in accordance with clause 2(3) of the CCA, Tasmania advised the ACCC in June 1998 that it had no legislation which relied on exemptions that were in operation prior to 11 April 1995 and which fell within the terms of section 51(1)(b) of the TPA as that provision stood prior to amendment by the Commonwealth's Competition Policy Reform Act.

As part of the second tranche assessment process, the NCC confirmed that Tasmania, along with all other jurisdictions, had met its obligations under clauses 2(1) and 2(3) of the CCA.

Tasmania recognises that it has an ongoing obligation under clause 2(1) of the CCA to notify the ACCC of all new legislation reliant on section 51(1) of the TPA within 30 days of the legislation being enacted or made. Since the previous Progress Report, Tasmania has not made any legislation that requires reporting in accordance with this clause.

4 LOCAL GOVERNMENT AND NCP REFORMS

Features

- Since the signing of the NCP Agreements, Tasmania has made significant progress in the application of competition principles to Local Government, despite some aspects of the reform process being delayed during 1997 and 1998 pending the outcome of the former Government's proposed council amalgamations. This Chapter summarises the State's progress to date and includes the following:
  - the outcome of the public benefit assessments of the corporatisation of council's PTEs and the subsequent peer review assessments undertaken during 1999;
  - GPOC's recommendation following its investigation in 1998 into the pricing policies of the State's three bulk water authorities; and
  - an update on the status of legislation review achievements and processes for Tasmanian councils.

OVERVIEW

As outlined in previous Progress Reports, the NCP Agreements have implications for all levels of government, including Local Government. The Competition Principles Agreement (CPA) provides that the key reform principles contained in that Agreement, such as competitive neutrality, monopoly prices oversight and legislation review, are to apply to Local Government, notwithstanding that it is not a signatory to the Agreement. Each State and Territory Government is responsible for ensuring that the principles apply to Local Government.

In addition, the CCA requires all governments to introduce legislation to ensure the wider application of the restrictive trade practice provisions of Part IV of the Commonwealth's Trade Practices Act, to encompass all private and public sector business activities, including Local Government business activities. In Tasmania, this was effected through the Competition Policy Reform (Tasmania) Act.

In June 1996, as required under the CPA, the former Government submitted to the NCC a policy statement, entitled *Application of National Competition Policy to Local Government* (Application Statement). This Statement was prepared by the then State Government, in consultation with Local Government, and provided a broad policy statement on how it was intended that the key principles, where appropriate, would be applied to Local Government.

Progress to date in relation to the application of competitive neutrality, prices oversight and legislation review to Local Government is outlined below. Chapter 5 provides an outline of Tasmania's progress in the implementation of NCP water reforms as they relate to State and Local Government.

COMPETITIVE NEUTRALITY

Under the Application Statement, in applying competitive neutrality principles, councils are required to:

- identify relevant business activities which were considered significant business activities (SBAs);
- undertake public benefit assessments of the corporatisation of those business activities classified as PTEs under the ABS Government Financial Statistics Classification, as outlined in the Application Statement (generally water and sewerage); and
- corporatise those PTEs where a public benefit assessment indicates that the benefits outweigh the costs of doing so and apply full cost attribution (FCA) to all other SBAs.

As reported previously, councils provided the former Minister for Finance by 31 December 1996 with a list of their SBAs to which FCA would apply. These lists were reviewed by a peer group (established by the Local Government Association of Tasmania (LGAT)) which provided its recommendations on 11 April 1997 to the former Minister for Finance.

Realising the advantages that competitive neutrality could deliver in increasing the efficiency of council operations, 18 of the 29 councils decided to apply FCA to all of their business activities, not just those determined to be SBAs. The majority of the remaining councils chose to apply FCA to their public trading enterprises (largely water and sewerage services) and road maintenance.

Following a suspension of the application of competitive neutrality to Local Government, negotiations recommenced in mid-1998 in relation to an updated agreement on the application of NCP to Local Government, incorporating a revised implementation timetable pending the finalisation of the proposed council amalgamations. As previously reported, a revised timetable was approved by the LGAT General Management Committee in July 1998.

During 1999, councils undertook public benefit assessments of the corporatisation of their PTEs. All councils found that corporatisation would not be in the public benefit, mainly due to the small size of Tasmanian councils and therefore of their business activities. These results were submitted to a peer review group consisting of LGAT and council representatives. The peer review group endorsed the results of the public benefit assessments and provided a recommendation to the Treasurer to this effect in November 1999. The Treasurer endorsed the public benefit assessments and the outcome of the peer review assessment on 3 December 1999. It should be noted that the joint bulk water authorities, HRWA, EWA and NWWA, have been corporatised under the Local Government Act independent of this process.

Councils are continuing to apply FCA to their business activities in a form appropriate to their size. Importantly, the Local Government Act was amended in 1999 to require councils to report competitive neutrality costs for their SBAs in their annual reports.

The Application Statement also requires the establishment of a competitive neutrality complaints mechanism. As reported previously, this mechanism was established under the Government Prices Oversight Regulations. Under the regulations, a person who believes that he or she has been adversely affected by a contravention of the competitive neutrality principles may lodge a complaint with GPOC which has responsibility for investigating all alleged breaches of the competitive neutrality principles in the State.

During 1999-00, a complaint was investigated relating to an alleged breach of the competitive neutrality principles through the non-application of FCA to the Tattersall's Hobart Aquatic Centre (THAC), operated by the Hobart City Council. The outcome of GPOC's investigation into this complaint is detailed in Chapter 2.

PRICES OVERSIGHT

The Application Statement provided that Local Government monopoly, or near monopoly, providers were to be brought under the prices oversight jurisdiction of GPOC. As previously reported, the Government Prices Oversight Amendment Act extended the coverage of the GPOC Act to include Local Government monopoly or near monopoly services.

In addition, the State's obligations under the *Strategic Framework for the Efficient and Sustainable Reform of the Australian Water Industry* require bulk water authorities to charge on a volumetric basis to recover all costs. These authorities are to also earn a positive real rate of return on the written-down replacement cost of their assets.

GPOC was requested to undertake an investigation into the pricing policies associated with the provision of bulk water by HRWA, NWRWA and EWA in 1998. As a result, GPOC recommended maximum prices (in the form of maximum revenues and pricing principles) to be charged by each of

the State's three bulk water authorities for a three year period commencing from 1 July 1999. The Government endorsed GPOC's recommendations.

The bulk water prices investigation was discussed in more detail in the previous Progress Report. GPOC will next undertake an investigation into the pricing policies of the authorities in 2001.

TREATMENT OF LOCAL GOVERNMENT BY-LAWS UNDER THE LRP

The Local Government Office of the Department of Premier and Cabinet has implemented procedures for the review of all proposed or existing council by-laws to ensure that any restrictions on competition are fully justified in the public benefit. The *By-Law Making Procedures Manual* was released in August 1997 and represents the by-law section of the LRP. All by-laws proposed since that date have been required to comply with the new procedures.

All by-laws made under the former *Local Government Act 1962* (1962 Act) remained in force under the current Local Government Act (to the extent that they were consistent with the new Act) for a period of five years, and were due to expire on 17 January 1999.

A number of councils have been progressively reviewing their by-laws, a number of which have been repealed. As a result there has been a continued decline in the overall number of by-laws. However, as previously reported, a significant number of councils were not prepared for the statutory expiry of all these by-laws on 17 January 1999. In December 1998, the Government therefore introduced the *Local Government (Savings and Transitional) Amendment Act 1998* to extend the expiry date until 31 March 1999. This resulted in the automatic expiry at the end of March 1999 of approximately 500 by-laws made under the 1962 Act.

Since the commencement of that Act in January 1994, all of the 115 new by-laws gazetted under the current Local Government Act have been subjected to the legislation review processes. Councils are now carefully considering the subject matter they wish to deal with through by-laws, such that new by-laws are generally made to deal solely with matters of broad governance rather than relating to commercial operations. Tasmanian councils have also been encouraged to pursue the repeal of their obsolete by-laws and replace them, where appropriate, with by-laws that focus on governance arrangements and comply with NCP principles.

Amendments to the Local Government Act in 1999 saw the further application of NCP principles to Local Government by-laws, with the requirement that any new by-laws with a significant impact on the community be subject to a RIS. This amendment formalised the procedure already required in the *By-Law Making Procedures Manual*.

5 SECTOR SPECIFIC REFORMS

Features

- Under the *Agreement to Implement the National Competition Policy and Related Reforms*, States and Territories are required to effectively implement COAG and other Agreements for reform in the areas of electricity, gas, water and road transport.
- The Government has given in-principle commitment to become a participating jurisdiction in the National Electricity Market (NEM) and has passed the *Electricity – National Scheme (Tasmania) Act 1999* to allow for the National Electricity Law to be adopted in Tasmania. The Basslink project, which will secure Tasmania's connection with the national electricity grid via an undersea transmission cable, is making significant progress. These and other developments in electricity reform since the previous Progress Report are outlined in this Chapter.
- At this stage Tasmania is not a "relevant jurisdiction" for the purposes of gas industry reforms given the absence of any natural gas pipeline infrastructure in the State. However, the Government is taking steps to facilitate the development of a natural gas industry. As previously reported, Tasmania signed the Natural Gas Pipelines Access Agreement along with other jurisdictions in 1997. More recently in mid-April 2000, the Government announced that the natural gas project has reached the final pre-construction phase. Duke Energy International (Duke) lodged a project description in early May 2000. The State is also developing supporting legislation in anticipation of gas supply.
- Since the previous Progress Report, Tasmania has made significant progress with its second tranche water commitments. Tasmania has demonstrated a genuine commitment to implementing two-part pricing (where cost-effective) as agreed under the COAG framework.
- The Tasmanian Parliament passed the *Water Management Act 1999* in October 1999, and this Act was proclaimed on 1 January 2000. The new legislation reforms the manner in which access to, and use of, the State's water resources are regulated to provide for long-term sustainability, while implementing a number of the State's COAG water requirements.
- Tasmania has successfully implemented all transport reforms contained in the second tranche assessment framework, with the exception of the national heavy vehicle registration and driver licensing schemes, which have been deferred to October 2000.

ELECTRICITY INDUSTRY REFORMS

The Tasmanian electricity supply industry has undergone significant reform since August 1997. In implementing these reforms, the Tasmanian Government has worked to ensure that it has complied with all relevant NCP requirements. It should be noted that the NCC has confirmed that while Tasmania is not connected to the national grid it is not regarded as a "relevant jurisdiction" for the purposes of the electricity sector reforms in the NCP Agreements.

Basslink

In February 2000, National Grid International Limited (National Grid) was selected as the preferred proponent to build, own and operate Basslink, an undersea DC transmission cable between Loy Yang in Victoria and Bell Bay in Tasmania. National Grid is one of the largest independent electricity transmission companies in the world, owning and operating the high voltage network in England and Wales, connecting generators with distribution companies and major customers, together with interconnectors with Scotland and France.

The Basslink project will cost around $400 million and National Grid expects to have the link in operation by early 2003. The link will operate under the *National Electricity Code* as a non-regulated link, otherwise known as a market network service provider. Market participants in Tasmania and other NEM jurisdictions will pay National Grid for making capacity available to facilitate interstate trade in electricity.

In this context, the entry of Tasmania to the NEM and the adoption of the *National Electricity Code* are a key requirement for Basslink. The Government has made an in-principle commitment to become a participating jurisdiction in the NEM. The Electricity - National Scheme (Tasmania) Act was enacted in May 1999, providing the legislative vehicle for the adoption of the National Electricity Law (and therefore the application of the *National Electricity Code*) in Tasmania. This legislation will be proclaimed once the arrangements required for the State's entry to the NEM are finalised.

Further information on the Basslink project is available from the Basslink Development Board's Internet site: http://www.basslink.tas.gov.au.

Structural reform in Tasmania's electricity supply industry

Until July 1998, Tasmania's electricity supply industry consisted of a single vertically integrated public utility - the Hydro-Electric Corporation (HEC). On 1 July 1998, the HEC was structurally separated into three businesses:

- the HEC, which remains a GBE with responsibility for electricity generation and system control (ring fenced) on mainland Tasmania as well as generation, distribution and retailing on the Bass Strait islands;

- Transend Networks Pty Ltd (Transend), a State-owned Company operating under Corporations Law with responsibility for electricity transmission through the extra high voltage transmission network; and
- Aurora Energy Pty Ltd (Aurora), a State-owned Company operating under Corporations Law with responsibility for electricity distribution through the lower voltage networks and for retailing (it currently has an exclusive retail licence for all of Tasmania, excluding the Bass Strait Islands).

The structural separation of the HEC meets two of the major requirements of the COAG Agreements on electricity reform, namely the full separation of generation and transmission and the ring-fencing and separate accounting for distribution and retailing for integrated distribution/retail businesses.

Prior to the formation of Aurora, a structural review of the HEC's distribution/retail business was undertaken pursuant to clause 4 of the CPA because of the former Government's intention to privatise this part of the HEC. The findings of this review and the Government's response was detailed in Tasmania's April 1999 NCP Progress Report. The Government is firmly of the view that it has met all requirements under the CPA with regard to the distribution/retail sector.

Structural review of the Hydro-Electric Corporation's generation business and system control function

The development of Basslink and the State's entry to the NEM will facilitate the introduction of competition to what is effectively the HEC's monopoly electricity generation business. In March 1999, the Government commissioned Mr Peter Garlick and Mr Ross Kelly to undertake a structural review of the HEC's generation activities and the system control function pursuant to clause 4(3) of the CPA. The report, entitled *National Competition Policy Review of the Structure of the Hydro-Electric Corporation's Generation and System Control Functions,* was completed in May 1999.

The three principal recommendations of the review were:

- the system control function be separated from the HEC as soon as practicable to form a Tasmanian Independent System Operator (TISO);
- prior to Basslink, the Government should establish three competing trading enterprises, as either subsidiaries of the HEC or reporting directly to Government. The HEC would be responsible for asset management and some corporate support services, but the trading entities would be responsible for bidding into a Tasmanian wholesale pool (with NEM arrangements replacing the Tasmanian pool arrangements once Basslink is commissioned); and
- the Tasmanian pool should operate for a minimum of twelve months, and preferably two years, prior to entry into the NEM to allow the development of the necessary trading expertise.

The Government's overall energy policy objective is to create an environment for economic development and investment through the provision of secure, diverse and competitively priced energy. Basslink, entry to the NEM and the development of on-shore natural gas are the centrepieces of the Government's strategy to achieve this objective.

The Government believes that developing a genuinely competitive electricity industry in Tasmania will be a progressive process involving a number of phases, the first of which is the development of one or more additional sources of generation supply. To this end, the Government is facilitating both Basslink and, in parallel, the commercial development of on-island natural gas reticulation and gas-fired electricity generation by Duke. The successful completion of either, or both, of these developments will

introduce competition into the HEC's generation business, which to date has had a virtual monopoly in Tasmania's generation sector. This, in turn, represents an important pre-condition for the emergence of effective retail competition in the State.

In terms of immediate strategic objectives, the next steps towards developing a competitive market will involve:

- establishing a framework for the entry of new generators in the knowledge that they will be entering a stable and predictable environment - the current ESI Act provides for new entry but the Government believes that the NEM arrangements provide the most appropriate basis for the further development of the State's generation sector;
- entering the NEM on terms agreeable to both the Tasmanian Government and the other participating jurisdictions; and
- establishing a practical implementation program for the introduction of retail contestability in the State.

For reasons discussed below, the Government has decided that the proposal to disaggregate the HEC's generation business along the lines recommended in the structural review is not consistent with these objectives and not in the public benefit for Tasmania.

Adverse impacts on the Basslink and natural gas projects

The decision to develop Basslink as a regulated or non-regulated interconnector under the *National Electricity Code* was a matter to be determined by proponents in the competitive bidding process for the project. However, the uncertainty around the National Electricity Market Management Company (NEMMCO) test for approval for regulated interconnects, together with decisions on the proposed interconnector between South Australia and New South Wales, suggested that it would be likely that proponents would seek to develop Basslink as a non-regulated link. This was reflected in discussions between Basslink proponents and the State-owned electricity entities during 1999.

Progressing Basslink as a non-regulated link required the Basslink proponents to seek to enter into commercial agreements with the State-owned electricity entities for use of the link, particularly the HEC with regard to exports from Tasmania.

Discussions between Basslink proponents and the Government in mid-1999 revealed that the project would face significant additional uncertainty and complexity (and therefore risk) if the HEC was split into multiple trading entities. The Basslink proponents would have had to negotiate with three separate parties, instead of one. This would have been a prohibitively slow process as the existing major industrial contracts and the HEC/Aurora vesting contract would have needed to be apportioned between the three entities before they would have been able to commence negotiations with the short-listed Basslink proponents.

Failure to progress Basslink could have jeopardised the natural gas project. A central aspect of the gas project is Duke's conversion of the Bell Bay power station from oil to gas and selling gas-fired electricity in competition to the HEC. However, in the absence of Basslink, Bell Bay would still be required to fulfil its vital thermal back-up role to support the hydro system in periods of low rainfall. Duke has advised the Government that electricity generation is an essential element underpinning the economics of its proposed development and that the cost of building a greenfield gas power plant in Tasmania is prohibitive, given the limited existing electricity market.

In summary, in considering the future structure of the HEC, the Government was firmly of the view that it would have been imprudent to pursue a secondary objective of introducing competition within the HEC at the expense of the primary objective of securing the Basslink and natural gas projects in order to bring sustainable competition to Tasmania.

