TASMANIA

NATIONAL COMPETITION POLICY

PROGRESS REPORT

May 2001

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1 INTRODUCTION

OVERVIEW

At its April 1995 meeting, the Council of Australian Governments (COAG), comprising all Australian State and Territory 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 fifth NCP Progress Report released by the Tasmanian Government. It outlines the State's progress in applying NCP principles as at 31 December 2000, and later in cases where significant progress has been made. Copies of this report and the April 2000 Progress Report are available at the Department of Treasury and Finance's Internet site: http://www.treasury.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 and second tranche of NCP payments. The Commonwealth Treasurer has supported the NCC's recommendations on each occasion. In 2001-02, the State is set to receive $17.2 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 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 six 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 third Agreement, the *Agreement to Implement the National Competition Policy and Related Reforms,* does not contain a specific review provision but required a review in light of the revised inter-governmental flows resulting from the national tax reforms.

Accordingly in 2000, a review of all the Agreements, together with a review of the NCC, was undertaken by the parties to the Agreements.

The Tasmanian Government considers the review to have been an important opportunity to re-examine the elements of the National Competition Policy and the operations of the NCC. At the 3 November 2000 meeting of COAG, Heads of Government agreed to several measures to clarify and fine-tune implementation arrangements for NCP. These included that:

- the guiding principles for legislation reviews are to be applied more flexibly;
- the NCC is to determine its forward work program in consultation with COAG Senior Officials;
- COAG Senior Officials continue to clarify and specify NCP reform commitments and assessment benchmarks for the NCC;
- the deadline for completing the NCP legislation review and reform program be extended from 31 December 2000 to 30 June 2002; and
- the NCP Agreements be amended to provide further guidance to the NCC on how to assess whether jurisdictions have complied with their legislation review commitments.

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 advance 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 and implement any changes by 30 June 2002.
- 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 *Taxi Industry Act 1995*, the *Liquor and Accommodation Act 1990*, the *Shop Trading Hours Act 1984*, the *Legal Profession Act 1993*, the *Electricity Supply Industry Act 1995* and the *Mineral Resources Development Act 1995*. 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 2000, the Government Prices Oversight Commission (GPOC) investigated five complaints on the application of competitive neutrality principles by government businesses. These complaints related to the leasing out of The Villas student hostel, the operation of the Clarence Swim Centre, Total Workforce and Tasmanian Ambulance Service and the valuation of Crown land by the Valuer-General. Further details 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 a second investigation for the Metro and the Motor Accidents Insurance Board. The next pricing investigation into the three bulk water supply authorities commenced in April 2001.

LEGISLATION REVIEW

As indicated in previous Progress Reports, the Tasmanian Government's Legislation Review Program (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, by the year 2000, of legislation that restricts competition, 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 that, in many cases, has restricted the operation of the Tasmanian economy.

As mentioned previously, the deadline for the completion of legislation review and reform has been extended from 31 December 2000 to 30 June 2002. Where possible, it is intended that reviews currently underway will be substantially completed by 30 June 2001, thereby ensuring sufficient time for implementation of reforms where appropriate.

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 an extensive 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 74 reviews (representing 29 per cent of all timetabled legislation) have been completed. Of these, 16 are yet to be considered by Cabinet, with the most significant of these being the *Egg Industry Act 1988,* the *Taxi Industry Act 1995*, the *Shop Trading Hours Act 1984,* the *Hospitals Act 1918* 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.

A total of 124 Acts have been either removed or excluded from the review or have been repealed. These categories of legislation represent 49 per cent of all timetabled legislation. A further 31 Acts are expected to be repealed during the course of 2001, representing 12 per cent of all timetabled legislation.

All the scheduled reviews have now commenced and it is expected that these will be finalised by 30 June 2001, thereby allowing a 12-month period for implementation of recommendations, where necessary. The status of the LRP timetable during the course of each of the four previous Progress Reports, together with its status at April 2001, is set out in Table 2.1.

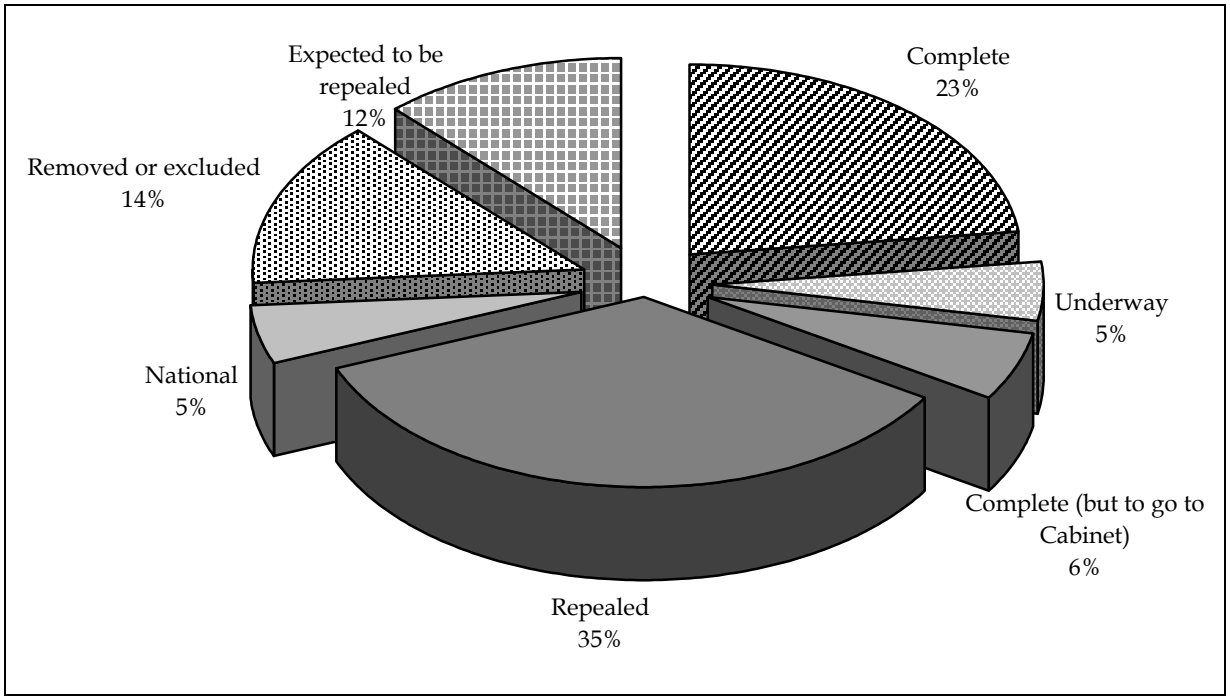
Table 2.1: Progress with LRP timetable July 1997 – April 2001

Status of review/legislation	As at July 1997	As at Aug 1998	As at Dec 1998	As at April 2000	As at April 2001
Yet to commence	**145**	**52**	**38**	**5**	**0**
Underway	**13**	**18**	**23**	**23**	**12**
Complete	**….**	**9**	**16**	**51**	**58**
Complete (but to go to Cabinet)	**….**	**5**	**5**	**8**	**16**
National	**11**	**9**	**9**	**12**	**12**
Removed or excluded	**16**	**29**	**29**	**34**	**35**
Repealed	**31**	**47**	**60**	**77**	**89**
Expected to be repealed	**23**	**68**	**56**	**43**	**31**
Deferred	**6**	**14**	**17**	**0**	**0**
Total	**245**	**251**	**253**	**253**	**253**

Source: Department of Treasury and Finance

A breakdown of the status of the reviews as at 30 April 2001 is set out in Chart 2.1.

Chart 2.1: Status of LRP reviews as at 30 April 2001



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.

Taxi Industry Act 1995

An independent Review Group was established in May 1999 comprising an independent chairperson from KPMG, representatives of the Department of Treasury and Finance, the Department of Infrastructure, Energy and Resources, the president of the Taxi Industry Association of Tasmania (TIAT) and the chairman of the independent Taxi Industry Advisory Board (who subsequently withdrew from the review in September 1999).

The final report from the Independent Review Group was released in April 2000. The review group recommended changes to the *Taxi Act,* the principal ones of which were as follows:

Licences

The review group recommended the introduction of a new process to increase the number of additional licences.

Fares

The review group recommended the introduction of regulated maximum fares (rather than set fares) to enable some degree of price competition.

Vehicles

The review group recommended that the requirement that a new vehicle be needed for a new licence be removed but the restrictions on the maximum age that a vehicle can be used as a taxi be retained.

Cabinet is expected to consider the recommendations during 2001.

Traffic Act 1925

The *Traffic Act* covers a wide range of matters and is being progressively 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 included in the review of the *Taxi Industry Act 1995*) and the non-economic regulation and control of drivers and vehicle traffic.

In relation to the first of these components, legislation to abolish Part III of the Act and reform the regulation of public vehicles was passed by the Tasmanian Parliament in November 1997. This package comprised the *Passenger Transport Act,* the *Passenger Transport (Consequential and Transitional) Act* and the *Traffic (Accreditation & Miscellaneous) Act.* This legislative package was in the process of being modified by the *Taxi and Luxury Hire Car Industries Reform Bill 1998* at the time a State election was called.

Following the House of Assembly election in August 1998, the Government established a consultative body comprising representatives of industry and Government, called the Tasmanian Transport Futures Group, to review the legislation that had been developed to date 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 Government in July 1999 and recommended a number of basic legislative changes including:

- the introduction of a mandatory operator accreditation system for operators of public passenger vehicles to ensure public safety;
- the adoption of specific transitional arrangements for the open tour and charter bus industry in a move to a system of an open and competitive market. A public benefit test was undertaken by KPMG of these transitional arrangements and they were found to not impose any significant cost disadvantage or burden on any sector of the community;
- clarification of the system by which regular passenger transport (bus) services would be reviewed and contracted in, including defining the compensation entitlements of operators displaced through such a process; and
- the 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 1997* and the *Taxi Industry Act 1995* (regarding luxury hire cars) was introduced into Parliament in October 1999 and passed unamended in November 1999. This legislation was assessed from a National Competition Policy perspective and endorsed subject to a full 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 and a suitable sunset clause is being 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 *Passenger Transport Act 1997* and an associated package of legislation commenced by proclamation on 26 June 2000. The major elements of this package consist of:

- rescission of Part 111 of the *Traffic Act 1925* and the *Traffic (Public Vehicles) Regulations 1967*. This had the effect of removing the economic regulation of commercially operated goods and passenger carrying vehicles, including aircraft. Taxis and luxury hire cars remain subject to licensing under their own *Taxi and Luxury Hire Car Industries Act 1995*;

- removal of the licensing requirement for hire and drive vehicles;
- introduction of an as-of-right registration system for vehicles used to carry passengers for reward (public passenger vehicles) and hire and drive vehicles. Large public passenger vehicles (buses) are automatically registered as Public Passenger Vehicles on the assumption that they will be used commercially. However, an exemption provision exists for the few that are not for commercial use;
- deregulation of the goods-carrying (trucking) industry;
- deregulation of goods-carrying hire and drive vehicles;
- introduction of the legislative framework for voluntary alternative compliance programs in the main areas of driver fatigue, mass management and roadworthiness;
- introduction of a 5 year transitional licence for buses previously entitled to undertake open tour and or charter operations. This transitional measure is to enable existing operators to prepare for an environment of free and open competition. An independent RIS process established that this measure was in the public interest;
- introduction of a mandatory accreditation scheme for operators of public passenger vehicles and hire and drives. This scheme will be subject to a full RIS process once the details of the scheme are finalised, following consultation with operators and end users. A sunset clause of 31 December 2001 has been inserted in the *Passenger Transport Regulations 2000* to safeguard the requirement to prepare the RIS. Interim measures are in place to ensure any new entrant who is able to meet minimum standards is able to operate within the industry prior to the final scheme being put in place. All operators at commencement of the new Act were granted accreditation for an initial period of 3 years; and
- introduction of a scheme to review existing government funded passenger services and transfer these arrangements to long term contracts. Appropriate transitional processes and compensation arrangements for any operator who may be disadvantaged have been included in the *Passenger Transport (Transitional) Regulations 2000.* These arrangements were developed in full consultation with the transport industry peak body, the Tasmanian Transport Council.

Shop Trading Hours Act 1984

In late August 1999, a review of the State's *Shop Trading Hours Act 1984* was established. 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 prepared a RIS, which was released in May 2000. This contained the Group's preliminary recommendations. Following consideration of the submissions to the RIS the final review report was completed in July 2000 and is being considered by the Government.

The review recommended that the restrictions on competition be removed by 1 January 2002 or later if the legislation is amended after the Spring Session 2000. This allows all retailers sufficient time to prepare for an unrestricted trading environment.

Further research and investigation into the issues associated with the review is being undertaken to enable the Government to consider and evaluate the recommendations of the review. One such issue concerns the impact of the recommendations on rural and regional Tasmania. The assessment by the review group was made for Tasmania as a whole; the review did not consider in detail the impact of removing the restrictions in regional Tasmania, ie outside the main city areas.

The Government will be in a position to better evaluate the effect of removing the current restrictions once the full range of impacts has been further investigated.

Legal Profession Act 1993

The review of the *Legal Profession Act 1993* was established by the Government in February 2000 and is in progress. The Act contains several restrictions on competition including:

- practice protection - admission requirements, reservation of legal work, practising certificate requirements and mandatory continuing legal education;
- business structures for legal practices; and
- conduct restrictions - written disclosure statements, fees, advertising, trust account requirements, guarantee fund and professional indemnity insurance.

The review group completed a discussion paper and released it for public comment in May 2000. It included the terms of reference for the review, discussion on the restrictions contained in the legislation and sought submissions from interested parties for consideration by the review group prior to preparation of the RIS. The RIS was released for public comment in April 2001. The RIS contains draft recommendations, with the two major preliminary conclusions being:

- that the conveyancing market should be reformed and the reservation of work restriction in relation to conveyancing be removed;
- restrictions on business structures for legal practices be removed; and
- a new disciplinary process involving a Legal Commissioner be introduced.

The RIS is available on the following Internet site: www.justice.tas.gov.au/legpol/legalreport.htm. It is anticipated that the final review report, which will include the group's final recommendations, will be presented to the Government in mid-2001.

Electricity Supply Industry Act 1995

A major review of the Electricity Supply Industry Act commenced in 2000 and is due for completion in June 2001. 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 was released in June 2000, and a RIS was released for public comment in March 2001. The draft recommendations in the RIS included:

- the existing restrictions on general licensing in the ESI Act be retained;
- the requirement for a retailer with an exclusive licence to supply all non-contestable customers in the area on the basis of a regulated tariff should remain;
- the exclusive retail franchise provisions for non-contestable customers remain in the ESI Act;
- section 26(1) of the Act be removed so that the issue of ensuring adequate supply be dealt with as a risk management issue determined between the retailer and the customer;
- in the absence of retail competition in the Tasmanian ESI, the existing pricing restrictions in the ESI legislation be retained;
- the existing price determination process in the ESI legislation be modified to permit a limited power of preliminary investigation for the Regulator;
- that the Minister commission a study to recommend a set of guidelines to govern the involvement of the Regulator as an arbiter in price and other contract disputes for major customers;
- the existing requirement in the ESI legislation that entities comply with System Controller directions be retained but revisited when Tasmania joins the NEM;
- the restriction preventing the Regulator from issuing a retailing licence to a generator with a substantial degree of market power be retained;
- Division 3 of Part 3 of the ESI Act be proclaimed and regulations be drafted to permit wholesale trading and choice of supplier on the part of existing MIs (being those parties which currently have contracts for bulk supply of electricity with Aurora) prior to the entry of Tasmania into the NEM;
- the exemption from the *Land Use Planning and Approvals Act 1993* contained in the ESI legislation be retained; and
- the ability for licensed electricity entities to be declared 'acquiring authorities' under the *Land Acquisition Act 1993* contained in the ESI Act be retained.

The full set of draft recommendations can be found in the RIS at the following Internet site: www.treasury.tas.gov.au under "Publications".

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. A RIS was completed in March 2001 and is currently available for public comment. The RIS has recommended no change to the MRDA. The review group found that maintaining the Act in its current form achieves the objectives of the Act and that all the restrictions are in the public benefit.

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. The review of this Act commenced in late 2000 and is expected to be finalised by June 2001.

The review is being conducted by an independent review group, supported by a reference group comprising major stakeholders in the industry. The review is examining the general trading restrictions and licensing arrangements imposed by the Act to determine whether these restrictions can be justified in the public interest. Of particular interest to the review group are the restrictions imposed by the current nine litre minimum purchase requirement from off-licence establishments and the prohibition on the sale of liquor in major supermarkets.

A suite of legislative amendments to the Act, to be considered by Parliament in May 2001, has also been included as part of the overall review of the Act.

The review group completed an issues paper in March 2001 and this has recently been made available for public discussion. The paper is available on the Internet at www.treasury.tas.gov.au in the Liquor Licensing section.

Motor Accidents (Liabilities and Compensation) Act 1973

As reported previously, this review was undertaken during 1997 and focussed on the impact of the monopoly role of the Motor Accidents Insurance Board (MAIB) on the delivery of compulsory third party personal (CTP) insurance and assessed the net community benefit associated with retaining the monopoly delivery of such insurance. The review group found that:

- the statutory monopoly for the provision of CTP insurance is justified in the public benefit and therefore should be maintained; and
- the power of the Board to enter into arrangements or agreements with other insurers is not justified and should be replaced with a provision which only provides the Board with a power to reinsure.