Unacceptable risk to supply security

The Government had concerns that hydrological risk management practices and operational efficiency would be compromised under the proposed arrangements as the incentives faced by individual trading entities may not result in the optimal use of the State's hydro-electric resources. This would have reduced supply security which would not assist in the creation of a stable and predictable environment in which new generation options can be developed. Consequently, it is inconsistent with the Government's strategic objectives.

The HEC's submission to the review stated that disaggregation would reduce firm yield by between five and seven per cent once Basslink is in operation, depending on the extent of disaggregation. The modelling undertaken by the HEC showed that disaggregation is more likely to lead to water spillage, and therefore loss of energy supply, as a result of a loss of synergy between the three operations and the creation of incentives for market gaming.

While the review findings suggest that these projected outcomes may be overstated, it accepted that contractual intervention would be required to remove incentives for gaming in order to minimise reductions in system rating. The review also concluded that "… a reduction in hydro yield, if it does occur, is not a critical issue, as Basslink will allow replacement energy from the mainland".

However, this represents the replacement of low cost renewable energy with potentially higher cost (in terms of financial and environmental costs) electricity produced in mainland thermal plants.

Any reduction in firm supply prior to the emergence of alternative generation is totally unacceptable to the Government, as it would more rapidly move Tasmania away from the current situation of electricity supply/demand balance towards a supply deficit.

This situation is exactly the outcome the Government is seeking to avoid by actively facilitating the Basslink and natural gas projects. A supply deficit reduces the likelihood of re-investment in local plant by existing, energy-intensive, Tasmanian manufacturing operations. It also makes attracting new investment projects requiring electricity to the State more difficult, prior to an irrevocable commitment to proceed with the Basslink and/or natural gas projects.

Unproven consumer benefits

The Government believes that a key failing of the review is that it did not satisfactorily examine the potential benefits which would arise from increasing competition within the existing HEC business. The review's conclusions appear to be based on the outcomes of structural change interstate, without considering whether similar underlying factors are present in Tasmania.

The significant price reductions that have resulted from increased competition in mainland markets have, to a substantial degree, been driven by operational efficiency gains resulting in increased thermal plant availability and decreases in operating costs.

In New South Wales, for example, post-competition operational efficiencies have increased from around 60 per cent to 90 per cent or above. These gains reflect the fact that these plants were highly inefficient to start with.

By contrast, the HEC's plant is highly capital intensive (stations are almost without exception remotely operated) and independent benchmarking has shown it to be highly efficient by international standards. The review did not demonstrate that the proposed disaggregation would result in significant efficiency gains or associated cost savings. In fact, the review findings estimated that disaggregation would lead to increased net costs in the range $1 million to $5 million per annum.

In addition, the potential for delivering further price reductions to Tasmanian consumers prior to NEM entry by reducing the commercial returns made by the HEC is extremely low. The Tasmanian Electricity Regulator's determination on electricity prices for the period January 2000 to December 2002 provides for an allowable energy charge of $38 per megawatt hour, rising to $39 per megawatt hour in 2003. This will enable the HEC to earn a return on assets around 5.5 per cent per annum, a poor outcome by commercial standards.

Reduction in the HEC's ability to successfully compete in the NEM

Finally, the Government was concerned that disaggregation of the HEC could have significant implications for the ability of the HEC to gain the full benefits of trading in the NEM, particularly in the context of having to deal with a monopoly Basslink operator. These are critical issues for the Government, given that the HEC is the State's single most valuable publicly-owned asset and that the Government wishes to enter the NEM on terms that benefit Tasmania, as well as being acceptable to existing NEM participants.

Establishing three trading entities would have not only significantly complicated negotiations to secure Basslink, but it could have placed the link operator in a very strong bargaining position in providing access to the NEM to the small and competing disaggregated businesses. In addition, retaining the full portfolio of generation facilities will enable a single HEC to offer a full range of contractual arrangements into the NEM.

There is also the issue of whether the required commercial expertise exists within the HEC for the operation of three separate trading entities. Duplication of hydro modelling and trading expertise need to be justifiable in relation to the associated benefits. As discussed above, these benefits have not yet been demonstrated.

For the reasons set out above, the Government decided that the review did not demonstrate any clear and substantial benefits in disaggregation of the HEC and that such an approach would have not only posed significant additional costs, but, more importantly, could well have jeopardised the primary objective of securing Basslink, thereby not enabling the State to join the NEM. Therefore, the Government decided not to accept the disaggregation recommendation and agreed that the HEC will continue as an integrated hydro-generator, both prior to and following NEM entry.

The Government also explored the option of establishing an independent system operator in Tasmania, as recommended by the review. The Government recognises the importance of removing the system control operation from the incumbent generator to create an environment for the entry of new generators within Tasmania.

With the State's entry to the NEM, NEMMCO will assume responsibility for the system security role in Tasmania on a basis consistent with that in other NEM jurisdictions. While this will leave some residual system security responsibilities locally, the Government believes that an independent system operator would not be viable following NEM entry. On this basis, the Government has agreed to transfer the system control function from the HEC to Transend. A transition strategy is currently being developed by the electricity entities in consultation with the Government.

GAS INDUSTRY REFORMS

As indicated in previous Progress Reports, under the NCP gas reform arrangements, relevant jurisdictions are required to establish a national framework for fair and free trade in natural gas. In particular, the gas reforms require the establishment of third party access arrangements that apply to specified natural gas pipelines. Although Tasmania does not have an established natural gas industry, it signed the Natural Gas Pipelines Access Agreement along with all other jurisdictions at the COAG meeting of 7 November 1997.

In the absence of any natural gas pipeline infrastructure in this State to which third party access can be provided, Tasmania has been treated as a special case within the Natural Gas Pipelines Access Agreement, and as such is not a "relevant jurisdiction" for the purposes of gas industry reforms. In particular, Tasmania is exempted from having to comply with the obligations of the Agreement until approval for the first natural gas pipeline in the State is granted, or before a competitive tendering process for a natural gas pipeline in the State commences.

The NCC has acknowledged Tasmania's unique position under the Agreement and has indicated that it does not intend to assess Tasmania's progress in implementing gas reform arrangements for the purpose of competition payments until the advent of a natural gas industry in the State. Once this has occurred, Tasmania will become a "relevant jurisdiction" for the purposes of gas industry reforms.

To facilitate the development of a natural gas industry in the State, the previous Tasmanian Government selected Duke as its preferred gas developer in May 1998. Under this agreement, Duke was to undertake a feasibility study of the potential to develop a natural gas industry in the State and to report back to the State Government in early 1999. In late 1998, Duke's feasibility study became closely linked to a separate proposal to construct a magnesite mine and associated magnesium smelter in northern Tasmania. The proposed magnesium smelter was considered essential to the gas project, as it would provide the necessary foundation customer and base load.

However, Duke has since expanded its proposed project as a stand-alone project that does not rely on the development of a magnesium smelter. The current proposal involves the supply of gas to existing industries with transmission pipelines providing gas to potential customers in the Bell Bay area, the North-West Coast and the South. It also involves the conversion of the Bell Bay power station to gas. It is envisaged that gas will be reticulated to the household sector.

Government officers have been liaising with Duke to develop a framework for gas supply industry legislation, with timing being driven by Duke's negotiations with potential retail and distribution companies. These businesses will require certainty with respect to the regulatory arrangements that will operate in these markets in Tasmania.

The Tasmanian Government has elected to introduce its third party access legislation ahead of its commitment under the National Pipelines Access Agreement. The *Gas Pipelines Access (Tasmania) Bill 1999* was passed by the House of Assembly on 3 June 1999. Its tabling in the Legislative Council was deferred, however, due to the invalidation of some sections of the Bill that relate to cross vesting, following the High Court (Wakim) decision on 17 June 1999.

The Bill is currently being amended in line with amendments made to the Commonwealth legislation and to the gas pipelines access legislation of the other States and Territories. This approach has been adopted to maintain as much consistency as possible. The amendments in the main will involve

conferral of power on the Supreme Court of Tasmania, rather than the Federal Court, to undertake judicial review of decisions by Tasmanian-based Code bodies (under the National Third Party Access Code for Natural Gas Pipeline Systems) and to deal with civil breaches of the legislation. Energy Ministers will be asked to agree to the amendments to gas access legislation of all States and Territories in a single package.

In Tasmania's case, it is likely that the Government will introduce the Bill in the Budget session of Parliament in 2000.

WATER INDUSTRY REFORMS

The Tasmanian Government is fully committed to implementing efficient and sustainable water industry reforms that were agreed at the February 1994 COAG meeting and subsequently included in the package of NCP and related reforms agreed at the April 1995 meeting of COAG.

The COAG water reforms are embodied within the *Strategic Framework for the Efficient and Sustainable Reform of the Australian Water Industry* (Strategic Framework) and principally require the implementation of pricing reforms, with greater emphasis on user pays and cost recovery principles, clearer definition of water entitlements (including the allocation of water for the environment) and the development of trading in these entitlements. The Tasmanian Government recognises that the benefits of these reforms will extend beyond those derived from competition policy, with significant positive impacts on community welfare and the environment expected in the longer-term.

An Inter-departmental Water Policy Committee has been established to oversee Tasmania's water reform obligations. It comprises representatives from the Departments of Premier and Cabinet (Chair), Primary Industries, Water and Environment (DPIWE) and Treasury and Finance, and the Local Government Office.

The following information details Tasmania's progress to 31 December 1999 (including proposed future work where relevant) in its implementation of the COAG water reforms.

New water management legislation

New water management legislation was passed by Parliament in October 1999 and proclaimed on 1 January 2000. The *Water Management Act 1999* replaces the *Water Act 1957* and *Groundwater Act 1985* and amends or replaces 12 other Acts covering the allocation of water resources in the State.

The new water management legislation reforms the manner in which access to, and use of, the State's water resources are regulated to provide for long-term sustainability, while implementing a number of the State's COAG water requirements.

In particular, the Water Management Act:

- establishes new institutional arrangements for water management in Tasmania;
- provides for consistent water licensing arrangements for all types of users, including the establishment of special licences for large generators of electricity, such as the HEC, and other major water users;
- provides for the development of water management plans;

- facilitates trading in water entitlements;
- provides for formal allocations of water for the environment;
- establishes a new system for dealing with applications for dam construction; and
- creates water districts.

Further details of the Water Management Act are provided below.

Cost and pricing reforms

Urban water services

In Tasmania, all urban retail water services are provided by Local Government. The current water prices set by many councils, including the larger urban councils, do not include separate access and volumetric components. The absence of full water metering in many municipalities precludes the immediate introduction of volumetric pricing in the form of two-part tariffs.

Current pricing systems for the schemes are generally one of several basic types:

- two-part tariffs, with no "free allowance[1]" or a very low free allowance;
- standard fixed tariff (all consumers pay the same amount);
- fixed tariff proportional to the assessed annual value (AAV) of the property supplied; or
- fixed charge (standard charge or based on AAV) for a standard maximum water usage ("free allowance") with an "excess" charge for volumes used above this amount.

Currently, only five of the State's 90 urban water supply schemes are subject to two-part pricing (Brighton, Devonport, Smithton, Stanley and St Helens).

The COAG Strategic Framework requires the implementation of two-part pricing for urban water schemes where cost-effective. In December 1998, the State Government commissioned GPOC to develop a set of guidelines to establish measurable criteria to assist each local council to assess whether the implementation of a two-part pricing structure for water schemes in its jurisdiction would be cost-effective.

In June 1999, GPOC released its report, entitled *Investigation into the Cost-Effectiveness of Local Councils Implementing Two-Part Pricing for Urban Water Services and the Implementation of Other Local Government Urban Water Reforms Required Under the COAG Water Reform Agenda.*

The GPOC guidelines provided a methodology for determining the net present value of a change to two-part pricing, comparing the extra costs involved (e.g. capital cost of new meters and meter replacements, cost of extra meter readings and invoicing) with the resulting expenditure savings (e.g. deferred or reduced cost of planned capital works, reduced pumping and treatment costs). These savings are based on the expected reduction in water consumption as a result of two-part pricing.

1 A "free allowance" is a specified maximum quantity of water consumed before a charge above the fixed charge is incurred. Such charges are often referred to as "excess charges" and are generally proportional to the volume of water used above the free allowance.

The main factors used to determine whether the savings from the introduction of two-part pricing were greater than the associated costs were the:

- expected decrease in water consumption;
- projected future demand for water due to demographic factors and the commercial environment;
- extent of excess capacity of urban water schemes;
- extent to which metering is currently in place;
- need for improvements in the quality of water; and
- charging arrangements applicable at the bulk water end (including the extent to which volumetric charging is imposed).

The GPOC guidelines provided a screening test, based primarily on the size and extent of metering of each water scheme, to enable a rapid assessment of whether a detailed analysis of the cost-effectiveness of the introduction of a two-part tariff was appropriate. Where the screening test indicated that such an analysis was appropriate, a model was provided to facilitate this assessment

In July 1999, the Premier (in his capacity as Minister for Local Government) requested councils to apply the GPOC guidelines to those water supply schemes where two-part pricing was not currently in place (85 schemes) and report on the outcomes by mid-September 1999.

A review panel assessed council responses to ensure that the guidelines had been applied appropriately. Represented on the panel were the Departments of Primary Industries, Water and Environment (convenor), Treasury and Finance and Premier and Cabinet (Policy Division and the Local Government Office), and the LGAT.

The panel provided its final report to the Minister for Primary Industries, Water and Environment on 13 December 1999. The report analysed submissions covering Tasmania's 90 water supply schemes. The submissions were analysed on a scheme-by-scheme basis (rather than a council-by-council basis), as water supply schemes within a council may have no common infrastructure and may draw water from different sources.

A full analysis of the cost-effectiveness of the change to two-part pricing was undertaken for 34 of the 90 water supply schemes. Of the remaining 56 schemes:

- 40 schemes were eliminated according to the screening test developed by GPOC;
- 11 schemes were excluded as a firm commitment had been given by the relevant council to introduce two-part pricing prior to any assessment; and
- five schemes were already applying two-part pricing.

Of the 34 schemes assessed, 26 schemes returned negative values, demonstrating that two-part pricing would not be cost-effective. The remaining eight schemes, however, returned positive values. The councils responsible for these eight schemes have provided a firm commitment and implementation date for the introduction of two-part pricing.

As a result of the cost-effectiveness analysis, 19 water schemes will change from their existing pricing systems to two-part tariffs. Of these 19 water schemes, 18 will implement two-part pricing, commencing either in July 2000 or July 2001. The New Norfolk scheme will commence the implementation of two-part pricing in July 2002.

Table 5.1: Implementation dates for two-part pricing

Scheme	Implementation date
Bracknell	**2001-02**
Cressy	**2000-01**
Deloraine	**2000-01**
Evandale	**2000-01**
Exton	**2001-02**
George Town	**2001-02**
Hadspen	**2001-02**
Hillwood	**2001-02**
Kempton	**2000-01**
Launceston	**2001-02**
Longford/Perth	**2000-01**
New Norfolk	**2002-03**
Prospect Vale	**2001-02**
Ross	**2001-02**
Scottsdale	**2001-02**
Sorell	**2000-01**
Westbury-Carrick	**2001-02**
West Tamar	**2001-02**
Wynard-Somerset	**2001-02**

Source: *Report on the Cost-Effectiveness of Implementation of Two Part Pricing for Urban Water Supply Services in Tasmania*, Tasmanian Government, December 1999.

In its June 1999 report, GPOC also provided a set of principles to ensure that local councils successfully meet the asset renewal and asset maintenance requirements of the Water Pricing Guidelines agreed to by the Agricultural Resource Management Council of Australia and New Zealand.

Local councils are required to rigorously apply these principles to ensure that they are meeting the asset renewal and asset maintenance requirements, as specified in the Strategic Framework.

Metropolitan bulk-water suppliers

The Tasmanian Government referred the prices charged by the three major Tasmanian regional water authorities to GPOC for investigation under the GPOC Act.

The State Government has endorsed GPOC's maximum prices (in the form of maximum revenues) and other pricing principles. An Order (for NWRWA) and a Determination (for HRWA and EWA) were issued at the end of February 1999 implementing GPOC's pricing principles. The maximum revenues apply for a three year regulatory period which commenced on 1 July 1999.

In addition to maximum revenue recommendations, GPOC also recommended in relation to water pricing that:

- uniform pricing principles are applied for the three bulk water authorities;
- where an authority is not already applying a two-part tariff structure, that it has a two-part tariff structure in place by the 2001-02 financial year; and

- within this two-part tariff structure, the volumetric component reflects the long-run marginal costs of the authority, with any revenue shortfall to be recovered in the fixed component.

Rural water supply

Water pricing for the Government irrigation schemes

Less than 10 per cent of irrigation water used in Tasmania is sourced from publicly-owned infrastructure. The vast majority of irrigation water is sourced from unregulated streams or on-farm storages utilising privately funded infrastructure.

The three Government irrigation schemes, namely the Cressy-Longford, South-East and the Winnaleah schemes, are managed by the Rivers and Water Supply Commission (RWSC). As a GBE, the RWSC is required to include the payment of tax equivalents and a loan guarantee fee in the determination of its costs for operating its trading enterprises. Water pricing for the irrigation schemes is set through the business plans for each scheme which form part of the RWSC's Corporate Plan.