In 2000, Victoria undertook a review of its CTP insurance arrangements, which included the review outcomes and experiences in other jurisdictions. In response to concerns of the NCC in relation to Tasmania's review, the Tasmanian Government has committed to closely examining the Victorian review findings, to the extent that it is relevant to Tasmania. However, Tasmania will not necessarily be bound by the outcome or the findings of the Victorian review.

Tasmania has recently received a copy of the Victorian review report and is currently considering the findings and recommendations of the Victorian review.

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 was established, comprising Commonwealth, State and Territory officials, chaired by the Commonwealth. This Working Group reported 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

Almost 500 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 which have been retained in the legislation regulating health professionals relate to the protection of title and protection of practice, with a recent additional 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 clients. 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* has been replaced by a new Act that came into effect in 2000. A new Medical Radiation Health Professionals Registration Act 2000 which will repeal the *Radiographers Registration Act 1971* was passed by Parliament late in 2000 and will come into effect as soon as the reconstructed Board is appointed.

The *Dental Practitioners Registration Bill 2001* has been passed by the House of Assembly (27 March 2001) and is likely to come into operation in mid-2001. The *Dental Practitioners Registration Act* will regulate dentists, dental therapists and dental hygienists. During 1999-00 amendments were made to the *Nursing Act 1996* and the *Podiatrists Registration Act 1995* to bring these Acts up to date in respect of terminology and processes and to address NCP issues, particularly advertising and ownership of practices.

Reviews are currently being undertaken of legislation dealing with the registration of medical practitioners and optometrists with a view to the amendment of the relatively recent (but pre NCP) legislation governing these health profession areas. Key issues in these reviews is the extent of any restrictions placed on the ownership of practices and advertising of services but they will also be updated in regard to terminology and processes. The review of the *Pharmacy Act 1908* has been addressed on two fronts (locally and nationally) but the finalisation of the Bill which has been in draft form for some years has been delayed by the need to await the outcome of COAG's consideration of the outcomes of the national review of pharmacy legislation.

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 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* (the Application Statement). 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 – Local Government and NCP Reforms.

The Government, in conjunction with local government, will be reviewing the Application Statement in 2001.

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; and
- dividend requirements.

Since the Wholesale Sales Tax regime was abolished by the Commonwealth on 30 June 2000, the Wholesale Sales Tax Equivalent component of the State Taxation Equivalent Regime (TER) has also been abolished. As Government is not exempt from the GST, a GST equivalent regime is not required to achieve competitive neutrality with the private sector for this tax. The TER now solely comprises an income tax equivalent regime.

Since 1 July 1997, all Tasmanian GBEs have been subject to the full TER, dividend regime and guarantee fees through the *Government Business Enterprises (Amendment of Acts' 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 the previous Progress Report.

PAHSMA's continued exemption from the payment of income tax equivalents and dividends is currently under review. At this stage, PAHSMA has been excluded from the National Tax Equivalent Regime (NTER) on the basis that it does not pay tax under a State TER and it is not a contestable industry. PAHSMA is required to price in accordance with full cost attribution principles.

A review of the most appropriate structure for PAHSMA is still being considered by the Government.

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 entered into with the Hydro-Electric Corporation (Hydro Tasmania), Metro Tasmania Pty Ltd (Metro Tasmania), The Public Trustee, Civil Construction Services Corporation (CCC) and Aurora Energy Pty Ltd.

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 bulk water supply scheme, re-established under the Local Government Act as a joint authority entitled 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.

In 1998, the *North West Water Amendment Act 1998* was passed by Parliament. This Act enabled the transfer of the North West Regional Water Authority (NWRWA) to a local government joint authority. This legislation was proclaimed on 10 August 1999 with the NWRWA transferring to local government, and renamed the North West Water Authority, also on 10 August 1999.

The Rivers and Waters Supply Commission (RWSC) is responsible for the management of the Prosser River Bulk Water Supply Scheme, various irrigation and drainage schemes throughout the State and 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.

Having successfully transferred the bulk water schemes to local government, future arrangements for the RWSC are being reviewed. The RWSC has commenced the transfer of its irrigation and drainage schemes to local government and management committees comprising local water users.

Tasmania is continuing to work with irrigation scheme participants to ensure that they have a full understanding of the implications of further devolution of irrigation management.

Port reform

Competitive transport costs utilising Tasmania's ports is 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 GBE Act tax equivalent and guarantee fee regimes 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 as shareholder, 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 Tasmania provides public urban road transport services in the metropolitan areas of Hobart, Launceston, Burnie and Devonport. As indicated in the previous Progress Report, 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 Tasmania is subject to Corporations Law obligations as well as the full tax equivalent, dividend and loan guarantee regimes.

Housing Division of the Department of Health and Human Services (DHHS)

As previously reported, in November 1996 the former Government agreed to commence the commercialisation of the Housing Division of DHHS, with a view to its eventual corporatisation at some future time. The commercialisation process commenced with the establishment of a separate advisory board, the Housing Board of Management, and the identification and separation of housing assets and liabilities from the rest of the Department.

However, the Housing Board of Management was disbanded following the election of the Labor Government. The Government now considers that it can better meet its objectives in terms of housing outcomes through broader community consultation and engagement as well as through the promotion of more locally based client participation processes. Present policies are focused more strongly on social justice principles and the provision of safe, affordable public housing to those who need it.

TOTE Tasmania

On 1 August 2000, the turnover tax applying to the Totalizator Agency Board was replaced with a licence fee (waived for the first three years) and the payment of income tax equivalents and dividends. On 5 March 2001, the Totalizator Agency Board was established as a State-owned Company, TOTE Tasmania Pty Ltd, and is now subject to Corporations Law. The tax and governance structure implemented more closely reflects the arrangements in place for Totalizator Agency Boards in other States.

Tasmanian Dairy Industry Authority

The Tasmanian Dairy Industry Authority (TDIA) was wound up as a Government Business Enterprise on 30 June 2000. The TDIA's price regulation activities ceased on that date. Its herd recording business was transferred to dairy industry farmers on the same date. The TDIA continues to exist as a statutory authority with responsibility for food safety and quality assurance.

National Taxation Equivalent Regime

It is intended that all Tasmanian GBEs, State-owned Companies (SOCs), including subsidiaries of GBEs and SOCs, and Local Government joint authorities operating under the State TER as at 30 June 2001, with the exception of the Tasmanian Public Finance Corporation (Tascorp) and PAHSMA, will be included in the NTER from 1 July 2001.

Tascorp will continue to be subject to the State TER for a maximum period of twelve months, in accordance with the *Final Report to Heads of Treasuries of the Working Party on the National Tax Equivalent Regime*, (the Report) dated November 2000, which was endorsed at the March 2001 Ministerial Council meeting. The Report outlines the principles of the NTER and also commits jurisdictions to consider the application of the NTER to central borrowing authorities during the next twelve months.

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 the competitive neutrality principles. A table detailing the current status of implementation of competitive neutrality principles across agencies is included in 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).

In addition, the Department of Treasury and Finance 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.

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 Parliamentary Labor Party, the Australian Labor Party and the Tasmanian Trades and Labor Council (TTLC) 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 has developed a draft 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 with the proposed framework still subject to review.

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, the Government Prices Oversight Commission (GPOC) receives and investigates 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.

Under the *Government Prices Oversight Act 1995* (GPOC Act) and the *Government Prices Oversight Regulations 1998* (Regulations), complaints may be lodged against a government body when a person believes that the government body has contravened any of the competitive neutrality principles and considers that he or she is adversely affected by such a contravention. The person 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 the business activities of government agencies and Local Government, 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 arrangements. An article was also published in April 1999 in the *Tasmanian Business Reporter,* the Tasmanian Chamber of Commerce and Industry's publication.

During 2000, five complaints were lodged with GPOC and they were in relation to:

- the leasing out of The Villas student hostel by the Department of Education;
- the operation of Clarence Swim Centre leased out by the Clarence City Council;
- the operation of Launceston City Council trading as Total Workforce;
- the operation of Tasmanian Ambulance Service; and
- the valuation of Crown land by the Valuer-General.

Villas student hostel

On 28 January 2000, a complaint was lodged with GPOC alleging breaches of the CNPs by the Department of Education (DoE) concerning the leasing out of a student hostel (The Villas) to Newstead College Council Inc (the Council). The Council is an association incorporated under the *Association Incorporation Act 1964*. The complainants alleged that DoE had leased out The Villas to the Council at a non-commercial rent. As a result of the low rent, the Council has been able to charge below a market rate for its accommodation, hence adversely affecting the complainants' business.