Water prices cover operational, management, maintenance, depreciation and finance costs. All schemes receive a subsidy from the Government to cover the costs of repayments and interest on loans which were established to provide the capital funding for construction of the schemes. These subsidies appear as separate, fully transparent items in the RWSC's annual financial statements for each scheme. These statements are tabled in Parliament and are public documents.

Current revenue from water sales for the South-East Irrigation Scheme does not fully cover the other recurrent costs, although the water prices are cost-reflective to the greatest extent possible. Annual increases in water prices of 12-13 per cent are continuing until full cost recovery is achieved. The RWSC is also investigating ways in which the scheme running costs can be reduced.

In January 1998, the RWSC commissioned a consultancy through Stanton Associates/GHD Joint Venture to:

- provide a cost for asset consumption for each scheme to be used as a renewals annuity to be included in water prices; and
- recommend strategies for reducing scheme operating costs, including a consideration of alternative management structures.

Due to the complexity of some of the issues involved, the major parts of the consultancy were not completed until late 1999.

Based on the initial information provided by the consultants, the RWSC, in consultation with scheme users, introduced asset renewal levies into the pricing structure for the Cressy-Longford and Winneleah schemes for the 1999-00 irrigation season.

Raw water pricing

Prior to the enactment of the Water Management Act, pricing for "raw water" (water taken directly from rivers, lakes and aquifers by commercial water users) varied widely, from a nil cost to $26 per megalitre.

Previously, the majority of commercial water users (holders of commissional water rights under the now repealed Water Act) were charged a biennial fee. However, the fees were not reflective of the direct costs, including licensing, monitoring and bailiffing incurred by the RWSC in managing the water

resources. Other water users generally did not contribute to the bailiffing and monitoring costs, although they derived benefits from these services.

With the introduction of new water management legislation, the Government has confirmed its commitment to introduce a new user-pays pricing policy.

To this end, the Water Management Act provides that water licence fees can vary according to the quantity of water taken, the source of water, the use to which the water will be put, when the water is taken, the degree of certainty of the water supply being available and the method by which the water is taken. This provides for a flexible pricing system for dealing with the wide variety of types of water takes throughout the State, from the HEC's licensed take of around 25 million megalitres to a take of one megalitre by a landholder into a farm dam.

The *Water Management Regulations 1999* (proclaimed on 1 January 2000) establish the new raw water pricing system. This pricing system for water taken from unregulated streams, lakes and groundwater provides for:

- clear separation of public and private costs incurred in water management;
- the setting of licence fees to reflect the direct costs attributable to licensees (a standard 'administrative fee' to cover licence issue and a variable 'management fee' to cover bailiffing, compliance auditing, water quality monitoring etc.);
- the creation of eight different pricing regions to reflect the variations in the cost of servicing users in different catchments of the State;
- a broader base for revenue collection to ensure that all beneficiaries contribute equitably to the costs of the services provided;
- a different pricing structure for different types of licences, for example, water taken into storage during winter compared to water taken directly from rivers during summer; and
- opportunities for licensees to reduce their costs by changing the level of service received from the Government.

Groundwater

Groundwater resource assessment work by Mineral Resources Tasmania indicates that current consumption of groundwater is around 20 000 megalitres per annum, compared to a sustainable yield of 500 000 megalitres per annum. Long-term monitoring indicates that current usage is generally having no adverse impact on groundwater quantity or quality.

Currently, the only significant Government activity in relation to groundwater management is in monitoring the impact of use. This is undertaken by the Department of Primary Industries, Water and Environment as a public good activity with no charge being directly levied on groundwater users.

Groundwater management is an integral part of freshwater management and is also undertaken by DPIWE under the Water Management Act. The Act provides that the costs of groundwater management services may be recouped from users where the services are provided as a direct result of the users' activities.

Institutional reform

Responsibility for water management

Prior to the proclamation of the Water Management Act, there were several public and private bodies managing water resources in the State, for example, the RWSC, the HEC, Mineral Resources Tasmania, councils and private companies. Almost all of these bodies also had responsibilities for the provision of water services.

Under the new Act, the responsibility for management of all of the State's freshwater resources is vested in the Minister for Primary Industries, Water and Environment, with DPIWE being responsible for the implementation of the provisions of the Act. All service providers, including the RWSC, councils and the HEC, will require licences to take water.

A separate Act, the *Rivers and Water Supply Commission Act 1999*, which was also proclaimed on 1 January 2000, makes provision for the continuation of the RWSC as a GBE with responsibility for the commercial management of Government water schemes. The RWSC now has no natural resource management role (other than to meet the conditions of its water licences or implement a Water Management Plan as discussed below).

Under the Water Management Act, service providers will be able to manage water resources as part of their licence conditions or in situations where an approved Water Management Plan is in place. In these situations, DPIWE will still be accountable for compliance auditing of the provider to ensure that the agreed licence conditions or water management requirements of the Plan are met.

Service provision

Under the new legislation, DPIWE no longer has a role in the delivery of water services. The transfer of responsibility for major urban water services to Local Government leaves the Prosser Water Supply Scheme as the only State Government-owned urban water supply scheme. This Scheme is currently operated by Spring Bay/Glamorgan Council under contract to the RWSC and serves several small towns on the East Coast.

Efficient delivery of water services

In accordance with the GBE Act, the Department of Treasury and Finance, on behalf of the Government, continues to monitor the quarterly financial performance of GBEs (including the RWSC) against planned performance targets.

To enhance public accountability, the published annual reports of GBEs include a Statement of Corporate Intent which details:

- the business definition, which outlines the core business, any major undertakings, key limitations and any CSOs required to be delivered;
- strategic directions, including the business directions for the GBE, the major goals, expected outcomes and key factors affecting the operating environment;
- business performance targets, which provide a public commitment to performance in key areas of the business; and

- any other major issues, including significant changes in any areas, for example, pricing issues, employee relations and subsidiaries.

Performance comparison criteria have been developed for the three major Tasmanian bulk water authorities.

The Government is utilising the strategic and operational plan requirements of the Local Government Act to require councils to incorporate efficient operating principles for their water supply schemes in their five year strategic plans and to give effect to them in their annual operational plans which must be reported upon in annual reports and at council annual general meetings.

In December 1999, the *Local Government Regulations 1994* were amended to provide that an operational plan of a council, under section 71(2)(f) of the Local Government Act, is to include:

- a statement outlining its plans in relation to water supplied by it for domestic consumption; and
- sufficient financial information to demonstrate that it is applying the pricing guidelines in relation to water supplied by it for domestic consumption as specified in the GPOC guidelines discussed above.

The *Local Government Amendment (Operational Plans) Regulations 1999* do not prescribe a consultation period but rely instead on the existing consultation provisions of the Local Government Act, which require operational plans to be made publicly available for comment prior to being considered by the relevant council for resolution.

In addition, Tasmania's largest metropolitan bulk water authority, the HRWA, is participating in national benchmarking and performance monitoring through the Water Services Association of Australia (WSAA).

Given that the minimum size for a water authority to participate in the WSAA program is 50 000 connections, the EWA and NWWA are excluded from this program. However, the Standing Committee on Agriculture and Resource Management (SCARM) is currently developing a national approach to establishing a performance monitoring program for non-major urban water authorities (around 10 000 to 50 000 connections) based on the WSAA model. It is expected that the EWA and the NWWA will participate in this program when it is established.

The RWSC is participating in the national performance monitoring program for irrigation schemes currently being developed by SCARM. The three RWSC schemes were reported on in the first benchmarking report released by SCARM in January 1999 and prepared for the 1997-98 financial year.

Commercial focus for water services

The establishment of the HRWA, the EWA and the NWWA as joint authorities was based on the following principles:

- all of the major customer councils within the region must be involved;
- the bulk supply joint authority must function at arms length from the councils involved, in a proper commercial manner; and
- appointments to the joint authority board must be on the basis of skills and experience to manage a bulk water supply, as distinct from representative experience.

These transfers of the bulk water authorities from the State Government to Local Government are also conditional upon assurances from Local Government that the bulk water operations will be conducted in a manner that enables the State to meet its obligations under the NCP Agreements. This means that joint authorities are subject to tax equivalent, dividend and guarantee fee regimes.

The establishment of the HRWA, the EWA and the NWWA as joint authorities of Local Government is fully consistent with the recommendation of London Economics in its final report, entitled *Water Sewerage and Drainage Review - Tasmanian Roles and Functions Committee* in September 1995.

In this report, London Economics clearly recommended a corporatisation model, with State or Local Government-owned organisations operating according to sound commercial practice. In this manner, London Economics considered that the best practices of the commercial sector are brought into the industry and that there is appropriate accountability for performance and for meeting standards.

The establishment of the RWSC as a GBE in 1995 has led to a greater commercial focus for the operation of Government-owned irrigation, water supply, riverworks and drainage schemes. In particular, in accordance with section 7 of the GBE Act, the RWSC is to:

> "perform its functions and exercise its powers so as to be a successful business by -
>
> (i) operating in accordance with sound commercial practice and as efficiently as possible; and
>
> (ii) maximising the sustainable return to the State in accordance with its corporate plan and having regard to the economic and social objectives of the State."

Management of irrigation schemes

The RWSC manages the three Government-owned irrigation schemes in Tasmania. Since 1 January 2000, under the new water management legislation, the RWSC no longer has any direct water management responsibilities and its activities are restricted to service provision. Under this arrangement, the management of the irrigation schemes is effectively corporatised.

The RWSC has established separate management committees for each of the schemes. The committees have a majority membership of elected irrigator representatives. While the committees are only "advisory", the RWSC seeks their advice on all significant matters affecting scheme operations.

In 1998, the RWSC appointed Stanton Associates/GHD Joint Venture to undertake an investigation of alternative management options for the schemes, including commercialisation, individual corporatisation or privatisation. The consultants finalised their reports on the Cressy-Longford and Winnaleah Schemes in 1999 and presented their findings to general meetings of scheme users in October 1999. Finalisation of the report for the South-East Scheme is expected in early 2000.

Scheme users were actively involved in establishing the guidelines for the investigation and in directing the consultancy work as it progressed.

The reports completed to date indicate that commercialisation or privatisation of the irrigation schemes is economically feasible, with some cost savings in scheme operation possible if the required services could be obtained on the open market (rather than through the RWSC as at present).

The RWSC is consulting with scheme users to determine how best to progress this issue. In November 1999, the RWSC sent a representative of each of the three schemes to a recently privatised irrigation scheme in Western Australia (South West Irrigation) to allow them to gather information on the privatisation process.

Further consultation is planned between the RWSC and scheme users to better define the benefits to be gained from any change to existing scheme management arrangements and to determine the most appropriate arrangements to enable those benefits to be realised. The RWSC will continue to facilitate progress towards self-management of these schemes where this is the preferred outcome of the majority of scheme users.

Allocation and trading reforms

Rights to take water

Prior to the enactment of the Water Management Act, water users had access rights to water through a wide range of statutory provisions, for example:

- owners of riparian tenements were able to take water for stock and domestic purposes under common law;
- the vast majority of commercial water users (around 2 400) were licensed under the Water Act;
- other specific groups (e.g. the HEC and holders of prescriptive rights and rights in fee) had entitlements under separate provisions of the Water Act;
- other surface water users had rights under several specific pieces of legislation; and
- groundwater users could be licensed under the *Groundwater Act 1957*.

The Water Management Act has the following provisions:

(a) all rights to surface and groundwater are vested in the State;

(b) specified people may take water without needing a licence. Riparian or 'quasi-riparian' land owners, as well as casual users of land may take water from watercourses and lakes for human consumption, domestic purposes, stock watering and firefighting ("riparian rights"). In addition, electricity generation for private use is also permitted where this does not adversely affect other users or the environment. Occupiers of land may also take surface water (water not flowing in a watercourse) and groundwater from that land for any purpose. Common law rights to naturally occurring water are abolished and all water uses other than those outlined above are required to be licensed;

(c) the above entitlements to take water without a licence are subject to the taking of water not leading to material or serious environmental harm or being contrary to the provisions of an applicable water management plan. In addition, no-one may take water in excess of his or her reasonable requirements for the above purposes and maximum takes may be prescribed by regulation (and are in place for "riparian rights" under the Water Management Regulations);

(d) the Minister may deem it necessary to licence water users who would otherwise have a right to take water under (b) above in order to ensure the equitable sharing of water or to avoid environmental harm;

(e) the Minister may grant a water licence to a person to take water from a water resource. Licences are required to take water for a purpose, or in a manner, other than that listed above under paragraph (b);

(f) the details that must be specified in a water licence include the name of the water resource, the surety with which the water allocation can be expected to be available, the quantity of water that can be taken, the date on which the water licence expires and any special conditions;

(g) a water licence is separate to a land title and is the property of the licensee;

(h) a licence or all or part of the water allocation on a licence may be transferred to another water user.

The changeover arrangements from the previous licensing system to the new system under the Water Management Act provide that pre-existing legal entitlements to water will be preserved where they are sustainable. DPIWE believes that the majority of current entitlements are sustainable. However, the Act allows the Minister to vary the conditions or reduce the allocation of a licence, or impose restrictions on the taking of water as necessary to meet environmental requirements.

Appropriate assessment of future water harvesting proposals

Water allocations

The RWSC imposed a moratorium on the issue of new water entitlements in 1995. The moratorium principally applies to applications for direct taking of water during summer. The moratorium has been lifted on particular water resources only when appropriate environmental flow regimes have been established. Only three rivers have been investigated sufficiently for allocation procedures to be established: Derwent, Huon and Leven Rivers.

The RWSC has provided temporary allocations to applicants for water rights on some streams where it expects the environmental flow requirements to be readily met within the current regime of licensed water entitlements. These temporary allocations apply for one season only and may be withdrawn if the streamflow reaches environmental risk levels at any time.

Under the Water Management Act, in areas where a Water Management Plan does not exist, the Minister may approve applications for new water allocations (including water taken into dams) only where he or she can do so in accordance with the objectives of the Act. The principal objectives of the Act in this regard are those in Tasmania's Resource Management and Planning System (RMPS), which establishes principles for sustainable development in the State.

Dams

The Tasmanian RMPS provides a mechanism for ensuring that appropriate environmental impact assessments are completed prior to approving the construction of dams.

Under the Water Management Act, the RWSC is the body responsible for assessing applications for the construction of dams. The RWSC must consult with relevant agencies before considering applications.

This is carried out through the Interdepartmental Farm Dam Working Group which represents the Resource Management, Environment and Planning, and Conservation and Land Management Divisions of DPIWE and the Inland Fisheries Commission. The Group provides expert advice on water resource, environmental and cultural impact assessment requirements for applicants.

Proposals to construct dams which may have a significant impact at regional level are assessed by the Board of Environmental Management and Pollution Control, established under the *Environmental Management and Pollution Control Act 1994* in accordance with the environmental impact assessment principles set down in that Act.

Local Government can also have a role in assessing applications for dam construction under the *Land Use Planning and Approvals Act 1993.* Local Government has a statutory obligation to further the sustainable development objectives of the RMPS in any such assessments.

Trading arrangements for water allocations or entitlements

Unregulated water resources

Prior to 1 January 2000, the majority of water entitlements, known as commissional water rights, were legally attached to land titles and hence were not transferable separately from the land.

The Water Management Act establishes a new water entitlements system whereby water licences are not legally attached to land titles and are transferable. The key elements are set out below.

- A licensee may transfer all or part of the water allocation on his or her water licence to another person. The transfer may be absolute (i.e. permanent sale of the water) or for a limited period (i.e. temporary lease of the water).
- The transfer must be in accordance with any relevant Water Management Plan or, where there is no relevant Water Management Plan, in accordance with the objectives of the Act.
- The Minister may modify or refuse to approve a proposed transfer if the transfer would have a significant adverse impact on other water users or the environment, or if, after the transfer, the quantity of water available to the transferee would be in excess of the quantity that could be sustainably used.
- The Minister may require an applicant for a transfer to pay for an assessment of the effect of granting that transfer.
- A transfer of an allocation on a licence can only be approved with the consent of any person noted on the register of water licences as having an interest in the licence (e.g. a mortgagee).

Irrigation schemes

A system of water rights trading has been operating in the Government-owned irrigation schemes since the 1994-95 season. Under these arrangements, owners of irrigation rights not wishing to use those rights in a particular season have been, with the approval of the RWSC, able to transfer them to other users.

Recent amendments to legislation have provided a more robust and "free-market" mechanism for transfers.

The *Irrigation Clauses Amendment Act 1997* provides that irrigation rights (entitlements to take water from the irrigation scheme) are separated from land titles and are transferable within the irrigation district, subject to any conditions imposed by the Minister. Rights can be leased or sold.

The transfer of irrigation rights commenced on the proclamation of this Act in December 1998, after the RWSC established transfer rules in consultation with scheme users. The transfer rules cover the physical restrictions imposed by scheme infrastructure, rights of third parties with an interest in the rights and environmental sustainability factors.

The following table shows the amount of irrigation right (megalitres) transferred temporarily and permanently for each of the Government irrigation schemes in 1999.

Table 5.2: Irrigation right transferred for Government irrigation schemes in 1999

Scheme	Permanent	Temporary
	ML	ML
Winnaleah Irrigation Scheme	**47**	**160**
South East Irrigation Scheme	**51**	**310**
Cressy-Longford Irrigation Scheme	**490**	**249**

Source: Department of Primary Industries, Water and Environment

Environment and water quality reforms

Environmental allocations

The *State Policy on Water Quality Management 1997* (State Water Policy) establishes the framework for the development and implementation of environmental water allocations.

Under the State Water Policy, environmental flows for specific water resources are determined in relation to the Protected Environmental Values (PEVs) and water quality objectives established for the resource. In effect, the environmental flow is the streamflow regime required to ensure that the agreed PEVs and water objectives are not compromised.

DPIWE is developing statutory Water Management Plans which integrate the PEVs and water objectives with other water values established through community consultation. These water values cover ecosystem values, consumptive and non-consumptive use values, recreation values, aesthetic values and physical landscape values.

Under this process, the identification of water values in terms of water quantity is integrated with the process to identify values for water quality being undertaken by the Environment and Planning Division of DPIWE as part of the implementation of the State Water Policy.

Progress in the identification of water values by the community

To date, specific community water values have been identified for the Meander, Mersey, Great Forester, Little Forester, Ringarooma, North Esk, Saint Patricks Mountain, Clyde and George River catchments. Further community workshops are planned to establish values for an additional 10 priority catchments.

The workshops involve representation from different community groups (recreational fisheries, farming, irrigation, environmental etc) from within each catchment. These representatives are sent information prior to the workshop explaining the value setting approach and detailed description of specific water values. The water values identified through the workshop are then prioritised in each category.

The outcomes of these workshops are then communicated to the wider community at a public meeting for each catchment in the form of a draft Water Management Plan required under the Water Management Act.

Ecological values identified by the community are combined with those identified by State agencies as noted below.

Identification of values by State agencies

A State Working Group was established in 1997 to oversee the development of Water Management Plans in conjunction with the implementation of the State Water Policy.

The Group is responsible for:

- setting priorities for the development of Water Management Plans (under an agreed process for quantitatively defining catchment priorities according to the stresses placed on their waters, or other special management requirements); and
- identifying water values for catchments from a technical and scientific perspective, including the non-negotiable environmental values which are implicit in various local, national and international agreements and legislation.

Environmental flow assessment - current and future work

The Group has established a list of priority river systems for environmental flow assessment. Considerable work on the determination of water requirements for river ecosystems has already been completed for some of Tasmania's major river basins.

A number of techniques for assessing environmental flow requirements have been developed to suit Tasmanian conditions. The assessment of each catchment for environmental flow requirements uses the most appropriate technique to address the ecosystem requirements of the particular river system.

Determination of environmental flow requirements for river ecosystems commenced in December 1997 and will be extended to up to 10 river systems annually for the next four years. This work involves the development of hydrological regionalisation models, expansion of the State biological database on habitat requirements of fauna and flora, and the development of additional monitoring tools to assess the long-term environmental benefit of revised flow regimes in rivers.

DPIWE has adopted a regional approach for a suite of activities to address the flow requirements of rivers. Currently, the agency is involved in assessing environmental flow requirements for river systems in the north-eastern, midland, and southern regions of the State using detailed methodologies for stressed river systems and rapid assessment desktop methodologies for lower priority systems.

In the north-eastern areas, detailed environmental flow assessments are largely completed for the Little Forester, Great Forester, Lower Ringarooma, Georges, North Esk, Saint Patrick's and George Rivers. Desktop approaches are being used for the Ansons Rivulet, Boobyalla River, Little Musselroe and Great Musselroe river systems.

In the midland and southern areas, environmental flow assessment is proceeding for the Elizabeth, Macquarie, Tooms, Coal, Clyde, North West Bay, Mountain, Browns, Ouse, Lake and Jordan Rivers. Several techniques are being adopted for this assessment.

It is expected that environmental flow assessment and recommendations on appropriate flow regimes for streams for the north-eastern, midland and most southern streams will be completed in 1999-00. Work on the Ouse and Lake River is expected to be ongoing into the year 2000. These recommendations will then form the basis of further community consultation and negotiation of broader water values.

In addition to ongoing work for the Ouse and Lake Rivers, the work will focus on rivers in the State's north-west in 1999-00 and the remainder of rivers in the State in 2001-02. The south-western regional

rivers are largely pristine and in the World Heritage Area. The majority of these rivers are subject to no abstraction of water and are of the lowest priority for environmental flow assessment.

As noted above, once environmental flow requirements have been established, they are incorporated into statutory Water Management Plans. The Act requires that, once Water Management Plans are established, they be reviewed entirely at least once every five years.

Biological monitoring of environmental flows

The Australian River Assessment System (AUSRIVAS) model of river health (based on aquatic macroinvertebrates) has been adopted as the principal biological protocol for assessment of the environmental benefit under new flow regimes. It has been developed by DPIWE under the National River Health Program.

AUSRIVAS models have been established for the northern and western areas of the State and models are currently being developed under the first National Assessment of River Health for the eastern, south-eastern and midland regions.

The Victorian index of river condition is being used to assess catchments in the north-eastern region. Elements of this index will be used for monitoring the benefit of environmental flows in this area.

Integrated approach to natural resource management

Tasmania's RMPS, established in 1993, provides an integrated policy and a statutory and administrative framework for the pursuit of sustainable development in the State. Supported by a suite of complementary legislation (including the Water Management Act), the system establishes a whole-of-government, industry and community approach to resource management and planning. The system is concerned with the use, development, conservation and protection of land, water and air.

Under the RMPS, strategic planning occurs in an integrated way at State, regional and local levels. The system is designed to simplify and streamline the approvals process, create surety for land managers, users and owners, and improve the quality of resource management and planning decisions. Public involvement in resource management and planning is encouraged and the system includes opportunities for public consultation and participation.

The objectives of the RMPS are to:

(a) promote the sustainable development of natural and physical resources and the maintenance of ecological processes and genetic diversity;

(b) provide for the fair, orderly and sustainable use and development of air, land and water;

(c) encourage public involvement in resource management and planning;

(d) facilitate economic development in accordance with the objectives set out in paragraphs (a), (b) and (c); and

(e) promote the sharing of responsibility for resource management and planning between the different spheres of government, the community and industry in the State.

Under the RMPS, "sustainable development" means managing the use, development and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural well being and for their health and safety while:

- sustaining the potential of natural and physical resources to meet the reasonably foreseeable needs of future generations;
- safeguarding the life-supporting capacity of air, water, soil and ecosystems; and
- avoiding, remedying or mitigating any adverse effects of activities on the environment.

Within the RMPS Framework, the *State Policies and Projects Act 1993* provides for the making of State Policies. A State Policy is binding on any person and on State Government agencies, public authorities and planning authorities.

A *State Policy on Integrated Catchment Management* is currently being developed and will establish statutory principles for catchment planning. Catchment planning will involve the setting of vegetation, land and water objectives for catchments, with catchment plans also providing strategies for achieving the objectives. Water Management Plans will provide statutory backing for the water management strategies needed to achieve the water quality objectives.

Catchment management plans are being developed in several areas of the State, largely through the independent work of community-based stakeholder groups, for example, the Meander Catchment Coordinating Group, the Huon Healthy Rivers Project Committee, and the Orielton/Pittwater Catchment Committee. These plans may become statutory plans under the proposed State Policy on Integrated Catchment Management.

Environmental regulation

Under current legislation, there is no mechanism through which water managers are directly accountable to an environmental regulator.

In undertaking its water management responsibilities under the new legislation, DPIWE will be required to maintain agreed environmental flows, to not compromise PEVs established under the State Water Policy, to abide by environmental protection measures and monitor the environmental impacts of its activities.

To facilitate the implementation and operation of this regulatory regime, an appropriate system of environmental regulation has been established, utilising the current arrangements under EMPCA.

The Board of Environmental Management and Pollution Control established under the Act determines (i) a set of broad PEVs in consultation with stakeholders; and (ii) water quality objectives, in accordance with the State Water Policy. DPIWE will then prepare Water Management Plans based, as a minimum, on these PEVs and water quality objectives, including a process for monitoring, audit and review of each Plan. These Plans will then be approved by DPIWE's Director of Environmental Management before being approved under the provisions of the Water Management Act.

In areas where there is no Water Management Plan, the Director of Environmental Management may issue an Environment Protection Notice under the Act to ensure protected environmental values and environmental objectives are met by DPIWE.

Water quality management

State Policy on Water Quality Management

The State Water Policy is a statutory policy which applies to both surface and groundwaters in Tasmania.

The Policy was specifically designed to implement the National Water Quality Management Strategy (NWQMS) in Tasmania. It will achieve this in the following ways:

- the purpose of the Policy was drawn from, and is comparable to, the objective of the NWQMS in Tasmania;
- the structure and functioning of the Policy closely follows the model set out in *Policies and Principles*, which is the key document in the NWQMS. The Policy specifically refers to developing water quality objectives through a consultative approach;
- the policy for dealing with point source pollution is based firmly on the model in the *Policies and Principles* document;
- the Policy sets out strategies to deal with major sources of diffuse pollution in accordance with the approach recommended in the NWQMS;
- the Policy adopts the waste minimisation hierarchy promulgated in the NWQMS;
- the Policy deals with groundwaters in accordance with the guidance set out in the NWQMS document entitled *Guidelines for Groundwater Protection in Australia*; and
- where appropriate and available at the time that the Policy was finalised, it adopts or refers to guidelines produced as part of the NWQMS, e.g. the *Australian Water Quality Guidelines* and *Guidelines for Urban Stormwater Management*. Other NWQMS guidelines are expected to be applied in implementing other components of the Policy.

Water quality monitoring

DPIWE is developing a network of continuous monitoring stations linked to stream gauging stations at 10 sites around the State. The stations monitor conductivity, temperature and turbidity.

DPIWE prepares and publishes catchment-based strategic "State of Rivers" reports to provide a snapshot of water quality in important river basins. To date, two reports have been publicly released, entitled *South Esk Basin* (1996) and *Huon Catchment* (1998), while four further reports are in preparation. These and other recently published water quality reports are also being made available to the public through the DPIWE Internet site and public seminars.

DPIWE has also developed a "State Algal Management Strategy" which outlines procedures for monitoring and managing blue-green algal blooms in freshwater storages. Linkages between this Strategy and national protocols are presently being formulated.

Catchment management

Tasmania has a number of current programs to support and facilitate catchment management within the State. These include publication of a guide for community groups, entitled *Integrated catchment management - what it is and how to do it*. There are currently around 12 catchment management groups

operating in Tasmania. Significant achievements have included the completion of catchment management plans for the Huon, Meander, Coal and Mersey Rivers.

While the work to date has been successful in facilitating the adoption of catchment management in Tasmania, as evidenced by the number of groups which have been formed, the Government is committed to further promoting catchment management through the preparation of formalised arrangements, utilising the proposed State Policy on Integrated Catchment Management under the State Policies and Projects Act.

Landcare practices

The State Water Policy contains provisions for dealing with the control of erosion and stormwater runoff from land disturbance, agricultural runoff and forestry operations amongst a number of other provisions to control diffuse runoff. These provisions are aimed at promoting landcare practices which will protect rivers and streams.

The Policy refers to the use of the planning system and the development of a code of practice to reduce the effect of development activities on waterways. Action is underway to ensure that the appropriate provisions are contained in planning schemes.

In relation to agricultural runoff, the Policy requires the development of a code of practice or guidelines to reduce the impact of stormwater from agricultural land on water quality. Appropriate guidelines are currently being developed.

In the case of forestry operations, Tasmania already has in place a legally enforceable Forest Practices Code which facilitates the achievement of the requirements in regard to private and public forestry land.

Wastewater discharge

There are several measures in place in Tasmania, including the State Water Policy, to actively promote the re-use of wastewater. There are also several projects presently underway to remove existing discharges from waterways, with the greatest emphasis on inland waters.

Sewage treatment lagoons are the most common method for sewage treatment in Tasmania. Discharges from lagoons are among the principal sources of point source pollution for inland rivers.

A major research project was conducted between 1993-95 to investigate design parameters for increasing the efficiency of lagoons under Tasmanian conditions. The work was a joint project of the then Departments of Environment and Land Management, and Primary Industries and Fisheries, and the Local Government Association of Tasmania, with financial support from the National Landcare Program. The main project output was a manual, entitled *Design and Management of Tasmanian Sewage Lagoon Systems,* for engineers and lagoon operators.

Subsequently, for the period 1998-2001, funding through the Natural Heritage Fund has been procured to provide for design and capital works for the upgrading of sewage treatment lagoons throughout the State. The project is managed by DPIWE and is aimed at enhancing treatment to a standard where lagoon effluent is suitable for direct reuse for irrigation or, where this is not feasible, disposal to rivers with insignificant environmental impact.

Public consultation and education

Public consultation on water issues

DPIWE conducted a major consultation program from November 1997 to January 1998 to provide initial information and take input on the proposed review of water management legislation. This involved:

- the direct distribution of around 3 000 information brochures and 350 full information packages;
- 16 public meetings and 25 meetings with specific stakeholder groups and individuals;
- the receipt of 82 written submissions; and
- the receipt of around 50 phonecalls and email messages.

A further round of consultation on the draft Water Management Bill was conducted in late May - early June 1998 with public meetings attracting around 700 people.

A third period of public consultation on the amended draft legislation was conducted between February and April 1999, to finalise the provisions of the Bill prior to its introduction into Parliament. Stakeholders participated in ongoing consultation on the Bill during its passage through both Houses of Parliament between June and September 1999.

In developing the Water Management Act, DPIWE officers participated in 145 meetings with stakeholders, including 33 public meetings at venues throughout Tasmania.

In July 1999, DPIWE released a public discussion paper, entitled *Water Management Bill 1999 – Proposed Water Licence Fees*, to seek comment on the proposal for a new licence fee structure. Around 3 000 copies of information on the proposed fees were distributed to water users and other interested parties.

The proposed fee structure, modified in light of comments received from stakeholders, formed the basis of the licence fees established by the Water Management Regulations in January 2000.

For urban water services, the Government utilises the strategic and operational plan requirements of the Local Government Act to require councils to undertake public consultation processes in relation to water service delivery issues, including pricing issues. As noted above, the Local Government Regulations require that pricing and operational matters regarding urban water schemes must be included in council operational plans and be prepared for consultation with ratepayers prior to each financial year.

Public education

Schools program

Tasmania's formal water education program is principally conducted through Waterwatch, which is a school education unit prepared by DPIWE. A *Waterwatch Field Handbook* was developed in 1996 for use by all schools involved in the Waterwatch Program. It contains summary information about each physical, chemical and biological parameter used in monitoring waterways and detailed instructions for testing and using field equipment.

A 25-hour framework syllabus [*"Waterwatch" (Syllabus code SC 069)*] has also been developed for use by teachers of grade 9-10 students. It includes objectives, content and criteria to be used in assessing the

students' progress in this unit. It has been in use since 1995 by approximately 30-40 high schools (approximately 3 000 students).

Environmental Science Pre-tertiary syllabus

Tasmanian educators developed this syllabus in 1993 before Waterwatch started. It has been extensively used by secondary colleges since. It contains guidelines on concepts to be taught e.g. ecosystems, physical, chemical and biological parameters affecting aquatic ecosystems, impacts of pollution and management. It lists criteria by which students should be assessed.

This course is taken by grade 12 students (about 17 years old) and is counted towards University entrance scores. The Water Unit (40 hours of work over seven to eight weeks) has had a big impact on students, particularly following the field work. It is taught in most colleges and schools in Tasmania as a grade 12 subject.

Professional development

Waterwatch funds professional development of teachers involved in the schools programs. In 1998, Waterwatch spent about $20 000 to enable teachers to attend training workshops and planning seminars. Professional development includes water monitoring techniques to use with students, sampling protocols, water safety, interpretation of data, reporting of data, data management, sharing results with the broader community and so on. To date around 75 teachers have been trained.

Adult education

DPIWE was contracted by Waterwatch Australia to produce a Waterwatch Technical Manual for Australia. A field test draft of this manual (430 pages) became available in 1998 and is being used for training Waterwatch coordinators (11 located around the State). They, in turn, work with teachers and Landcare group members to increase awareness of water issues, for training in the use of equipment, and to use the data to raise awareness of issues in their catchment plan monitoring programs and obtain information on local issues, e.g. land use impacts and point source pollution problems. Data collected by the groups are passed on to DPIWE water management officers.

"State of Rivers Reports"

The results of DPIWE water quality and environmental monitoring programs are made publicly available. This information gives local communities a snapshot of the condition of their water resources, including the outcome of any water quality and river improvement works through a comparison with previous data for the same resources.

Education programs for water services

The Local Government Act provides a mechanism for public education and consultation through the strategic and operational plan requirements. Under the Local Government Regulations, councils are required to use this mechanism to provide information to ratepayers on service delivery standards and related costs for water services.

The RWSC meets with users of the Government irrigation schemes regularly to discuss aspects of scheme operation, including service delivery standards and water pricing. Changed levels of service delivery at the Cressy-Longford Irrigation Scheme and South-East Irrigation Scheme resulted from the implementation of consultants' reports on the scheme commissioned in 1995-96. The new levels of service were negotiated with irrigators prior to implementation.

TRANSPORT INDUSTRY REFORMS

National road transport reforms are developed under a process which has its genesis in the Heavy Vehicles Agreement signed by Heads of Government in 1991 and the Light Vehicles Agreement signed in 1992.

In 1991, Commonwealth, State and Territory governments agreed to develop uniform national legislation for vehicles over 4.5 tonnes gross vehicle mass (known as the Heavy Vehicles Agreement). The Heavy Vehicles Agreement also established the National Road Transport Commission (NRTC) and the Ministerial Council for Road Transport to oversee the implementation of road transport reform.