The Villas was leased to the Council at a nominal rent of $1.00 in 1999. When the Council requested to renew the lease for another year and was told that the full commercial rent of $67 600 pa would apply, it indicated that it could not operate The Villas at this rate and offered $8 000 for extending the lease. The Minister, following advice from the Valuer-General, subsequently accepted the Council's offer.

There were two business activities that were found to have the potential to adversely affect the complainants' student lodge business. One was the operating of The Villas and the other the leasing of The Villas to the Council.

GPOC formed the view that the operation of The Villas, in particular, the setting of the alleged non-commercial room rates, had the potential to adversely affect the complainants' student lodge business. However, The Villas was operated by the Council, which was an incorporated association and not part of DoE.

GPOC determined that:

- the leasing out of The Villas at a non-commercial rate was an essential element in producing the adverse effect that the complainants were claiming; and
- if it was not for the non-commercial rent in the lease terms, the Council would not have been able to operate The Villas and set its room rates at a level that may have adversely affected the complainants.

The leasing activity had not been identified or listed as a SBA. GPOC recognised that the costs and revenue associated with the leasing of The Villas are relatively insignificant when considered in the context of the operation of DoE. However, GPOC considered that the significance of a Government business activity is not determined purely on the basis of financial materiality – ie on the basis of the financial size of the activity in relation of the total expenditure and revenue of any Department. GPOC found that the failure to apply CNPs to the lease activity of DoE had the potential to create market distortion in the Launceston student hostel market and result in an inefficient use of resources.

GPOC was of the view that in determining whether the leasing activity was a SBA, DoE should have also considered the impact of the activity on the relevant market. Further, as a consequence of failing to identify the leasing activity as a SBA, DoE had not applied FCA to the leasing activity as required under the CNPs.

GPOC recommended that DoE be directed by the Minister of Education to review its leasing arrangement in relation to The Villas and other similar student hostel operations to ensure compliance with the CNPs.

The Minister for Education has advised GPOC that:

- the Department will fully review its leasing arrangements for hostels to ensure full compliance with the CNPs in future leasing arrangements;
- the Department had discussed the GPOC findings with the Principal of Newstead College;
- the current lease for The Villas expires in late 2000; and

- the findings of the GPOC report will be implemented in future lease arrangements.

Tasmanian Ambulance Service

Tasmanian Ambulance Service (TAS) was established under the *Ambulance Service Act 1982* and is part of the division of Hospitals and Ambulance Service within the Department of Health and Human Services (DHHS). TAS provides both emergency and non-emergency ambulance services (patient transport services).

In August 2000, GPOC received a complaint from Ambulance Private, a private sector ambulance service, alleging that DHHS failed to comply with the CNPs in relation to the pricing policy of TAS's patient transport services.

The complainant raised a number of matters in support of his assertion that DHHS had breached the CNPs in the provision of patient transport services.

The matters raised by the complainant were classified into the following areas:

- failure to separate regulatory and business functions;
- restrictions in Ambulance Private's licence that are not applied elsewhere in the industry;
- impact on trade and commerce under the constitution;
- lack of consultation concerning TAS's pricing policy and its provision of patient transport services; and
- failure to apply the CNPs to the patient transport services provided by TAS.

In relation to these issues, GPOC was of the view that:

- The separation of the regulatory and business functions was dealt with by DHHS in 1997 by implementing administrative arrangements. The administrative arrangements were intended to achieve the functional separation of TAS's regulatory and business activities to avoid potential conflict of interests. The arrangements for separating the two functions were agreed by the Department of Treasury and Finance in the context of the market circumstances at the time.
- It did not consider that it has the jurisdiction to review licensing conditions concerning public safety issues as it considered that the regulation of public safety is a matter for the Government to decide and implement through the relevant agency.
- The matter of impact on trade and commerce under the constitution as understood by GPOC is a Trade Practices Act matter and not a competitive neutrality matter.
- DHHS did not apply the CNPs to TAS's patient transport services, which was determined by GPOC to be a SBA.
- DHHS had not undertaken the required public benefit to determine whether TAS was a SBA. As a result, DHHS could not justify its decision to not apply the CNPs to TAS's patient transport services.

Accordingly, GPOC found that part of the complaint was justified, and recommended that the Director of Ambulance Services be directed by the Minister for Health and Human Services to:

- apply the CNPs to the patient transport services provided by the Tasmanian Ambulance Service subject to the public benefit assessment required by the State Government Application Statement; and

- consider all issues prescribed in the Application Statement and the Public Benefit Guidelines when conducting the public benefit assessment, in particular, the impact of the non-application of CNPs on the private market.

In December 2000, GPOC received advice from the Minister for Health and Human Services that DHHS will be undertaking a public benefit assessment with a view to establishing whether the competitive neutrality principles should apply to TAS's patient transport services in the south of the State. DHHS has prepared a full cost attribution model in relation to the service which has been agreed to by KPMG. Following this, a full Regulatory Impact Statement (RIS) was released for public comment with submissions due by 27 April 2001. DHHS is currently in the process of analysing the comments received. The Minister undertook to advise GPOC of the outcome of the public benefit assessment when it is completed.

Valuation of Crown land by Valuer-General

GPOC received a competitive neutrality complaint lodged jointly by the Central Highlands Council and Derwent Valley Council alleging that the Valuer-General has breached the CNPs in exercising his discretion not to value land owned by Government Business Enterprises (GBEs) and Crown land occupied by GBEs.

Under the *Land Valuation Act 1971*, the Valuer-General must value land before councils can rate it. The complainants alleged that they have been adversely affected by the Valuer-General's decision to not value the land concerned. Based on recent estimates, the complainants believed that they have foregone, in total, over $3 million in rate revenue annually as a result of their inability to rate GBE controlled land as a consequence of the Valuer-General's decision not to value such land. GPOC is currently considering this matter.

Clarence Swim Centre

In March 2000, a complaint was lodged against the Clarence Swim Centre leased out by the Clarence City Council. Upon a preliminary investigation, GPOC found that the Swim Centre was leased to a private sector operator. Thus the operations of the Centre was not an activity to which the CNPs applied. Further, the leasing activity had not been declared to be a significant business activity and thus was outside GPOC's jurisdiction.

Total Workforce

In March 2000, GPOC received a compliant against the Launceston City Council trading as Total Workforce. Following a preliminary investigation, the Commission determined that the activity concerned had not been declared a significant business activity and thus was outside GPOC's jurisdiction.

Other Matters

Informal Complaints

A further two matters, which did not proceed to the formal complaint stage, were raised with GPOC. These matters related to:

- the operation of Government Valuation Services; and
- the issuing of building permits by Hobart City Council.

A formal complaint was not pursued in either of these matters following the resolution of the issues to the satisfaction of the potential complainants after discussions between the complainants, the relevant business units and GPOC.

Update on the Investigation into Tattersall's Hobart Aquatic Centre

In August 1999, GPOC completed its investigation into a complaint alleging a breach of the CNPs by the Hobart City Council (HCC) in operating the Tattersall's Hobart Aquatic Centre (THAC).

The complainant alleged that the breaches of CNP related to the non-application of full cost attribution (FCA) to the services and programs that the THAC offers to the general public. Consequently, Dockside Fitness (which at that time was the lessee of the fitness centre facilities within the THAC) was directly benefiting from this situation by enjoying a reduced rate for its members gaining access to the pool of the THAC. The complainant further alleged that this was also contrary to the public assurances provided by the THAC management that Dockside members would pay 'less than, but not significantly less than' what the general public would pay. In addition, the complainant alleged that the corporate memberships and deals with other health clubs offered by the THAC management did not reflect the full cost of providing access to the THAC.

Following the investigation, GPOC, in accordance with the Regulations, prepared a report to the Minister for Local Government (being the relevant Portfolio Minister) and the Treasurer recommending that:

- the HCC and THAC review their costing and pricing policies to correctly take account of the requirements under NCP and the CNPs, including the implementation of FCA for the THAC, and that all subsidies be made transparent; and
- the local government Application Statement and the FCA Guidelines be reviewed and consideration be given to the provision of additional guidance in relation to the determination of prices in a competitive environment.

In response to GPOC's report, the Treasurer was advised that the Department of Treasury and Finance would undertake a review of the Application Statement and the FCA Guidelines in relation to both State government agencies and local government activities.

GPOC was also advised that the Premier, as Minister for Local Government, wrote to the HCC directing them to apply FCA to the THAC. In addition, the HCC was to provide additional FCA information on the THAC in its Annual Report (Financial Statements).

The HCC has advised that:

- in relation to publication of the 1998-99 Financial Statements, the HCC has:
  - published the Statements on the Council's Internet site, and
  - advertised the site in the April 2000 advertisement placed by the Council in the Mercury newspaper. The Statements were also placed on the Council's Public Notice Board; and
- consultants were engaged to provide the HCC with advice on the application of FCA to the pricing structure at the Centre.