In 1992, all governments agreed that uniform national legislation should also be developed to cover light vehicles (Light Vehicles Agreement).

In developing the national road transport legislation package the NRTC adopted a modular approach covering the following six key reform areas:

- heavy vehicle charges;
- the road transport of dangerous goods;
- vehicle operations;
- vehicle registration;
- driver licensing; and
- compliance and enforcement.

The NRTC reforms aim to introduce consistency and uniformity to the rules governing road transport in Australia. This, in turn, will facilitate the development of a competitive national market in road transport services. The NRTC reforms will provide benefits to Tasmanians through improved road safety and transport efficiency, as well as enabling the Tasmanian Government to administer road transport in a more cost-effective manner.

These national road transport reforms were subsequently included as part of the package of NCP and related reforms agreed at the April 1995 meeting of COAG. One of the three NCP Agreements, the *Agreement to Implement the National Competition Policy and Related Reforms,* commits governments to the "effective observance of the agreed package of road transport reforms". The Agreement does not, however, detail specific road transport reforms or an assessment framework.

In October 1998, the Standing Committee on Transport (SCOT) formed a Working Group that commenced work on a draft assessment framework for NCP road transport reforms.

The SCOT Working Group was established to:

- consider whether particular road transport reforms were under development or available for implementation;
- make recommendations on which reforms from the initial six reform modules and the First and Second Heavy Vehicle Reform Packages should be considered "assessable" by the NCC under the second tranche;
- consider the process for future amendment of the assessment framework;

- state the purpose of each of the road transport reform elements;
- recommend success criteria for assessable reforms, by which the NCC could judge effective implementation; and
- recommend timetables with progress reports for assessable reforms.

A matrix of national road transport reforms, considered assessable for the second tranche assessment, was finalised by the SCOT Working Group in late November 1998 and submitted to the Australian Transport Council (ATC) meeting on 4 December 1998. The framework was subsequently endorsed by COAG and adopted by the NCC as part of its second tranche assessment process.

The road transport reforms included in the second tranche assessment consisted of the following reforms:

1. dangerous goods;
2. national heavy vehicle registration scheme;
3. national driver licensing scheme;
4. vehicle operations;
5. heavy vehicle standards;
6. truck driving hours;
7. bus driving hours;
8. common mass and loading rules;
9. one driver/one licence;
10. improved network access;
11. common pre-registration standards (for heavy vehicles);
12. common roadworthiness standards;
13. enhanced safe carriage and restraint of loads;
14. adoption of national bus driving hours;
15. interstate conversion of driver licence;
16. alternative compliance;
17. short term registration;
18. driver offences/licence status; and
19. NEVDIS (National Exchange of Vehicle and Driver Information System) Stage 1.

Transport reforms implemented since the previous Progress Report

Tasmania has successfully implemented all reforms contained in the second tranche assessment framework, with the exception of the national heavy vehicle registration and driver licensing schemes.

These are described in more detail in the previous Progress Report. In assessing Tasmania's eligibility for second tranche payments, the NCC advised that it agreed to extending the implementation timeframe for these reforms, provided ATC approval was obtained. The NCC was concerned with Tasmania's non-compliance with the requirement to implement the compulsory carriage of driver logbooks for operations solely within Tasmania. The NCC indicated that Tasmania would be in breach of its NCP obligations unless formal support for Tasmania's position was obtained from ATC.

The current situation in relation to these issues is detailed below.

National heavy vehicle registration and driver licensing schemes

Substantial progress towards implementation of the national heavy vehicle registration and driver licensing schemes has been achieved. Approximately 75 per cent of the key elements have been implemented "on the ground" through administrative means. Legislation to complete full implementation is contained in the *Vehicle and Traffic Act 1999.* This legislation was passed in November 1999. However, due to the need to undertake major redevelopment of the existing motor registry computer system, proclamation has been delayed until October 2000. The extended date for full implementation has been caused by delays in obtaining a suitable contractor to undertake the required computer redevelopment. Accordingly, the 12th ATC meeting of 12 November 1999 agreed to extend the target date for implementation of the national heavy vehicle registration and driver licensing schemes in Tasmania until 30 October 2000. The NCC has subsequently advised that this module will be assessed as part of the third tranche.

Logbooks

Tasmania has always maintained that it will not prescribe the mandatory use of driver logbooks for vehicle operations solely within Tasmania. Provision exists in current legislation to direct a driver or operator to carry a logbook at the Department's request and the national driver logbook is available to Tasmanian operators travelling interstate.

The NCC, in assessing Tasmania's compliance with reforms contained in the second tranche framework, acknowledged that the State's position had been communicated to the NRTC over a long period. However, the NCC was of the opinion that no formal exemption from the requirement to mandate logbooks had been obtained. Accordingly, a formal submission to exempt Tasmania from the compulsory carriage of logbooks for vehicle operations solely within Tasmania was circulated to members of the ATC. The ATC has subsequently indicated support for Tasmania's position. The NCC has subsequently advised that Tasmania has met its obligations in relation to logbooks.

Progress with additional reform elements

In addition to the implementation of reforms for compliance with the second tranche assessment considerable progress has been made on the following reforms:

Australian Road Rules

The Australian Road Rules, which provide national road rules to be obeyed by all road users including drivers and passengers, pedestrians, riders of motor cycles, bicycles and people in charge of animals,

were introduced in Tasmania on 1 December 1999. These have been outlined in more detail in previous Progress Reports.

Compliance and enforcement

The compliance and enforcement module is seen as being essential to the ongoing administration of the final Road Transport reform package. It deals with a range of matters that are necessary to secure compliance with the requirements and standards being developed in the various reforms. The package is currently in the development stage and Tasmania is actively participating with the NRTC and other jurisdictions in the development of this module.

Combined vehicle standards

The combined vehicle standards will provide uniform in-service design and construction standards for all vehicles. The aim is to promote the safe and efficient use of vehicles and ensure they harmonise with the environment. The combined vehicle standards are scheduled for introduction in Tasmania during 2000.

Consistent on-road enforcement for roadworthiness

This reform provides high-level guidelines for the assessment of vehicle defects by enforcement officers, taking into account a vehicle's condition and its operating environment. Three levels of sanctions are proposed: formal written warning; minor defect notice; and major defect notice. The Roadworthiness Guidelines were introduced administratively in Tasmania in November 1999.

6 CONCLUSION

April 2000 marks the fifth anniversary of the signing of the NCP Agreements. The Tasmanian Government has consistently applied the NCP principles since the State became a party to the Agreements in April 1995. The Government has adopted an open and transparent approach in applying the principles and through its reporting obligations, and has now made significant progress in all of the key reform areas as detailed in this report.

The State's success in applying NCP principles is evidenced in the positive assessments it has received from the NCC, which have been subsequently endorsed by the Commonwealth Treasurer. The Tasmanian Government will continue its open and transparent approach to the application of NCP principles. Key tasks for 2000 include the completion of the LRP, the implementation of some major road transport reforms and the introduction of two-part tariffs for urban water services where it is cost-effective.

Tasmania is committed to ensuring compliance with its third tranche obligations and notes that the continuing application of NCP principles will be determined by COAG following the current review of the NCP Agreements. The outcome of this review will not be known until mid-2000.

7 PUBLICATIONS AND CONTACTS

The Tasmanian Government has produced a number of policy statements, public information papers and reference manuals in relation to the implementation and operation of NCP and related reforms in Tasmania.

Policy statements

- *Application of the National Competition Policy to Local Government*, Government of Tasmania, June 1996.
- *Application of the Competitive Neutrality Principles under National Competition Policy*, Government of Tasmania, June 1996.
- *Legislation Review Program: 1996 - 2000 - Tasmanian Timetable for the Review of Legislation that Restricts Competition*, Government of Tasmania, June 1996.
- *Agreement between the State and Local Government Association of Tasmania on the Application of National Competition Policy and related matters to Local Government*, Government of Tasmania, July 1998.

Public information papers

- *National Competition Policy Progress Report, April 1995 to 31 July 1997*, Government of Tasmania, August 1997.
- *National Competition Policy Progress Report, 1 August 1997 to 31 August 1998*, Government of Tasmania, November 1998.
- *National Competition Policy Progress Report, April 1999*, Government of Tasmania, April 1999.
- *Tasmania's Reform Obligations and the New Financial Arrangements*, Department of Treasury and Finance, August 1995.
- *Monopoly Prices Oversight and the Tasmanian Government Prices Oversight Commission*, Department of Treasury and Finance, January 1996.
- *Extension of Part IV of the Trade Practices Act to all Businesses in Tasmania*, Department of Treasury and Finance, July 1996.
- *Guidelines for Considering the Public Benefit Under the National Competition Policy*, Department of Treasury and Finance, March 1997.

- *Full Cost Attribution Principles for Local Government*, Department of Treasury and Finance, June 1997.
- *Guidelines for Implementing Full Cost Attribution Principles in Government Agencies*, Department of Treasury and Finance, September 1997.
- *The Public Benefit Test for the Corporatisation of Local Government Public Trading Enterprises*, Department of Treasury and Finance, December 1998.
- *Corporatisation Principles for Local Government Business Activities*, Department of Treasury and Finance, December 1998.
- *National Competition Policy Competitive Neutrality Principles Complaints Mechanism*, Government Prices Oversight Commission, February 1999.
- *Investigation into the Pricing Policies of Hobart Water, North West Regional Water Authority and Esk Water*, Government Prices Oversight Commission, December 1998.
- *Investigation into the Cost-Effectiveness of Local Councils Implementing Two-Part Pricing for Urban Water Services and the Implementation of Other Local Government Urban Water Reforms Required Under the COAG Water Reform Agenda*, Government Prices Oversight Commission, June 1999.
- *Urban Water Pricing Guidelines consistent with the COAG Water Reforms for Local Government in Tasmania*, Government Prices Oversight Commission, October 1999.
- *Report on the Cost-Effectiveness of Implementation of Two Part Pricing for Urban Water Supply Services in Tasmania*, Tasmanian Government, December 1999.

Reference manuals

- *Legislation Review Program: 1996 - 2000 - Procedures and Guidelines Manual*, Department of Treasury and Finance, June 1996.

Copies of these publications may be obtained by contacting:

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ACRONYMS AND ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ATC	Australian Transport Council
Aurora	Aurora Energy Pty Ltd
CCA	Conduct Code Agreement
COAG	Council of Australian Governments
CPA	Competition Principles Agreement
CSO	Community Service Obligation
DE	Department of Education
DIER	Department of Infrastructure Energy and Resources
DHHS	Department of Health and Human Services
DOJIR	Department of Justice and Industrial Relations
DOPPS	Department of Police and Public Safety
Dockside	Dockside Fitness Centre
DPIWE	Department of Primary Industries, Water and Environment
Duke	Duke Energy International
EMB	Egg Marketing Board
EMPCA	*Environmental Management and Pollution Control Act 1994*,
EWA	Esk Water Authority
FAGs	Financial Assistance Grants
FCA	Full Cost Attribution
FT	Forestry Tasmania
FCIB	Fruit Crop Insurance Board
GBE	Government Business Enterprise
GPOC	Government Prices Oversight Commission
HEC	Hydro-Electric Corporation
IFC	Inland Fisheries Commission
HRWA	Hobart Regional Water Authority
LGAT	Local Government Association of Tasmania
LGO	Local Government Office
LRP	Legislation Review Program
MAIB	Motor Accidents Insurance Board
MCRT	Ministerial Council for Road Transport
Metro	Metro Tasmania Pty Ltd
MTT	Metropolitan Transport Trust
National Grid	National Grid International Limited
NCC	National Competition Council

NCP	National Competition Policy
NEM	National Electricity Market
NRTC	National Road Transport Commission
NWQMS	National Water Quality Management Strategy
NWRWA	North West Regional Water Authority
NWWA	North West Water Authority
OCAFT	Office of Consumer Affairs and Fair Trading
PAHSMA	Port Arthur Historic Site Management Authority
P&C	Department of Premier and Cabinet
PAT	Printing Authority of Tasmania
PEVs	Protected Environmental Values
PFE	Public Financial Enterprise
PTE	Public Trading Enterprise
RIS	Regulatory Impact Statement
RMPS	Resource Management and Planning System
RWSC	Rivers and Water Supply Commission
SBA	Significant Business Activities
SCOT	Standing Committee on Transport
TAO	Tasmanian Audit Office
TFS	Tasmanian Fire Service
T&F	Department of Treasury and Finance
THAC	Tattersall's Hobart Aquatic Centre
TPA	*Trade Practices Act 1974* (Commonwealth)
Transend	Transend Networks Pty Ltd
WSA	Workplace Standards Authority

APPENDICES

APPENDIX A

Background to National Competition Policy

In October 1992, following the agreement of all Australian governments, the Prime Minister established a Committee of Inquiry to investigate and report on a recommended course of action to achieve consistent competition rules across Australia. The Committee was chaired by Professor Fred Hilmer and its final report was released in August 1993.

The Hilmer Report recommended that a number of steps be taken to achieve the universal application of the Commonwealth's *Trade Practices Act 1974* (TPA) to both private and public business enterprises and that a series of "additional policy elements" be implemented by governments. These additional policy elements include:

- the structural reform of public monopolies;
- the application of competitive neutrality principles to public sector businesses;
- processes for reviewing anti-competitive legislation;
- the establishment of State-based prices oversight regimes to apply to public sector monopolies; and
- guaranteed third party access to essential infrastructure facilities.

The Hilmer Report also recommended the establishment of two national bodies to oversee the administration of a National Competition Policy (NCP) framework, namely the Australian Competition and Consumer Commission (ACCC) and the National Competition Council (NCC).

The recommendations contained in the Hilmer Report were the subject of discussion and negotiation between the Commonwealth, State and Territory governments for nearly two years. At the Council of Australian Governments' (COAG) meeting on 11 April 1995, the parties agreed on the elements of NCP, which are to be progressively implemented over time to boost the competitiveness and growth prospects of the national economy. The following three Agreements were signed:

- the *Conduct Code Agreement* (relating to the TPA extension);
- the *Competition Principles Agreement* (relating to the "additional policy elements"); and
- the *Agreement to Implement the National Competition Policy and Related Reforms* (relating to the sharing of the financial benefits expected to flow from the implementation of NCP).

The NCP Agreements are summarised below and are available in full at the NCC's Internet site: http://www.ncc.gov.au/.

The Conduct Code Agreement (CCA)

The CCA provides for:

- the wider application of the restrictive trade practice provisions of Part IV of the Commonwealth's TPA to encompass all private and public sector business activities. This includes the removal of the 'Shield of the Crown' protection for certain State business activities, which previously did not have to comply with the requirements of Part IV of the TPA; and
- the establishment of the ACCC, which is charged with administering the TPA and the *Prices Surveillance Act 1983*.

The Competition Principles Agreement (CPA)

The CPA effectively commits all Australian governments to progressing micro-economic reforms in a wide range of areas in accordance with a set of well-defined principles. The principles included in the Agreement require:

Monopoly Prices Oversight

- consideration to be given to the introduction of a regime to oversee the prices charged by Government Business Enterprises that are monopoly, or near monopoly, suppliers of goods or services;

Competitive Neutrality

- government businesses to operate such that they do not enjoy any net competitive advantage simply as a result of their public ownership;

Reform of Public Monopolies

- the conduct of an independent review before either privatising, or introducing competition to, a traditional monopoly;

Legislation Review

- the review and, where governments consider it appropriate, the reform of all legislation that restricts competition by the year 2000; and

Access to Services Provided by Significant Infrastructure Facilities

- consideration to be given to introducing a legislated right for third parties to negotiate access to services provided by means of significant infrastructure facilities.

The CPA also makes all Australian governments responsible for the application of these principles to Local Government, establishes the NCC and sets out the consultative processes to be followed in relation to appointments to the NCC and the establishment of its work program.

The Agreement to Implement the National Competition Policy and Related Reforms

This Agreement provides for a sharing of the financial benefits flowing to the Commonwealth as a result of the States and Territories implementing the proposed reforms. The financial arrangements are

outlined below. It also requires each State and Territory to effectively implement COAG and other Agreements on:

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

The benefits of National Competition Policy

The general aim of NCP is to promote free and open competition where this is in the public benefit and therefore increase efficiency and productivity in the economy.

The benefits of greater competition extend to all participants in the economy:

- to consumers - through lower prices, more product choice and better service;
- to businesses - through cheaper inputs, better service from input suppliers, greater choice of suppliers and access to improved technology, all of which lead to greater competitiveness;
- to governments - through increased revenue from expanding the economy, lower expenditure and improvements in government services; and
- to the economy as a whole - through lower inflation, increased growth, improved international competitiveness, greater investment, a greater choice of jobs and improved standards of living.

Financial arrangements

The *Agreement to Implement National Competition Policy and Related Reforms* sets out the details associated with the Commonwealth's undertaking to provide additional financial assistance to the States and Territories, conditional on satisfactory progress being made with the implementation of NCP and related reforms. The Agreement provides for a sharing of the benefits flowing from the Commonwealth as a result of the States and Territories agreeing to implement NCP and related reforms.

Under this Agreement, the Commonwealth will firstly maintain the existing real per capita guarantee on Financial Assistance Grants (FAGs) on a rolling three year basis. This means that each year the guarantee will be extended for a further year, providing the States and Territories with a continuous guaranteed FAG pool for three years ahead. The real per capita guarantee was introduced at the 1994 Premiers' Conference and also applies to Commonwealth general purpose payments to Local Government.

In addition to this guarantee, the Agreement provides for additional 'competition' payments to be made to the States and Territories. These will be provided in three 'tranches' which, together with the per capita guarantee component of the FAG pool, will be dependent on the States and Territories implementing the agreed reforms. If a State or Territory has not undertaken the required action within

the specified time frame, its share of the per capita guarantee on FAGs and of the NCP payments will be forfeited to the Commonwealth.

The NCC has been charged with the task of assessing compliance by each State and Territory with the conditions governing competition payments.

Tasmania received the 1997-98 component of the first tranche payment in June 1997, totalling $12.3 million including FAG payments. By June 1999, the State received the 1998-99 component of Tasmania's first tranche assessment, which comprised $5.4 million in competition payments and $14.6 million in FAG payments.

The Commonwealth Treasurer has accepted the recommendation of the NCC that Tasmania receive the full share of the 1999-00 component of the second tranche of NCP payments. The competition payment total is expected to be around $10.8 million.

Subject to Tasmania's continued compliance with its NCP obligations, the State is expecting to receive a payment of around $11.2 million as its share of the 2000 - 01 component of the second tranche of competition payments. This component will not include a FAG payment, as these payments will be replaced by the national tax reform measures, which include the allocation of GST revenues between the States and the Commonwealth. A further explanation of these changes is provided in Chapter 8 of Budget Paper No 1 *Budget Overview 2000-01.*

Table A1 outlines NCP payments to Tasmania since the commencement of the NCP Agreements.

Table A1: Competition Payments (2000-01 prices)[1]

	Per Capita FAG Guarantee		Competition Payments	
Year	National Total	Tasmanian Share	National Total	Tasmanian Share
	$m	$m	$m	$m
1997-98 actual[2]	**175.5**	**6.9**	**213.0**	**5.4**
1998-99 actual[2]	**377.5**	**14.6**	**216.1**	**5.4**
1999-00 estimate[2]	**580.9**	**23.0**	**439.2**	**10.8**
2000-01[3]	**n.a.**	**n.a.**	**461.7**	**11.2**
2001-02	**n.a.**	**n.a.**	**692.6**	**16.8**
2002-03	**n.a.**	**n.a.**	**692.6**	**16.8**
2003-04	**n.a.**	**n.a.**	**692.6**	**16.8**
2004-05	**n.a.**	**n.a.**	**692.6**	**16.8**
2005-06	**n.a.**	**n.a.**	**692.6**	**16.8**
2006-07	**n.a.**	**n.a.**	**692.6**	**16.8**

Notes:
1. Based on the following assumptions: a continuation of current national and State population growth rates, constant Commonwealth Grants Commission relativities and the achievement of NCP targets.
2. These amounts are in nominal terms.
3. Due to the abolition of FAGs under the revised Commonwealth-State financial arrangements, the per capita FAG guarantee is no longer applicable from 1 July 2000.

APPENDIX B

Legislation Review Program – Progress Report as at 30 April 2000

This Attachment deals with the status of all legislation listed for review under the Government's Legislation Review Program (LRP).

It should be noted that a review is considered to have commenced once the terms of reference have been approved by the Treasurer and the relevant Portfolio Minister.

Table A2: Legislation Review Program Progress Report as at 30 April 2000

Primary Act	Agency	Status
Adoption Act 1988	DHHS	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. Licensing restrictions were retained in order to protect against trafficking in children.
Agricultural and Veterinary Chemicals (Control of Use) Act 1995	DPIWE	A national review has commenced.
Agricultural and Veterinary Chemicals (Tasmania) Act 1994	DPIWE	A national review has commenced.
Air Navigation Act 1937	DIER	The anti-competitive elements of this Act will be considered as part of the Productivity Commission's review of the International Air Services Agreement.
Aluminium Industry Act 1960	T&F	This Act was repealed by the *Legislation Repeal Act 1998.*
Ambulance Service Act 1982	DHHS	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. The restrictions relate to the requirement to obtain approval to operate a private ambulance service and the level of fees that may be charged by 'approved' ambulance services.
Animal (Brands and Movement) Act 1984	DPIWE	A State-based review has been completed but the Government is yet to consider the recommendations of the review group.
Animal Farming (Registration) Act 1994	DPIWE	A State-based review has been completed and the restrictive provisions contained in the Act relating to the farming of fallow deer will be removed.
Animal Health Act 1995	DPIWE	A minor review of this Act is in progress.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Animal Welfare Act 1993	DPIWE	A minor review of this Act has been completed and the existing restrictions on competition contained in the Act relating to the licensing of institutions engaging in animal research have been justified as being in the public benefit.
Apiaries Act 1978	DPIWE	A review of this Act has been completed and the Act is to be repealed.
Apple and Pear Industry (Crop Insurance) Act 1982	DPIWE	A review of this Act has been completed and the recommendations of the review have been presented to the Government. The Government has agreed that compulsory insurance for the apple and pear industry should be abolished and the Act repealed. An Act to provide for the repeal of this Act and the winding up of the scheme was passed by Parliament in November 1999.
Architects Act 1929	P&C - LGO	A national review of Architects legislation is in progress.
Auctioneers and Real Estate Agents Act 1991	DOJIR - OCAFT	A general review of the Act has commenced which will address the LRP requirements. The Act is likely to be repealed and replaced by new legislation.
Australia and New Zealand Banking Group Act 1970	DOJIR	This Act does not restrict competition *per se*. It deals with mergers and the rights of stakeholders and will eventually be repealed.
Australian Titan Products Act 1945	DIER	This Act was repealed by the *Legislation Repeal Act 1998*.
Bank Holidays Act 1919	DIER	This Act has been substantially amended to remove all anti-competitive provisions and those that impact on business. On this basis it has been removed from the LRP timetable.
Bank of Adelaide (Merger) Act 1980	DOJIR	This Act does not restrict competition *per se*. It deals with mergers and the rights of stakeholders and will eventually be repealed.
Ben Lomond Skifield Management Authority Act 1995	DPIWE	A review of this Act is underway.
Biological Control Act 1986	DPIWE	This Act has been removed from the LRP timetable. Advice from the National Competition Council, dated 28 July 1997, states that this Act does not contain restrictions on competition and therefore does not need to be reviewed.
Botanical Gardens Act 1950	DPIWE	This Act has been removed from the LRP timetable. The restrictive provisions were contained in the by-laws. The by-laws have now been rescinded and replaced with new by-laws that do not contain restrictions on competition. The Act has been removed from the timetable as it no longer contained any restrictions on competition.

Primary Act	Agency	Status

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Building and Construction Industry Training Fund Act 1990	DE	One anti-competitive provision, an exemption for the Government from paying the Building and Construction Industry Training Fund Levy on Government work, was repealed by the *Legislation Review Act 1998.* A RIS on the remainder of the Act will soon be released for public consultation.
Burnie to Waratah Railway Act 1939	DIER	It is likely that this Act will be replaced by *Rail Safety Act 1997* once it is proclaimed.
Casino Company Control Act 1973	T&F	A minor review of this Act has been completed and the Act is to be repealed.
Child Welfare Act 1960	DHHS	The Children, Young Persons and Their Families Bill was passed by Parliament in 1997 but has not yet been proclaimed. The Bill deals with assistance and intervention in relation to children at risk of abuse or neglect which were previously contained in the Child Welfare Act. The existing child care provisions of the Child Welfare Act are now administered by the Department of Education and will be transferred to new child care legislation.
Chiropractors Registration Act 1982	DHHS	This Act was repealed and replaced by the *Chiropractors and Osteopaths Registration Act 1997*. It was assessed under the LRP gatekeeper requirements as imposing a minor restriction on competition (relating to registration) which was justified as being in the public benefit.
Christ College Act 1926	DE	This Act is expected to be repealed.
Classification (Publications, Films and Computer Games) Enforcement Act 1995	DOJIR - OCAFT	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. This Act is national legislation which prohibits the sale, hire, exhibition and production of certain materials and introduces a classification system for certain materials.
Clyde Water Act 1898	DPIWE	This Act was repealed by the *Water Management Act 1999.*
Commercial and Inquiry Agents Act 1974	DOJIR - OCAFT	A general review of the Act has commenced which will address the LRP requirements. The Act is likely to be repealed and replaced by new legislation.
Commercial Bank of Australia Limited (Merger) Act 1982	DOJIR	This Act does not restrict competition *per se*. It deals with mergers and the rights of stakeholders and will eventually be repealed.
Commercial Banking Company of Sydney Limited (Merger) Act 1982	DOJIR	This Act does not restrict competition *per se*. It deals with mergers and the rights of stakeholders and will eventually be repealed.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Companies (Acquisition of Shares) (Application of Laws) Act 1981	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies (Acquisition of Shares) (Tasmania) Code	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies (Application of Laws) Act 1982	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies (Tasmania) Code	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies and Securities (Interpretation and Miscellaneous Provisions) (Application of Laws) Act 1981	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies and Securities (Interpretation and Miscellaneous Provisions) (Tasmania) Code	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies and Securities (Miscellaneous Amendments) Act (No. 2) 1982	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies and Securities Legislation (Miscellaneous Amendments) Act 1982	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Companies Auditors and Liquidators Disciplinary Board Act 1982	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Construction Industry (Long Service) Act 1997	DIER	This Act, which contains an anti-competitive provision, was passed without complying with the LRP. It has since been included in the LRP timetable. Preliminary review work has commenced.
Consumer Credit (Tasmania) Act 1996	DOJIR	A national review is underway.
Co-operative Housing Societies Act 1963	T&F	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. It currently has no effect except in relation to existing loans under the Act and will be repealed following expiry of these loans.
Co-operative Industrial Societies Act 1928	DOJIR	New uniform co-operatives legislation will repeal and replace this Act.
Copper Mines of Tasmania Pty Ltd (Agreement) Act 1994	DSD	This Act is excluded from the LRP timetable.
Corporations (Tasmania) Act 1990	DOJIR	A review of all areas of Corporations Law is being undertaken by a Commonwealth review body. New legislation will replace this Act.
Cremation Act 1934	P&C - LGO	Following the commencement of a minor review, a decision was made to repeal and replace this Act with new legislation to include matters related to burials. This new legislation has been assessed under the LRP gatekeeper requirements.
Dairy Industry Act 1994	TDIA	A major review of this Act has been completed. The *Dairy Industry Amendment Bill 2000*, which implements deregulation in line with the national agreement, is currently before Parliament.
Dangerous Goods Act 1976	DIER	This Act has been repealed and replaced by new dangerous goods legislation. The new legislation is based on the National Road Transport Commission's legislative model for transport of dangerous goods by road, which has been expanded to include the use, storage and handling of dangerous goods. The new legislation has been assessed under the LRP gatekeeper requirements.
Debits Tax Transfer Act 1990	T&F	This Act has been excluded from the LRP timetable.
Dental Act 1982	DHHS	New legislation is to replace this Act and will be assessed under LRP gatekeeper.
Devonport Airport (Special Provisions) Act 1980	DIER	This Act was repealed by the *Port Companies Act 1997*.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Dog Control Act 1987	P&C - LGO	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. The restrictions relate to the registration of dogs and kennel licensing.
Don River Tramway Act 1974	DIER	It is anticipated that this Act will be replaced by *Rail Safety Act 1997* once it is proclaimed.
Door to Door Trading Act 1986	DOJIR - OCAFT	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public interest.
Education Act 1994	DE	A preliminary paper has been prepared and the composition of the review body is currently being finalised.
Education Providers Registration (Overseas Students) Act 1991	DE	A preliminary paper has been prepared and the composition of the review body is currently being finalised.
Egg Industry Act 1988	DPIWE - EMB	A major review of this Act has been completed. The Government is considering the review group's recommendations.
Electricity Consumption Levy Act 1986	T&F	This Act was repealed by the *Hydro-Electric Corporation (Consequential and Miscellaneous Provisions) Act 1996*.
Electricity Industry Safety and Administration Act 1997	DIER	A major review of this Act will commence shortly.
Electricity Supply Industry Act 1995	T&F	A major review of this Act has commenced and is due for completion in August 2000.
Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995	DIER	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry.
Emu Bay Railway Act 1976	DIER	It is anticipated that this Act will be replaced by *Rail Safety Act 1997* once it is proclaimed.
Environment Protection (Sea Dumping) Act 1987	DPIWE	It is expected that this Act will be repealed following amendments to the *Environmental Management and Pollution Control Act 1994* arising from the LRP review of that Act.
Environmental Management and Pollution Control Act 1994	DPIWE	A major review of this Act has been completed. The Government is progressively implementing the review group's recommendations.
Evidence Act 1910	DOJIR	This Act will be repealed and replaced by new legislation. The Bill will be assessed under the LRP gatekeeper requirements.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Fair Trading Act 1990	DOJIR - OCAFT	A minor review of this Act has been completed and the restrictive provisions, namely the requirement for manufacturers to provide warranties for motor vehicles and to establish a system for dealing with customer complaints, have been justified as being in the public benefit.
Fertilizers Act 1993	DPIWE	A minor review of this Act has been completed. The restrictions on competition contained in the Act including labelling requirements, warnings to be placed on labels and adherence to standards have been justified as being in the public benefit.
Financial Institutions Duty Act 1986	T&F	This Act has been excluded from the LRP timetable.
Financial Management and Audit Act 1990	TAO	A minor review of this Act has been completed and the recommendations of the review body will soon be provided to the Government.
Fire Service Act 1979	TFS	A minor review of this Act has been completed. The sole restriction on competition relating to the creation of salvage corps has been justified as being in the public benefit.
Firearms Act 1996	DOPPS	A minor review of this Act has been completed. The restrictions on competition contained in the Act have been justified as being in the public benefit.
Fisheries Act 1959	DPIWE - IFC	This Act was repealed on 31 May 1996. The repealing Acts, the *Inland Fisheries Act 1995*, *Living Marine Resources Management Act 1995* and the *Marine Farming Planning Act 1995,* were included on the LRP timetable in place of this Act.
Flammable Clothing Act 1973	DOJIR - OCAFT	A minor review of this Act has been completed and the restrictive provision, the requirement to mark or label prescribed clothing (children's nightwear) with the flammability of the garment, has been justified as being in the public benefit.
Florentine Valley Paper Industry Act 1935	FT	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry.
Forest Practices Act 1985	FPB	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. The restrictions relate to the Forest Practices Code, Timber Harvesting Plans, Private Timber Reserves and Forest Practices Officers.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Forestry Act 1920	FT	A minor review of this Act has been completed and all but one of the restrictions on competition are to be removed from the Act. The remaining restriction, relating to minimum supply requirements for eucalypt veneer logs and sawlogs to the veneer industry and sawmilling industries, was reviewed and justified as being in the public benefit during the Regional Forestry Agreement process.
Futures Industry (Application of Laws) Act 1987	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Futures Industry (Tasmania) Code	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Gaming Control Act 1993	T&F	A minor review of this Act has been completed as part of a review of the State's gaming legislation. The Government is considering the recommendations of the review group.
Gas Franchises Act 1973	DIER	This Act was repealed by new gas legislation.
Goldamere Pty Ltd (Agreement) Act 1996	DSD	This Act has been excluded from the LRP timetable.
Goods (Trade Descriptions) Act 1971	DOJIR - OCAFT	A minor review of this Act is complete. The key restrictive provision, the requirement for manufacturers to disclose the materials from which textile products are made, has been justified as being in the public benefit. New regulations have been made which replace provisions regarding safety footwear.
Grain Reserve Act 1950	DPIWE - TGEB	The review of this Act is complete with two anti-competitive sections of the Act to be repealed.
Groundwater Act 1985	DIER	This Act was repealed by the *Water Management Act 1999*.
Guns Act 1991	DOPPS	This Act was repealed on 13 November 1996. The repealing Act, the *Firearms Act 1996*, has been included on the LRP timetable in place of a review of this Act.
Hairdressers' Registration Act 1975	DIER	This Act is to be repealed.
Henry Jones Limited (Huon Pine) Agreement Act 1978	FT	This Act was repealed by the *Legislation Repeal Act 1998*.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Hire-Purchase Act 1959	DOJIR - OCAFT	This Act does not restrict competition *per se*. It has been replaced by the Consumer Credit Code and only relates to hire purchase contracts taken out prior to the introduction of the Code. It will eventually be repealed.
Historic Cultural Heritage Act 1995	DPIWE	The review of this Act is underway and is being conducted in conjunction with the review of the *Land Use Planning and Approvals Act 1993.*
HIV/AIDS Preventative Measures Act 1993	DHHS	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. The restrictions relate to the licensing/approvals involved in areas associated with testing, counselling and treatment of AIDS sufferers.
Hobart Bridge Act 1958	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
Hobart Regional Water Act 1984	DPIWE	This Act was repealed on 1 January 1997. The repealing Act, the *Hobart Regional Water (Arrangements) Act 1996,* has been assessed under the LRP gatekeeper requirements.
Hobart Town Gas Company's Act 1854	DOJIR	This Act will be repealed following the introduction of new gas pipelines access legislation.
Hobart Town Gas Company's Act 1857	DOJIR	This Act will be repealed following the introduction of new gas pipelines access legislation.
Hospitals Act 1918	DHHS	The review of the *Hospitals Act 1918* commenced in 1997 and is being progressed as two separate reviews. These will cover broader issues than would be required by the LRP.
Housing Indemnity Act 1992	DOJIR - OCAFT	The review of this Act is complete and the restrictive provisions have been justified as being in the public benefit.
Huon Valley Pulp and Paper Industry Act 1959	FT	This Act was repealed by the *Legislation Repeal Act 1996*.
Hutchins School Act 1911	DE	This Act is expected to be repealed.
Hydro-Electric Commission (Doubts Removal) Act 1972	HEC	This Act was repealed on 6 November 1996. The repealing Acts were included on the LRP timetable in place of a review of these Acts. The repealing Acts consist of the *Electricity Supply Industry Act 1995* and the *Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995*.
Hydro-Electric Commission (Doubts Removal) Act 1982	HEC	This Act was repealed on 6 November 1996. The repealing Acts were included on the LRP timetable in place of a review of these Acts. The repealing Acts consist of the *Electricity Supply Industry Act 1995* and the *Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995*.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Hydro-Electric Commission Act 1944	HEC	This Act was repealed on 6 November 1996. The repealing Acts were included on the LRP timetable in place of a review of these Acts. The repealing Acts consist of the *Electricity Supply Industry Act 1995* and the *Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995*.
Ida Bay Railway Act 1977	DPIWE	This Act will be repealed following the proclamation of the *Railway Management Act (Repeal) Act 1997,* which repeals the *Railway Management Act 1935.*
Inland Fisheries Act 1995	DPIWE - IFC	A major review of this Act is nearing completion.
Iron Ore (Savage River) Agreement Act 1965	DIER	This Act was originally thought repealed by either the *Goldamere Pty Ltd (Agreement) Act 1996* or the *Iron Ore (Savage River) Arrangements Act 1996*. TDR advised that the Act was not repealed because the royalty regime referred to in the Act is still being applied. The Act has been included in this list as an exclusion.
Iron Ore (Savage River) Arrangements Act 1996	DSD	This Act was originally thought repealed by either the *Goldamere Pty Ltd (Agreement) Act 1996* or the *Iron Ore (Savage River) Arrangements Act 1996*. TDR advised that the Act was not repealed because the royalty regime referred to in the Act is still being applied. The Act has been included in this list as an exclusion.
Iron Ore (Savage River) Deed of Variation Act 1990	DIER	This Act was originally thought repealed by either the *Goldamere Pty Ltd (Agreement) Act 1996* or the *Iron Ore (Savage River) Arrangements Act 1996*. TDR advised that the Act was not repealed because the royalty regime referred to in the Act is still being applied. The Act has been included in this list as an exclusion.
Irrigation Clauses Act 1973	DPIWE	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry.
Land and Income Taxation Act 1910	T&F	This Act has been excluded from the LRP timetable.
Land Surveyors Act 1909	DPIWE	A major review of this Act has been completed. The Government is considering the recommendations of the review group.
Land Tax Act 1995	T&F	This Act has been excluded from the LRP timetable.
Land Use Planning and Approvals Act 1993	DPIWE	The review of this Act has commenced.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Land Valuation Act 1971	DPIWE	A major review of this Act has been completed and the recommendations will soon be provided to the Government. The review was undertaken in conjunction with a LRP review of the *Valuers Registration Act 1974*.
Launceston Gas Company Act 1982	DOJIR	This Act will be repealed following the introduction of new gas pipelines access legislation.
Launceston Savings Investment and Building Society Act 1955	DOJIR	This Act was repealed by the *Legislation Repeal Act 1996*.
Legal Profession Act 1993	DOJIR	A major review of this Act has commenced.
Lending of Money Act 1915	DOJIR - OCAFT	This Act does not restrict competition *per se*. It has been replaced by the Consumer Credit Code and only relates to money lending contracts taken out prior to the introduction of the Code. It will eventually be repealed.
Liquor and Accommodation Act 1990	T&F - LC	The review of this Act will commence shortly.
Living Marine Resources Management Act 1995	DPIWE	A major review of this Act has been completed. The restrictions on competition contained in the Act have been justified as being in the public benefit.
Loan (Hydro-Electric Commission) Act 1957	HEC	This Act was repealed on 6 November 1996. The repealing Acts were included on the LRP timetable in place of a review of these Acts. The repealing Acts consist of the *Electricity Supply Industry Act 1995* and the *Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995*.
Local Government (Building and Miscellaneous Provisions) Act 1993 - (in so far as it relates to health issues)	DHHS	All issues have been transferred to the Public Health Act. This Act has been removed from timetable.
Local Government (Building and Miscellaneous Provisions) Act 1993 - (except in relation to health issues and Part III (subdivisions))	DIER	New building legislation has replaced the building provisions of the existing *Local Government (Building and Miscellaneous Provisions) Act 1993*. The new legislation was assessed under the LRP gatekeeper requirements.
Local Government (Building and Miscellaneous Provisions) Act 1993 - (Part III)	DPIWE	New legislation has replaced this Act.
Local Government (Highways) Act 1982	P&C - LGO	A minor review of this Act has been completed and the Government is considering the recommendations of the review group.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Local Government Act 1993	P&C - LGO	A review of this Act was delayed pending the outcome of the Government's intention to pursue council amalgamations. The review is now underway.
Marine Act 1976	DIER	This Act was repealed on 30 July 1997 and has been replaced by the *Marine and Safety Authority Act 1997*, the *Port Companies Act 1997* and the *Marine (Consequential Amendments) Act 1997*. These Acts have been assessed under the LRP gatekeeper requirements.
Marine Farming Planning Act 1995	DPIWE	A major review of this Act has been completed and the restrictions on competition contained in the Act have been justified as being in the public benefit.
Meat Hygiene Act 1985	DPIWE	A major review of this Act has been completed.
Medical Act 1959	DHHS	This Act was repealed on 21 August 1996. The repealing Act, the *Medical Practitioners Registration Act 1996,* is included on the LRP timetable in place of a review of this Act.
Medical Practitioners Registration Act 1996	DHHS	A review of this Act has commenced.
Mental Health Act 1963	DHHS	This Act was repealed by the *Mental Health Act 1996.*
Merchant Seamen Act 1935	DIER	This Act was repealed by the *Legislation Repeal Act 1998.*
Metropolitan Transport Act 1954	DIER	This Act has been replaced by the *Metro Tasmania Act 1997* and *Metro Tasmania (Transitional and Consequential Provisions) Act 1997*. The new legislation has been assessed under the LRP gatekeeper requirements.
Mineral Resources Development Act 1995	DIER	A major review of this Act has commenced.
Mining Act 1929	DIER	This Act was repealed on 1 July 1996. The repealing Act, the *Mineral Resources Development Act 1995*, has been included on the LRP timetable in place of a review of this Act.
Mock Auctions Act 1973	DOJIR - OCAFT	This Act will be repealed.
Motor Accidents (Liabilities and Compensation) Act 1973	MAIB	A major review of this Act has been completed and the Government has agreed to the recommendations of the review body.
Mount Cameron Water Race Act 1926	DIER	This Act contained a legislated restriction on competition, but was not originally listed on the LRP timetable. The Act provides, *inter alia*, for water rights to the Rushy Lagoon property. It was repealed by the *Legislation Repeal Act 1998.*