The consultants provided a comprehensive report to the THAC Board on THAC pricing. Following consideration of the report, the Board recommended to the HCC an increase in fees of 3 per cent plus the goods and services tax (GST) to apply from 1 July 2000. The HCC agreed to the Board's recommendation, but to take effect from 1 February 2001.

GPOC was also advised that Dockside Fitness withdrew from operating the gymnasium facilities at the THAC and this business has been incorporated into the operations of the THAC.

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, structural reviews of both sectors were undertaken 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 GPO Act) before the CPA was signed. The GPO 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 GPO Act to include investigations into Local Government monopoly services.

The GPO 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 (Hydro Tasmania, 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.

By the end of 1998, GPOC had completed the first round of investigations into the pricing policies of Hydro Tasmania, the MTT, the MAIB, and the three bulk water supply authorities, Hobart Regional Water Authority (HRWA), Esk Water Authority (EWA) and North West Water Authority (NWRWA).

Since the previous Progress Report, second investigations into the pricing policies for Metro (formerly the MTT) and the MAIB have been completed. The next investigation into the pricing policies of the three bulk water supply authorities commenced in early 2001. Preliminary work for the next electricity supply industry investigation (Hydro Tasmania, Transend and Aurora), to be undertaken by the Office of the Tasmanian Electricity Regulator (OTTER) will also commence in 2001. Responsibility for the pricing investigations into the electricity supply industry that were previously the responsibility of GPOC were transferred to OTTER in the *Electricity Supply Industry Act 1995*.

Metro Tasmania Pty Ltd pricing policies investigation

In October 1999, the Treasurer issued terms of reference for an investigation into the pricing policies of Metro Tasmania Pty Ltd (Metro). This was the second investigation into the pricing policies of Metro. The first investigation was undertaken prior to Metro being corporatised under the Corporations Law, and was completed in 1997. Under the terms of reference for this investigation, the Final Report was to be completed by 2 June 2000.

The Commission for this investigation comprised Mr Andrew Reeves, GPOC Commissioner and Mr Paul Baxter, (Chairman, Independent Competition and Regulatory Commission, ACT) Assistant Commissioner.

Following receipt of the terms of reference for the investigation, Metro provided the Commission with a detailed submission describing Metro's operations and performance since the previous investigation. It also raised issues that Metro wished to be considered by the Commission in making its recommendations. Metro's submission and the Commission's Issues Paper were released for public comment in February 2000. Submissions were sought from a range of persons and organisations on the matters raised in Metro's submission and the Commission's Issues Paper. Ten submissions were received in response to the Issues Paper. In addition, the Commission held meetings with local government representatives in all areas covered by Metro's operations and met with Metro staff and a number of interested parties before releasing its Draft Report.

The Draft Report was released for comment in April 2000. Five submissions were received in response to the Draft Report. Following consideration of all the matters raised in the course of the investigation, the Commission presented the Minister and the Treasurer with its Final Report and Recommendations on 2 June 2000.

The Commission recommended that Metro be provided with a maximum revenue (including fare-box receipts and payments from the Government) of $26.1 million per annum (from 1 July 2000) to be adjusted annually to take account of changes in the components of Metro's costs. It was also recommended that this amount should be adjusted if, in the future, the Government requires Metro to modify the services from those provided at the time the Report was finalised.

The Commission did not consider that it was required to make a recommendation on Metro fares since the level of fares is determined by Government policy on public transport subsidies. However, it did note that Metro's adult fares had not been increased since July 1996 and they were the lowest of all but one of the Australian capital cities. It considered an increase of about 7 per cent would have been necessary to account for changes in the Consumer Price Index (CPI) from December 1996 to December 1999 and to pass through the estimated 4.3 per cent net impact of the Commonwealth's new tax system. However, in the light of the existing environment of declining patronage, the Commission was reluctant to propose any substantial increases in fares even where they could be justified on financial grounds. On this basis, it considered that adult fares should increase by no more than 20 cents for 1-2 section tickets and up to 50 cents for 11-15 section tickets. The Commission also considered that it would be appropriate to index fares to reflect changes in Metro's costs. To allow Metro to recover additional revenue from small changes in the index, while retaining its policy of rounding fares to the nearest 10 cents, the Commission suggested that an indexed weighted average fare be specified.

The Government accepted the Commission's recommendations and a new *Government Prices Oversight (Metro Fares) Order 2000* was gazetted on 30 August 2000.

Motor Accidents Insurance Board

In February 2000, the Treasurer issued terms of reference for an investigation into the pricing policies of the Motor Accidents Insurance Board (MAIB). This was the second investigation into the pricing policies of the MAIB, the first investigation having been completed in 1997. Under the terms of reference the Final Report was to be completed by 31 August 2000.

The Commission for this Investigation comprised Mr Andrew Reeves, GPOC Commissioner, and Mr Bernard Rowley, Assistant Commissioner.

Following receipt of the terms of reference for the investigation, the MAIB provided the Commission with a comprehensive submission. The MAIB submission and the Commission's Issues Paper were released for public comment in April 2000. Submissions were sought from a range of persons and organisations on the matters raised in both the MAIB's submission and the Commission's Paper. Thirteen submissions were received in response to the Issues Paper. In addition the Commission met with the MAIB and a number of interested parties before releasing its Draft Report for comment on 30 June 2000.

Prior to preparing its submission to the Commission, the MAIB commissioned its consulting actuaries, Trowbridge Consulting Pty Ltd, to provide two reports in relation to:

- the calculation of MAIB's break-even premium; and
- a review of the MAIB's premium relativities.

The Final Report was completed and submitted to the Treasurer and the Minister for Infrastructure, Energy and Resources on 31 August 2000. The Commission's recommendations were that:

- the scheme be protected from the impact of very large claims by limiting compensation for loss of earnings to $2 000 (after tax) per week and the placement of a cap on the scheduled disability benefit;
- the maximum average premium be set at the prevailing level, increased annually to reflect changes in average weekly ordinary times earnings for each of the three years from 1 December 2000;
- there should be increases of 15 per cent in addition to inflation for medium and large passenger vehicles, heavy goods vehicles and taxis to better reflect risks associated with these classes, to be phased in over three years;
- there should be no increases other than inflation-linked increases for any other premiums;
- a reduced premium (compared to the fully-registered equivalent) only be available to those restricted registration (Class 18) vehicles used for farm and other work purposes;
- pensioner discounts be available only for a single registration for a vehicle used by the pensioner for non-work related purposes; and
- several vehicle classifications be changed for MAIB premium purposes.

The Final Report also included recommendations in relation to the calculation of half-yearly and quarterly premiums.

The Government accepted the Commission's recommendations on premiums except for Class 18 - restricted registration vehicles, the premiums of which were to remain at around the existing levels. A new *Government Prices Oversight (MAIB Premiums) Order 2000* was gazetted on 1 October 2000.

Water Investigation

Preliminary work has commenced for the 2001 investigation of the pricing policies of the three bulk water supply authorities HRWA, NWWA and EWA. The Commission intends to release for comment a draft report early in May 2001 and submit a final report to the Treasurer, the Minister and the three water supply authorities by end of June 2001.

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.

In relation to gas, the Tasmanian Parliament has passed the *Gas Pipelines (Tasmania) Act 2000*, which applies the *National Third Party Access Code for Natural Gas Pipeline Systems* to Tasmania. Further details are provided in Chapter 5.

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:
  - 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. As noted earlier, this Application Statement will be reviewed in 2001.

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.

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.

Details of all competitive neutrality complaints are provided 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, NWWA 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.

As noted in Chapter 2, a second investigation of the pricing policies of HRWA, NWWA and EWA has recently commenced and is due to be completed by June 2001.

TREATMENT OF LOCAL GOVERNMENT BY-LAWS UNDER THE LRP

The Local Government Division 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 the remaining by-laws (approximately 500).

Since the commencement of that *Local Government Act 1993* in January 1994, all of the 115 new by-laws gazetted 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 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 *Gas Pipelines Access (Tasmania) Act 2000* was passed by Parliament in November 2000.
- Since the previous Progress Report, Tasmania has made significant progress with its water reform 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.

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 remains not interconnected with the national grid, it is not regarded as a "relevant jurisdiction" for the purposes of the COAG and NCP Agreements regarding the development of the NEM.

Basslink

Basslink Pty Ltd has continued to progress the proposed $500 million Basslink interconnector between Bell Bay in Tasmania and Loy Yang in Victoria. The national significance of Basslink has been recognised by the Commonwealth, with the project granted Major Project Facilitation Status in November 2000.