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Mount Dundas and Zeehan Railway Act 1890	DIER	This Act was repealed by the *Legislation Repeal Act 1998.*
Mount Dundas and Zeehan Railway Act 1891	DIER	This Act was repealed by the *Legislation Repeal Act 1998.*
Mount Lyell and Strahan Railway Act 1892	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
Mount Lyell and Strahan Railway Act 1893	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
Mount Lyell and Strahan Railway Act 1896	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
Mount Lyell and Strahan Railway Act 1898	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
Mount Lyell and Strahan Railway Act 1900	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
Mount Read and Rosebery Mines Limited Leases Act 1916	DIER	This Act was repealed by the *Mt Read and Rosebery Mines Limited Leases (Repeal) Act 1999*.
National Parks and Wildlife Act 1970	DPIWE	A minor review of this Act has commenced.
North Esk Regional Water Act 1960	DPIWE	This Act was repealed by the *Northern Regional Water (Arrangements) Act 1997*.
North Mount Lyell and Macquarie Harbour Railway Act 1897	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
North Mount Lyell Mining and Railway Act 1901	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
North West Regional Water Act 1987	DPIWE	This Act was repealed by the *North West Regional Water (Arrangements) Act 1997*, which commenced in 1999. This Act was assessed under the LRP gatekeeper requirements.
Noxious Insects and Molluscs Act 1951	DPIWE	This Act was repealed and replaced by the *Plant Quarantine Act 1997* which was assessed under the LRP gatekeeper requirements.
Noxious Weeds Act 1964	DPIWE	The *Noxious Weeds Act 1964* is expected to be repealed and replaced by a dedicated Act which is currently being developed and will be progressed under the LRP gatekeeper requirements.
Nursing Act 1987	DHHS	This Act was repealed on 1 July 1996. The repealing Act, the *Nursing Act 1995,* is included on the LRP timetable in place of a review of this Act.
Nursing Act 1995	DHHS	The review of this Act is complete. The restrictive provisions relating to advertising are to be removed from the Act.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Optometrists Registration Act 1994	DHHS	A review of this Act has commenced.
Partnership Act 1891	DOJIR	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. The restrictive provisions relate to the ability of partners to compete with their partnership.
Pawnbrokers Act 1857	DOJIR	This Act was repealed on 1 June 1996. The repealing Act, the *Second-hand Dealers and Pawnbrokers Act 1994*, has been included on the LRP timetable in place of a review of this Act.
Pay-roll Tax Act 1971	T&F	This Act has been excluded from the LRP timetable.
Pesticides Act 1968	DPIWE	This Act was repealed on 1 January 1997. The repealing Act, the *Agricultural and Veterinary Chemicals (Control of Use) Act 1995*, was included on the LRP timetable in place of a review of this Act.
Petroleum (Submerged Lands) Act 1982	DIER	This Act will be repealed and replaced by new nationally uniform legislation that is being developed by the Commonwealth. It will be assessed under the LRP gatekeeper requirements.
Petroleum Products Business Franchise Licences Act 1981	T&F	This Act was repealed as a result of the High Court ruling of August 1997 that States are unable to collect franchise fees.
Petroleum Products Emergency Act 1994	DOPPS	This Act has been removed from the LRP timetable. The legislation requires that any restrictions must be justified in the public benefit, therefore no further justification was considered necessary.
Pharmacy Act 1908	DHHS	The Commonwealth is undertaking a national review, in conjunction with a review of the Commonwealth's Community Pharmacy Agreement. A State-based review was completed in January 1998. This review did not encompass the ownership issues to be considered as part of the national review. It is expected that this Act will be replaced by new legislation which will be assessed under the LRP gatekeeper requirements.
Physiotherapists Registration Act 1951	DHHS	This Act has been repealed.
Plant Diseases Act 1930	DPIWE	This Act was repealed and replaced by the *Plant Quarantine Act 1997* which was assessed under the LRP gatekeeper requirements.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Plant Protection Act 1994	DPIWE	The *Plant Protection Act 1994* was passed by Parliament in 1994, but not proclaimed due to inadequacies which later came to light. The Act was repealed by the *Plant Quarantine Act 1997.*
Plumbers and Gas-fitters Registration Act 1951	DIER	The review of this Act is complete. Government is still to consider the recommendations of the review group.
Podiatrists Registration Act 1974	DHHS	This Act was repealed on 1 July 1996. The repealing Act, the *Podiatrists Registration Act 1995*, is included on the LRP timetable in place of a review of this Act.
Podiatrists Registration Act 1995	DHHS	The review of this Act is complete. The advertising and ownership restrictions are to be removed from the Act.
Poisons Act 1971	DHHS	A national review is underway. The Department of Health and Human Services is drafting legislation to replace the *Poisons Act 1971* with two separate Bills dealing with licit drug use and illicit drug use. These Bills are being progressed under the LRP gatekeeper requirements.
Police Offences Act 1935	DOPPS	A minor review of this Act has been completed. Two anti-competitive provisions will be repealed and those remaining have been justified as being in the public benefit.
Port Arthur Historic Site Management Authority Act 1987	PAHSMA	A review of this Act is underway.
Port Huon Wharf Act 1955	T&F	This Act contained a legislated restriction on competition, but was not listed on the LRP timetable. The Act was to be added to the LRP timetable, but was repealed on 30 July 1997.
Primary Industry Activities Protection Act 1995	DPIWE	A minor review of this Act has been completed. The restrictions on competition contained in the Act which protect existing primary producers pursuing legitimate activities adjoining new subdivisions have been justified as being in the public benefit.
Printers and Newspapers Act 1911	DOJIR	This Act was repealed by the *Legislation Repeal Act 1998.*
Psychologists Registration Act 1976	DHHS	New psychologists registration legislation has been drafted to replace the existing Act and is being progressed under the LRP gatekeeper requirements.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Public Health Act 1962	DHHS	This Act has been repealed and replaced by the *Public Health Act 1997* and the *Food Act 1998* which were assessed under the LRP gatekeeper requirements. The Commonwealth is consulting with the States on national reviews relating to food regulation, including a review of the Australia and New Zealand Food Authority Council Act and the Model Food Act.
Pulpwood Products Industry (Eastern and Central Tasmania) Act 1968	FT	This Act was repealed by the *Legislation Repeal Act 1995*.
Racing Act 1983	DIER	It is anticipated that this legislation will be replaced following a restructure of the racing industry. The new legislation will be assessed under the LRP gatekeeper requirements.
Racing and Gaming Act 1952 (except minor gaming)	DIER	It is anticipated that this legislation will be replaced following a restructure of the racing industry. The new legislation will be assessed under the LRP gatekeeper requirements.
Racing and Gaming Act 1952 (in so far as it relates to minor gaming)	T&F	A minor review of this Act has been completed as part of a review of the State's gaming legislation. The gaming components of this Act are to be transferred to the Gaming Control Act and will be assessed under LRP gatekeeper requirements.
Radiation Control Act 1977	DHHS	New radiation control legislation is currently being drafted and will be assessed under the LRP gatekeeper requirements. A national review is underway.
Radiographers Registration Act 1971	DHHS	New radiographers registration legislation (radiation technologists) is being drafted to replace the existing Act and is being progressed under the LRP gatekeeper requirements.
Railway Management Act 1935	DIER	This Act is awaiting repeal following proclamation of the *Rail Safety Act 1997*. It relates to the control and management of Government owned and operated railways. Since the Government no longer owns or operates any railways, this Act has become redundant.
Railways (Transfer to Commonwealth) Act 1975	DIER	This Act was repealed by the *Legislation Repeal Act 1998*. It has become redundant following the sale of Tasrail to the Commonwealth and the return to State ownership of railway land in accordance with the Railways Agreement between the Commonwealth and State Government.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Railways Clauses Consolidation Act 1901	DIER	It is anticipated that this Act will be repealed following the proclamation of the *Rail Safety Act 1997.* It is considered that the safety and access provisions in this Bill will negate the need for this legislation.
Renison Limited (Zeehan Lands) Act 1970	DPIWE	This Act was repealed by the *Legislation Repeal Act 1998.*
Roads and Jetties Act 1935	DIER	A minor review of this Act has been completed. The restrictions on competition contained in the Act relating to limited access provisions have been justified as being in the public benefit.
Rossarden Water Act 1954	DPIWE	This Act has been repealed by the *Water Management Act 1999,* which was assessed under the LRP gatekeeper requirements.
Rules Publication Act 1953	DOJIR	The restrictive provisions in this Act were repealed by the *Legislation Publication Act 1996* which was proclaimed in early 1998. The repealing legislation was assessed under the gatekeeper requirements as not restricting competition or impacting on business.
Sale of Condoms Act 1987	DHHS	A minor review of this Act has been completed. The Act will be repealed.
Sale of Hazardous Goods Act 1977	DOJIR - OCAFT	A minor review of this Act has been completed. The restrictive provisions have been justified as being in the public benefit.
Salt-water Salmonid Culture (Supplementary Agreements Validation) Act 1992	DPIWE	This Act was repealed by the *Legislation Repeal Act 1998.*
Salt-water Salmonid Culture Act 1985	DPIWE	This Act was repealed by the *Legislation Repeal Act 1998.*
School Dental Therapy Service Act 1965	DHHS	New legislation is to replace this Act and will be assessed under LRP gatekeeper.
Second-hand Dealers Act 1905	DOJIR	This Act was repealed on 1 June 1996. The repealing Act, the *Second-hand Dealers and Pawnbrokers Act 1994*, was included on the LRP timetable in place of a review of this Act.
Second-hand Dealers and Pawnbrokers Act 1994	DOJIR - OCAFT	A minor review of this Act has been completed. The restrictive provisions have been justified as being in the public benefit.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Securities Industry (Application of Laws) Act 1981	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Securities Industry (Tasmania) Code	DOJIR	This Act will not be subject to review under the LRP as it does not restrict competition *per se*. This Act currently has no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Seeds Act 1985	DPIWE	The *Seeds Amendment Act 1999* removed the restrictive provisions from this Act. The Act therefore has been removed from the timetable.
Sewers and Drains Act 1954	DPIWE	The restrictive provisions contained in this Act have been removed. The Act has been removed from the LRP timetable.
Shop Trading Hours Act 1984	DIER	A major review of this Act has commenced.
Stamp Duties Act 1931	T&F	This Act is excluded from the LRP timetable.
Stock Act 1932	DPIWE	This Act was repealed on 1 September 1996 and replaced with the *Animal Health Act 1995,* which has been included on the LRP timetable in place of a review of this Act.
Stock, Wool, and Crop Mortgages Act 1930	DOJIR	A review of this Act has been completed and the restrictive provisions justified as being in the public benefit.
Substandard Housing Control Act 1973	DHHS	This Act is expected to be repealed. The repealing Acts will be assessed under the LRP gatekeeper provisions.
Sunday Observance Act 1968	DIER	This Act was repealed by the *Sunday Observance Act (Repeal*) Act *1997.*
Survey Co-ordination Act 1944	DPIWE	The restrictive provisions of the Act are to be repealed following the review of the *Land Surveyors Act* 1909.
Tasmanian Government Insurance Act 1919	T&F	This Act is expected to be repealed once the transitional issues associated with the sale of the TGIO's business are completed.
Tasmanian Harness Racing Board Act 1976	DPIWE - TRA	This Act has been repealed and replaced by the *Racing Amendment Act 1997*, which resulted from the recent Racing Industry Review. This legislation was assessed under the LRP gatekeeper requirements as not restricting competition or impacting on business.
Tasmanian Public Finance Corporation Act 1985	T&F	A minor review of this Act is in progress.
Taxi Industry Act 1995	DIER	A major review of this Act has been completed and the Government is considering the review group's recommendations.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
The Hellyer Mine Agreement Ratification Act 1987	T&F	This Act has been excluded from the LRP timetable.
The Mount Lyell Mining and Railway Company Limited (Continuation of Operations) Act 1985	T&F	This Act was repealed by the *Legislation Repeal Act 1996*.
The Mount Lyell Mining and Railway Company Limited (Continuation of Operations) Act 1987	T&F	This Act was repealed by the *Legislation Repeal Act 1996*.
The Mount Lyell Mining and Railway Company Limited (Continuation of Operations) Act 1992	T&F	This Act was repealed by the *Legislation Repeal Act 1998.*
Therapeutic Goods and Cosmetics Act 1976	DHHS	This Act is expected to be replaced by a new Therapeutic Goods Bill which will complement the existing Commonwealth Act relating to this matter. The new Bill will be assessed under the LRP gatekeeper requirements.
Thomas Owen and Co. (Australia) Limited Act 1948	DPIWE	This Act was repealed by the *Water Management Act 1999*.
Threatened Species Protection Act 1995	DPIWE	A minor review of this Act has been completed and the Government is considering the review group's recommendations.
Tobacco Business Franchise Licences Act 1980	T&F	This Act was repealed as a result of the High Court ruling of August 1997 that States are unable to collect franchise fees.
Tobacco Products (Labelling) Act 1987	DHHS	This Act was repealed by the *Public Health Act 1997.*
Traffic Act 1925	DIER	This Act has been substantially reviewed in terms of the restrictive provisions of Part III, by the independent Committee of Review into Public Vehicle Licensing in Tasmania, chaired by Mr David Burton (the "Burton Review"). The anti-competitive provisions in Part III will be replaced by the *Passenger Transport Act 1997,* the *Passenger Transport (Consequential and Transitional) Act 1997* and the *Traffic Amendment (Accreditation and Miscellaneous) Act 1997*. Legislation amending this legislation was passed by Parliament in November 1999.
Travel Agents Act 1987	DOJIR - OCAFT	A national review has commenced.
Trustee (Insured Housing Loans) Act 1970	T&F	This Act was repealed by the *Trustee Amendment (Investment Powers) Act 1997.*

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Trustee Act 1898	DOJIR/T&F	The restrictive provision, regulation of trustee investments, was repealed and replaced in 1997 with a 'prudent person' approach to trustee investments. This provision was progressed through the LRP gatekeeper requirements and assessed as not restricting competition or impacting on business. The Act will ultimately be repealed.
Trustee Banks Act 1985	T&F	This Act was repealed by the *Trust Bank Sale Act 1999*.
Trustee Companies Act 1953	DOJIR	This Act will be repealed and replaced by new uniform trustee companies legislation which is being drafted by the Commonwealth. The new legislation will be assessed under the LRP gatekeeper requirements.
TT-Line Gaming Act 1993	T&F	A minor review of this Act has been completed. The Government is currently considering the review group's recommendations.
United Milk Products Ltd (Amalgamation) Act 1981	DSD	This Act was repealed by the *Legislation Repeal Act 1998*.
Universities Registration Act 1995	DE	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. The restrictions relate to the registration and accreditation of private universities.
Valuers Registration Act 1974	DPIWE	A major review of this Act has been completed.
Van Dieman's Land Company's Waratah and Zeehan Railway Act 1895	DIER	It is anticipated that this Act will be repealed following the proclamation of the *Rail Safety Act 1997*. It is considered that the safety and access provisions in this Act will negate the need for this legislation.
Van Dieman's Land Company's Waratah and Zeehan Railway Act 1896	DIER	It is anticipated that this Act will be repealed following the proclamation of the *Rail Safety Act 1997*. It is considered that the safety and access provisions in this Act will negate the need for this legislation.
Van Dieman's Land Company's Waratah and Zeehan Railway Act 1948	DIER	It is anticipated that this Act will be repealed following the proclamation of the *Rail Safety Act 1997*. It is considered that the safety and access provisions in this Act will negate the need for this legislation.
Vermin Destruction Act 1950	DPIWE	A State-based review of this Act has been completed. All restrictions on competition contained in the Act will be removed.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Veterinary Medicines Act 1987	DPIWE	This Act was repealed on 1 January 1997. The repealing Act, the *Agricultural and Veterinary Chemicals (Control of Use) Act 1995*, was included on the LRP timetable in place of a review of this Act.
Veterinary Surgeons Act 1987	DPIWE	A minor review of this Act has commenced.
Vocational Education and Training Act 1994	DE	A major review of this Act has commenced.
Water Act 1957	DPIWE	This Act was repealed and replaced by the *Water Management Act 1999*. This legislation was assessed under the LRP gatekeeper requirements.
Waterworks Clauses Act 1952	DPIWE	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry.
Wee Georgie Wood Steam Railway Act 1977	DIER	It is anticipated that this Act will be repealed following the proclamation of the *Rail Safety Act 1997*. It is considered that the safety and access provisions in this Act will negate the need for this legislation.
Weights and Measures Act 1934	DOJIR - OCAFT	This Act will be repealed and replaced by State-based uniform trade measurement legislation. This legislation has been assessed under the LRP gatekeeper requirements.
Wellington Park Act 1993	DPIWE	A review of this Act is underway.
Wesley Vale Pulp and Paper Industry Act 1961	FT	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry.
Whales Protection Act 1988	DPIWE	A minor review of this Act has commenced.
Workers' (Occupational Diseases) Relief Fund Act 1954	DIER	This Act was initially assessed as imposing a restriction on competition as at 1 July 1996. The restriction on competition initially identified was repealed by the *Workers' Compensation Legislation Amendment Act 1993* on 1 February 1994.
Workers' Rehabilitation and Compensation Act 1988	DIER	The Tasmanian Parliament established a Joint Select Committee (JSC) to examine the further reform of this legislation. The Committee submitted its final report in May 1998. In addition, Heads of Government have agreed to consider the development of nationally consistent workers' compensation arrangements. The Labour Ministers' Council is responsible for co-ordinating this task. It is considered that the Act may be amended in light of the JSC recommendations. The NCC has indicated that the Productivity Commission will be undertaking a national review of workers' compensation arrangements.

Table A2: Legislation Review Program Progress Report as at 30 April 2000 (continued)

Primary Act	Agency	Status
Workplace Health and Safety Act 1995	DIER	The Labour Ministers' Council has undertaken a review of the National Occupational Health and Safety Commission (NOHSC). On 30 May 1997, the Labour Ministers' Council agreed on a new direction for the NOHSC and a new role for the Council in approving any new occupational health and safety standards. Review options will be developed following an appraisal of the reforms to NOHSC.
Wynyard Airport (Special Provisions) Act 1982	DIER	This Act was repealed by the *Port Companies Act 1997.*

APPENDIX C

Status of implementation of competitive neutrality principles across Government agencies

This Attachment deals with the status of the implementation of competitive neutrality principles across the Tasmanian Government agencies.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
Department of Infrastructure, Energy and Resources	***Land Transport Safety***	
	Road Safety	
	• conducting safety audits	The Department continues to tender out most of this work and applies the Full Cost Attribution (FCA) model to the remainder of the work carried out internally.
	Vehicle Standards and Compliance	
	• light vehicle inspections	Fully outsourced.
	Motor Registry Policy	
	• drivers licences and registration	Fully outsourced to *Service* Tasmania.
	• motor cycle rider training and testing	Fully outsourced.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Motor Registry Services	
	• sale of customised number plates	The manufacture of plates is fully outsourced. The current tender, initially scheduled to lapse in November 1998, has been extended until July 2000. The calling of tenders for the new contract is scheduled for April 2000, with evaluation of bids scheduled for May 2000. Tenders for the marketing and sale of custom plates were called in August 1999. However, very little market interest was shown with no bid meeting the selection criteria. It is now intended to incorporate this project as part of the manufacturing of plates tender.
	Roads and Public Transport	
	Delivery of Roads Program	All construction and maintenance activity is outsourced, as are consultancy services.
	Collection of Asset Information for Roads	Fully outsourced.
	Collection of Asset Information for Traffic and Bridges	Bridge data collection is outsourced. Traffic data are collected in-house, with FCA applied.
	Bruny Island Ferry Service	The service is operated by a private sector operator in accordance with an operating and management agreement.
	Workplace Standards	
	Inspection of Hazardous Plant in workplaces	Fees are calculated on a FCA basis. All work is currently being undertaken by the private sector market.
Department of Primary Industries, Water and Environment	Research Farms and Stations	Research farms and stations are price takers in deregulated markets and enjoy no special arrangements regarding the sale of produce.
	Analytical & Environmental Laboratories	These facilities are price takers in a competitive market that includes both private and interstate facilities. As such, they are subject to market forces and are adhering to competitive neutrality principles.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Government Analytical Forensic Laboratory	An independent review, conducted during 1998, concluded that the laboratory was operating in accordance with National Competition Policy principles.
	Valuation Services	Government Valuation Services now competes by open tender for revaluation and maintenance services to Local Government. Bids are calculated in accordance with competitive neutrality principles.
Department of Education	Hire of School Facilities	Business activities in this area are limited. The majority of schools and colleges that hire out facilities on a casual basis charge a levy to recoup the total or part of the cost associated with hire of facilities. A small number of schools and colleges are engaged in significant hire activities. These generally charge rental fees at commercial rates.
	School Child Care Services	An estimated ten schools and colleges are operating school-based child care services on a full-time basis. The Department of Education is redrafting guidelines for schools and colleges to adhere to in order to uphold competitive neutrality principles in the conduct of these business activities.
	Teachers' Residences	Rental rates for departmental employees are set by the State Government Rental Committee in accordance with the Government Employee Housing Rental Agreement.
Tasmanian Audit Office	Financial Audits	Competitive neutrality principles have been fully implemented since 1 July 1997.
Department of Premier and Cabinet	Telecommunications Management Division and Computing Services	This business activity operates on a full cost recovery basis consistent with the FCA model under the competitive neutrality principles.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Service Tasmania	A FCA study has been completed in accordance with competitive neutrality principles. Following consideration of the social policy objective of extending government services to within the reach of rural Tasmanians, a market-based pricing approach or avoidable costs, whichever is the higher, is being applied to external organisations where their services are delivered through *Service* Tasmania shops.
Department of State Development	***Tourism Tasmania***	
	Interstate Tasmanian Travel Centres (formerly reported as Interstate-based retail and information activities)	The activities of these business centres are currently under review as part of the Consumer Direct Distribution Review. This review is due for completion by May 2000.
	Tasmanian-based travel wholesaling operation for interstate travel agents	The Tourism Tasmania Board has initiated a review of Tasmania's Temptation Holidays, conducted by KPMG. The review includes the application of the competitive neutrality principles to Tasmania's Temptations Holidays business. The review is expected to be completed by March 2000.
Department of Justice and Industrial Relations	Correctional Enterprises	Correctional Enterprises is operated in accordance with the Prison Industries Competition and Service Policy. This policy is consistent with the National Code of Practice for the operation of prison industries. The policy requires, amongst other things, that new initiatives in prison industries at least meet identifiable capital and recurrent costs of production and where possible return a dividend and avoid competing in the public retail market in circumstances where they may dominate or disadvantage private enterprise operations.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Legal Services	Currently, legal services are provided as part of Crown Law. Crown Law provides services exclusively to State Government agencies and does not compete for work outside Government. However, Crown Law operates on a commercial basis and has applied charging to inner-Budget agencies since 1 July 1997. A previous direction that after 1 July 1999, inner-Budget agencies will not be tied to the Government's legal practices for the delivery of commercial, conveyancing and civil litigation legal services has been withdrawn by the Government. The Department no longer treats legal services as a significant business activity.
Department of Health and Human Services	***Public Housing***	
	Public housing operations	A financial review of public housing has been deferred due to resource constraints. To date, no new deadline has been established for this project. Initial options for procurement of maintenance have been considered and rejected. New options are currently being investigated. Client rental payments through *Service* Tasmania have been implemented and automation of the processing of those rental payments is in the final stages of implementation. Consideration of external call centres for telephony and data transfer management has currently been deferred due to competing priorities.
	Transfer public housing stock to non-Government sector	To date, 94 houses of a target of 120 houses have been transferred to Red Shield Housing and housing co-operatives.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Hospital Services - Non Clinical	
	Building Services - Energy provision and engineering maintenance services at the Royal Hobart Hospital and Launceston General Hospital	Services were let under competitive tender mechanisms consistent with competitive neutrality principles in January 1998.
	"Hotel" services – laundry, cleaning etc.	Benchmarking agreements commenced in July 1997 for a period of three years relating to medical orderlies and cleaning services. Cleaning services staffing levels are based on industry "best practice" standards. Regular quality inspections of ward and unit levels indicate the service provided is satisfactory. Medical orderlies services are operating at industry benchmark standards. Continuous improvement in food services production and service delivery has resulted in a reduction in meal costs and ratio of staff per meal production. The adoption of benchmarking agreements in each area provides a firm base for moving toward full competitive neutrality. The Royal Hobart Hospital and Division of Community & Rural Health collaborated in the calling of tenders for the provision of laundry services in the southern region of the State. The successful tenderers were Blueline and Hobart Laundries.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Stores management at Royal Hobart Hospital	Warehousing, distribution and inventory management services in relation to medical, surgical, stationery and hardware products were outsourced to Fauldings on 1 July 1998 with full implementation completed in March 1999. The contract is for a five year period. To date all of the hospital's expectations, including achievement of significant savings, have been realised.
	Hospital Services - Clinical	
	Nuclear medicine	The outsourcing of nuclear medicine at the Royal Hobart Hospital, firstly through an open tender and then through an informal agreement, has proved unsatisfactory due to the external provider being unable to meet the hospital's service delivery requirements. The service has now returned to in-house provision and is costed on a comparable basis to external service providers.
	Pharmacy	Minor improvements have been implemented within pharmacy services as a means of achieving efficiency gains.
	Radiology, Pathology and Health Professional services	Three Business Units were established at the Royal Hobart Hospital from 1 July 1998. However, this segregated approach has now been abandoned due to the process being detrimental to service provision within the hospital. Services are now provided under a model consistent with that applied in almost every other public hospital of an equivalent size in Australia.
	Private Sector Co-location in the Royal Hobart Hospital	An open tender process, consistent with competitive neutrality principles, has resulted in the Government entering into a contract with the private sector for the operation of a co-located private facility at the Royal Hobart Hospital. In February 1999 this was extended to include the Queen Alexandra building.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Allied Health	
	Breast Prosthesis Provision	The Department is no longer a provider of breast prostheses. As of 1 December 1999, breast prostheses are only available to be purchased in the retail sector in Tasmania.
	Breast Cancer Screening	Services have been contracted to BreastScreen Tasmania.
	Dental Services	Fees were introduced on 1 July 1998.
	Home and Community Care	Fees were introduced in 1997. The level and scope of fees charged are regularly reviewed.
	Ambulances	The Government has decided not to pursue the introduction of ambulance fees for the general public.
	Other	
	Psycho-Geriatric Nursing	The privately financed, built and owned Roy Fagan Centre in Kalang Avenue, Lenah Valley, was completed on 14 April 1999, slightly prior to the scheduled completion date. Occupation of the facility commenced on 17 April 1999 under a 20 year operating lease arrangement.
	Royal Derwent Hospital/Willow Court Centre facilities	Contract documentation for this project was executed on 17 December 1999. Construction commenced in February 2000. While partial completion of the project will occur during 2000, final completion is anticipated to be achieved by June 2001.
	Triabunna Community Health Centre construction	Tenders were called for the construction of a new community health facility. Bells Construction was awarded the contract. Construction is expected to be completed in April 2000.
	Energy provision and maintenance at North East Soldiers Memorial Hospital	Services have been contracted to the private sector.
	Service delivery at St Mary's District Hospital	Expressions of Interest from private sector operators of this facility were called. Due to a lack of interest, the Government is now intending to reopen and operate the hospital as a public facility.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 1999 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	St Helen's District Hospital redevelopment	A tender was called for the upgrading/redevelopment of the St Helen's District Hospital. A contract was entered into with Perth company MP and HM Baker. Completion of construction is anticipated in April 2000.
Department of Treasury and Finance	Government Car Fleet	In May 1998, following a competitive tender process, the management of the Government's light passenger vehicle fleet was contracted to a private sector business.
	Purchasing and Sales Division	In September 1997, following a competitive tender process, the supply and warehouse functions of State Purchasing and Sales were sold to a private sector operator.