The primary focus for the project over the past 12 months has been on finalising the route for the interconnector and preparing for the rigorous Combined Assessment and Approvals Process that has been agreed between the Tasmanian, Commonwealth and Victorian Governments. The Commonwealth Environment Minister approved the guidelines for the Integrated Impact Assessment Statement in October 2000. Basslink Pty Ltd is expected to complete the community consultation process in Victoria by the end of March 2001, and will then lodge its Integrated Impact Assessment Statement.

Basslink Pty Ltd expects that the link will enter commercial service in mid-late 2003. The link will operate under the *National Electricity Code* as a Market Network Service Provider (MNSP). In this context, the entry of Tasmania to the National Electricity Market (NEM) and the application of the *National Electricity Code* in Tasmania are key requirements for Basslink.

The Government has made an in-principle commitment to become a participating jurisdiction in the NEM, subject to the successful completion of Basslink and the State securing appropriate transitional arrangements. The *Electricity - National Scheme (Tasmania) Act 1999* 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 (see below).

Further information on the Basslink project is available at Basslink Pty Ltd's web site: *http://www.basslink.com.au*.

Structural Reform in Tasmania's Electricity Supply Industry

Previous Progress Reports have detailed the structural reforms that have taken place in Tasmania's electricity supply industry since 1998. In considering these structural issues, the Government has fully complied with its obligations under Clause 4 of the CPA, including the review requirements under Clause 4(3).

The April 2000 NCP Progress Report noted the Government's intention to separate the system control function from Hydro Tasmania to Transend Networks Pty Ltd. This change has been effected, and since 1 July 2000, Transend Networks Pty Ltd has had the responsibility for system control in Tasmania.

Tasmania's Participation in the National Electricity Market

As noted above, the Government has made an in-principle commitment to become a NEM jurisdiction with the successful completion of Basslink, provided that suitable transition arrangements are agreed to by the relevant NEM regulatory bodies and accepted by the current NEM jurisdictions.

The Government has developed a suite of structural and regulatory arrangements to apply with the State's entry to the NEM. These are detailed in an Information Paper prepared by the Energy Markets Branch of the Department of Treasury and Finance, and available at http://www.treasury.tas.gov.au. The key features of Tasmania's proposed NEM entry arrangements include:

- Basslink operating as a MNSP, interconnecting the Victorian region of the NEM with a single Tasmanian NEM region;
- Hydro Tasmania to be retained as a single hydro generation business in Government ownership;
- the creation of additional generation competition in the Tasmanian market through the conversion of the Bell Bay Power Station to gas (from oil) and its separation from Hydro Tasmania to become a new State-owned generation business, and also through the import of electricity via Basslink from interstate generators;
- encouraging the development of competing wind power projects;
- the National Electricity Market Management Company (NEMMCO) determining dispatch and spot prices in the Tasmanian region of the NEM, based on dispatch offers from Hydro Tasmania, Basslink, other on-island generators, demand-side bids and interstate generators;
- NEMMCO assuming responsibility for market operation and system security in Tasmania on a nationally consistent basis under the *National Electricity Code* (NEC);
- Hydro Tasmania having an obligation to prudently manage its water storages;
- retail contestability being phased in over a four-year period, commencing a short period after the start of the full wholesale market in Tasmania;
- a vesting contract between Hydro Tasmania and Aurora Energy Pty Ltd to underpin energy sales for non-contestable customers during the roll-out of retail contestability;
- the ACCC to have responsibility for transmission pricing, initially under Tasmanian arrangements and then under the NEC;
- the Tasmanian Electricity Regulator retaining responsibility for distribution network pricing on an ongoing basis and retail price regulation for non-contestable customers; and
- derogations from the NEC providing for technical, procedural and administrative issues in the transition to the full NEM arrangements.

Participation in the NEM and the implementation of the Government's NEM entry framework will fulfil the State's NCP requirements with respect to electricity reform. The reform package has been developed to ensure that the Government's energy reform objectives can be achieved and sustained in the long-term in a financially and economically viable manner.

The reform package contains several essential interdependent features. Basslink and NEM participation underpin the essential functioning of Tasmania as part of the NEM. The other components of the package, including a

single Hydro Tasmania and the assumption by it of the obligations under the contracts that have been developed with Basslink Pty Ltd for Basslink, are integral aspects that enable these developments to take place.

Two aspects of the NEM entry framework require authorisation by the Australian Competition and Consumer Commission (ACCC) under the *Trade Practices Act 1974* (TPA). These are:

- the proposed derogations to the NEC – the ACCC must authorise these as it authorised the NEC; and
- the vesting contract – this has been put to the ACCC for authorisation to protect against any possible action under Part IV of the TPA.

These aspects of the framework were submitted to the ACCC for authorisation on 22 November 2000. The ACCC received 11 submissions on the authorisation applications and is expected to release a draft determination in late May 2001, with a final determination expected in late July 2001.

Tasmania is also currently working with the existing NEM jurisdictions with regard to NEM membership requirements, particularly:

- accession to the National Electricity Market Legislation Agreement (a requirement for Tasmania to be recognised as a NEM jurisdiction); and
- membership of NEMMCO and NECA (the National Electricity Code Administrator).

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 did not have an established natural gas industry at that time, 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 was not classified as a "relevant jurisdiction" for the purposes of gas industry reforms. In particular, Tasmania was exempted from having to comply with the obligations of the Agreement until approval for the first natural gas pipeline in the State was granted, or before a competitive tendering process for a natural gas pipeline in the State commenced.

To facilitate the development of a natural gas industry in the State, the previous Tasmanian Government selected Duke Energy International (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 also envisaged that gas will be reticulated to the household sector. In November 2000, Duke announced that it had the approval of its Board for

the project. Duke is now undertaking more detailed studies and has indicated that the company will be seeking planning and environmental approval of these pipelines from the Victorian, Tasmanian and Commonwealth governments towards the end of 2001.

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 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 was subsequently 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 was adopted to maintain as much consistency as possible. The amendments involved 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.

The *Gas Pipelines Access (Tasmania) Act 2000* was subsequently passed by Parliament in November 2000. Regulations under that Act are currently being developed and will adopt AS 2885 as the relevant standard governing safety in the construction and operation of gas transmission pipelines in Tasmania.

Under Clause 10.1 of the Natural Gas Pipelines Access Agreement, the State is required to submit an Access Regime to the NCC for certification as an effective regime as soon as practicable after its access legislation has been passed. As the result of Parliament passing the *Gas Pipelines Access (Tasmania) Act 2000*, the Government has commenced preparation of its access regime. It is expected that the State's gas access regime will be submitted to the NCC during 2001 for consideration in line with the Natural Gas Pipelines Access Agreement.

In line with its obligations under the third tranche assessment to remove regulatory barriers to competition in natural gas markets, Tasmania has also repealed the *Gas Franchises Act 1973*, the *Hobart Town Gas Company's Act 1854* and the *Hobart Town Gas Company's Act 1857*. The *Launceston Gas Company Act 1982* has been substantially repealed, with remaining sections to be repealed once an accurate mapping of the pipeline network has been completed.

As mentioned earlier in this report, a review of the *Mineral Resources Development Act 1995* is underway. A national review of the *Petroleum (Submerged Lands) Act 1982* has been completed and endorsed by ANZMEC Ministers. Amendments will be developed by the Commonwealth in mid-2001, with Tasmania and other jurisdictions preparing mirror legislation.

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 (Policy and Local Government Divisions), Primary Industries, Water and Environment (DPIWE) and Treasury and Finance.

The following information details Tasmania's progress to 31 December 2000 (including proposed future work where relevant) in its implementation of the COAG water reforms.

New water management legislation

New water management legislation was proclaimed on 1 January 2000. The *Water Management Act 1999* replaces the *Water Act 1957* and the *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 Hydro Tasmania, 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.

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.

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),

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

Treasury and Finance and Premier and Cabinet (Policy Division and the Local Government Division), 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. Subsequently, it was found that the analysis for the Ross scheme was incomplete and that two part tariff pricing was not cost effective for this scheme. The councils responsible for these seven schemes have provided a firm commitment and implementation date for the introduction of two-part pricing.

As a result of the cost-effectiveness analysis, 18 water schemes will be changing from their existing pricing systems to two-part tariffs. Of these 18 water schemes, five commenced in 2000-01, 12 are due to commence in 2001-02 and one in 2002-03.

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 (ARMCANZ).

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.

Table 5.1: Implementation dates for two-part pricing

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

Bulk water authorities

In its 1998 investigation into the three bulk water authorities, GPOC 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.

As noted above, all GPOC recommendations were accepted and all three authorities have a two part tariff structure. As part of the current investigation of the three authorities, GPOC will examine the two part tariff structures.

Rural water supply

Water pricing for 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.

Cressy/Longford Irrigation Scheme (CLIS)

Water pricing for CLIS is based on a two-part pricing system with a fixed charge per ML of irrigation right and a volumetric charge per ML of water actually used to cover variable costs.

Over the last five years, water prices have risen to achieve full recovery of operational, maintenance, administration and asset consumption costs. This has been achieved by establishing a revenue target and then setting water prices to meet this target, based on the rolling five year average of water sales. The financial costs (interest and repayment of the loans taken out to establish the scheme) are not included in the revenue target as they are treated as a Government subsidy to the scheme.

It was considered that full cost recovery (as defined above) had been achieved in 1997-98. However, a 1999 review of the price fixing model being used by the RWSC indicated that the model was not appropriately accounting for depreciation. The model was corrected and used to set the 1999-00 prices which included an asset renewal levy.

In consultation with scheme users, the following initiatives have been implemented since 1995 to reduce the revenue target:

- a reduction in scheme employees from three to two;
- an extension of the Scheme district and allocation of additional irrigation rights to spread the fixed costs;
- restrictions on the amount of water allowed to be used per ML of irrigation right before a price penalty is incurred (changed from no restriction to twice the relevant irrigation right);
- the staged removal of a cross subsidy for a specific group of users relying on a pumping system (previously power charges for the pump were paid by all scheme users);
- the replacement of the depreciation charge by an asset renewal levy; and
- the replacement of a previous scheme operator with a contracted employee.

CLIS: Price charged	1996-97	1997-98	1998-99	1999-00	2000-01
Irrigation Rate (per ML Irrigation Right)	$18.15	$18.70	$18.70	$21.82	$21.82
Irrigation Charge (per ML for all water used)	$15.60	$15.70	$15.30	$15.90	$15.90

It is expected that the prices for 2001-02 will be set by the Cressy Longford Irrigators Association in accordance with an agreed business plan following devolution of management of the scheme from 1 July 2001.

Winnaleah Irrigation Scheme (WIS)

Water pricing for WIS is based on a modified two-part pricing system, consisting of a fixed charge per ML of irrigation right and a volumetric charge per ML of water actually used, with the volumetric charge varying over the irrigation season.

The current pricing system was suggested by scheme users and adopted by the RWSC in 1999-00. It aims to encourage greater water use in the off-peak seasons and to discourage use (or at least fully account for marginal costs) at the peak of the season.

Over the last five years, water prices have risen to achieve full recovery of operational, maintenance, administration and asset consumption costs. This has been achieved by establishing a revenue target and then setting water prices to meet this target, based on the rolling five year average of water sales. As with CLIS, the financial costs (interest and repayment of the loans taken out to establish the scheme) are not included in the revenue target as they are treated as a Government subsidy to the scheme.

Full cost recovery was achieved in 1998-99. At this time, the costing for asset consumption was changed from straight-line depreciation to an asset renewal levy.

In consultation with scheme users, the following initiatives have been implemented since 1995 to reduce the revenue target:

- the sale of additional irrigation rights to spread the fixed costs;
- the introduction of a quota system by which irrigators incur a price penalty for any water used over a percentage of their irrigation rights at peak usage times; and
- the replacement of the depreciation charge by an asset renewal levy.
-

WIS: Price charged	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Irrigation Rate (per ML Irrigation Right)	$47.50	$53.50	$55.50	$44.00	$47.00	$48.00[2]
Irrigation Charge (per ML for all water used)	$0.00	$0.00	$0.00	$9.00[1]	$8.50[1]	$9.00[2]

[1]Irrigation charge varies from zero in off peak seasons, through 50% of the prices above in shoulder seasons, to full price in peak season.

[2]Estimated.

South East Irrigation Scheme (SEIS)

Water pricing for SEIS is a fixed charge based on the amount of irrigation right held.

Over the last five years, water prices have risen with the intention of achieving full recovery of operational, maintenance, administration and asset consumption costs by 2002.

Severe drought, major mechanical problems with the pumping system for the scheme in 1999-00 and ongoing water quality issues led to modifications to the scheme infrastructure in 2000-01 to increase overall water supply surety and water quality in Stage 2. These modifications were undertaken after extensive consultation with scheme users (including scheme users' agreement to the proposed price path involved).

These modifications involved the change of the source of supply for Stage 2 users from Craigbourne Dam to HRWA. Under this arrangement, Stage 2 is supplied with fully treated water originating from water resources in the Derwent Valley via HRWA's urban supply line. The full capacity of Craigbourne Dam is now available for supply of Stage 1.

These modifications led to a major increase in water prices as the RWSC is required to meet the full price of water supplied by Hobart Water ($155/ML).

This has required a modification of the original price path to full cost recovery (meaning full recovery of operational, maintenance, administration and asset consumption costs while financial costs (interest and repayment of the loans taken out to establish the scheme) are treated as a Government subsidy to the scheme).

Calculations indicate that full cost recovery under present operating arrangements is $90/ML for Stage 1 and $245/ML for Stage 2. The price path chosen by the RWSC involves a large increase in price for the 2000-01 season (to enable the RWSC to meet the full cost of water supply from HRWA) followed by a straight line increase to the target price (increased appropriately for CPI increases) over the next 10 years.

Hence, the price path is an annual increase of $1/ML + CPI and $6/ML + CPI for Stage 1 and Stage 2 respectively from 2001-02 to 2010-11. Note that the endpoint price for Stage 2 is $215 (+ accumulated CPI increases) as the capital charge currently being included by HRWA in the water price ($30/ML) will be eliminated in 10 years time (repayment of 10 year loan for capital works).

However, it is expected that the cost of scheme operation will reduce significantly in the next few years due to:

- reduced staffing costs as a result of new arrangements (including a change from two part-time operators to one part-time operator and use of casual operators as necessary);
- a significant reduction in maintenance costs as a result of the switch from on-demand pumping to gravity feed; and
- a significant reduction in asset consumption costs as the most expensive expendable short-term asset (the on-demand pumping system) will not be replaced.

Thus it is expected that full cost recovery will be achieved much sooner than 2010-11 on the above price path.

Price charged	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Stage 1 - Irrigation Right (per ML)	$47.00	$52.50	$59.00	$66.00	$80.00	$81.00[1]
Stage 2 - Irrigation Right (per ML)	$47.00	$52.50	$59.00	$66.00	$155.00	$161.00[1]
Stage 2 – Pumping charge (per ML used)	$75.57	$62.23	$60.16	$59.60	$0.00	$0.00

[1]Plus CPI.

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 Hydro Tasmania'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 within the Department of Infrastructure, Energy and Resources 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 the monitoring of 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, Hydro Tasmania, 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 Hydro Tasmania, 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 are 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. It is planned to discuss the full transfer of this Scheme to this council as part of the upcoming Partnership Agreement between State Government and the council.

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 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 three bulk water authorities are participating in national benchmarking and performance monitoring through the Water Services Association of Australia (WSAA).

Councils are in the process of submitting their operational plans to GPOC, which will investigate whether their revenues from their water businesses comply with the GPOC guidelines.

The RWSC is participating in the national performance monitoring program for irrigation schemes developed by SCARM and now being managed by the Australian National Committee on Irrigation and Drainage (ANCID). 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 and have participated in all subsequent benchmarking reviews.

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."

Under the GBE Act, governance of the RWSC is undertaken jointly by the Stakeholder Minister (the Treasurer) and the Portfolio Minister (the Minister for Primary Industries, Water and Environment).

The Commission must undertake its responsibilities in accordance with a Ministerial Charter under Division 1 of Part 6, and an annual Corporate Plan under Division 2 of Part 6 of the GBE Act.

The Commission sets water prices under Section 48 of the *Irrigation Clauses Act 1973*, in accordance with the requirements of the GBE Act.

Under Section 34 of the *Government Prices Oversight Act 1995*, the Treasurer may direct GPOC to undertake an investigation into the pricing policies of a monopoly provider. The RWSC may therefore potentially be declared to be a monopoly provider under the Act.

Management of irrigation schemes

The RWSC has established separate management committees for each of the three schemes for which it is responsible. 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 for the South East Scheme 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 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 has now reached agreement in principle for the Cressy Longford Irrigators Association (CLIA) to take over the management of the CLIS scheme from 1 July 2001. The proposal was agreed in principle at the CLIA AGM in October 2000 and details were agreed at a general meeting of the CLIA on 6 March 2001.

The proposal is for the RWSC to retain ownership of the fixed assets while the CLIA (as an incorporated company) takes over the role of the responsible water entity under the *Water Management Act 1999*. Under this arrangement, CLIA would have responsibility for day to day scheme operations, administration and management, including price setting, staff management, and own the non-fixed assets.

The RWSC has provided funding for CLIA to obtain independent financial, business and legal advice to progress the proposal. This is on the basis that the financial modelling and management mechanism is readily transferable to the other two irrigation schemes.

Irrigators in the other two schemes have expressed interest in following a similar path to CLIA. However, they wish to observe the outcome of the current RWSC/CLIA negotiations before deciding to work towards self-management.

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 earlier Water Act;
- other specific groups (e.g. Hydro Tasmania 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; and

(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, a statutory committee, the Assessment Committee for Dam Construction (ACDC), is the body responsible for assessing applications for the construction of dams. The Act provides a planning procedure to be followed by the ACDC.

Environmental matters in regard to proposed dams are considered by a Technical Advisory Committee (TAC) that makes recommendations to the ACDC on requirements for environmental impact assessments. The TAC 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.

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).

Water trading on unregulated rivers has been implemented under the provisions of the new Act. About 500 Commissional Water Right (CWR) holders who were interested in water trading in summer 2000-01 had their CWR's preferentially converted to licences and allocations under the new Act to allow them to trade in the most recent irrigation season.

For rivers and streams outside the State-run irrigation schemes, 38 licence holders transferred water in the period to March 2001. A total of 34 megalitres per day was transferred in unregulated streams in the State during the 2000-01 irrigation season.

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 over the last three financial years.

Table 5.2: Irrigation right transferred for Government irrigation schemes

	1998/99	1999/2000	2000/01 (to 28/2/01)
Cressy/Longford Irrigation Scheme			
Water Supplied (ML)	3 821.29	7 505.1	6 235.08
No. of trades	3	13	3
Water Traded (ML)	230	850	117
% water traded	6%	11%	2%
South/East Irrigation Scheme			
Water Supplied (ML)	2 279.91	3 536.64	1 754.29
No. of trades	18	63	22
Water Traded (ML)	210	677	325
% water traded	9%	19%	19%
Winnaleah Irrigation Scheme			
Water Supplied (ML)	3 485	3 546.2	3 507.3
No. of trades	1	10	2
Water Traded (ML)	106	245	40
% water traded	3%	7%	1%

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) established a Tasmanian framework which reflects the intent of the National Water Quality Management Strategy's (NWQMS) policy objective in achieving sustainable management of the water ways while allowing for sustainable development.

The Policy refers to NWQMS guidelines to assist in the management of water resources, decisions on quality aspects of water, sewerage and drainage services, and the coordination of various strategies of government.

A stakeholder steering committee appointed by the Minister oversees the implementation of the Policy. This group also oversees the development of Water Management Plans in conjunction with the implementation of the State Water Policy.

As outlined below, Protected Environmental Values are currently being set for Tasmania's fresh and estuarine waters. The Policy is currently being reviewed to allow a process to be developed to set PEVs for coastal and ground waters.

A State Water Quality Monitoring Strategy is nearing completion. The Strategy sets a framework for water quality monitoring in the State. 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, consumption and non-consumption 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

Good progress has been made on setting protected environmental values and water values in Tasmania's fresh waters and nearly three quarters of the State's surface waters have now been completed. The following table shows the progress achieved to date, with the process complete in one-third of the State, and near completion in much of the remainder. It is expected that the process will be completed for all areas of the State by December 2001.

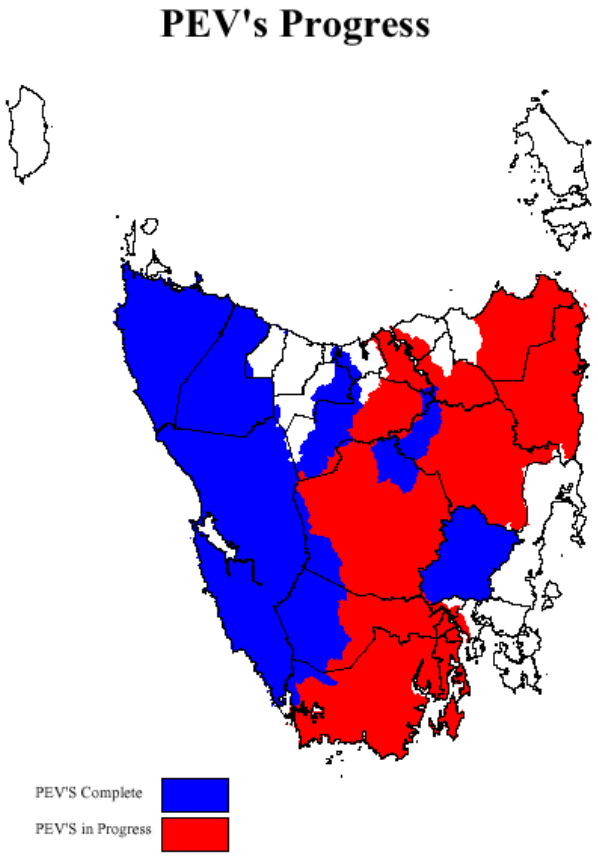
Table 5.3. Progress with the setting of PEV's and water values in the State.

Water Bodies that have been Completed

Water Bodies	**Council Municipal Area**
Blythe River Estuary, Minna Creek and Tip Creek	Burnie City Council
All water bodies in the Circular Head Municipality	Circular Head Council
All water bodies in the Waratah/Wynyard Municipality	Waratah/Wynyard Council
All water bodies in the West Coast Municipality including the Gordon and Pieman River Catchments	West Coast Council
Little Swanport River	Southern Midlands Council
Gordon River Catchment	Derwent Valley Council
Great Lake and Brumby Creek Catchments and Lower Macquarie and South Esk Rivers	Central Highlands, Northern Midlands, Meander Valley, West Tamar, Launceston City Council
Macquarie and South Esk River Catchments	Northern Midlands, Break O'Day, Central Highlands, Dorset Council
Mersey Catchment	Devonport, Latrobe, Kentish, Central Highlands, Meander Valley
Penguin Sewage Treatment Plant, Preservation Bay – Westcombe Beach	Central Coast Council
Tas Alkaloids, Quamby Brook between Railway Bridge and confluence with Meander River	Meander Valley Council
All water bodies in the Southern Midlands Municipality (excluding Little Swanport River Catchment –see above)	Southern Midlands Council

Water Bodies with Process Underway

Water Bodies	Council Municipal Area
Meander	Meander Valley, West Tamar, Northern Midlands, Central Highlands
North East	Break O'Day, Dorset
River Derwent Estuary	Derwent Valley, Brighton, Clarence, Glenorchy City, Hobart City, Kingborough
Kingborough Catchments and D'Entrecasteaux Channel	Kingborough, Huon Valley, Hobart City
Huon River	Huon Valley, Kingborough, Derwent Valley, Glenorchy
Tamar Estuary and North Esk	Launceston City, West Tamar, Georgetown, Northern Midlands, Break O'Day, Meander, Dorset, Latrobe
Upper River Derwent	Central Highlands, Derwent Valley, Meander



Environmental flow assessment – completed, current and future work

The Minister-appointed stakeholder steering committee mentioned above established a list of priority river systems for environmental flow assessment. 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. This work involves the development of hydrological regionalisation models, expansion of the State biological database on the 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.

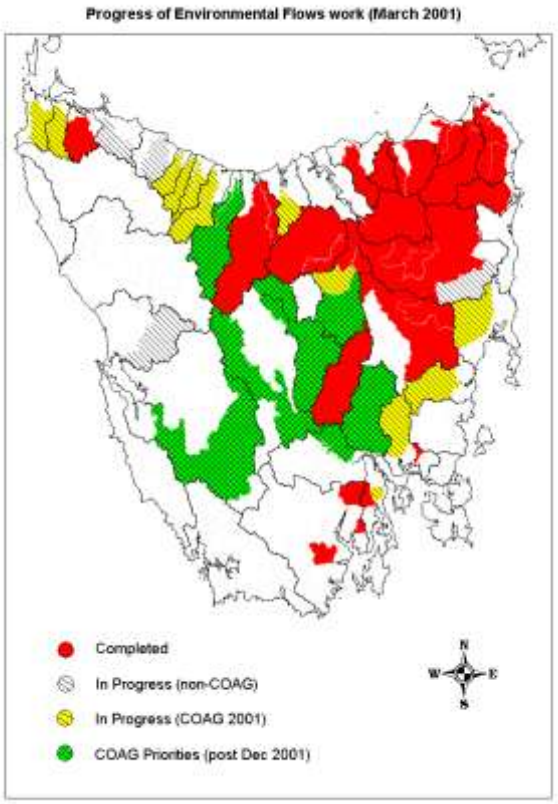
Substantial progress has been made by Tasmania in identifying environmental flow requirements in agreed river systems. Environmental flow requirements have been assessed and established for 28 rivers in the State, including all the priority 1 and 2 rivers. The map below shows the current situation.

Currently work is progressing on the priority 3 rivers and the post December 2001 work program includes all the priority 4 rivers. The majority of the unmarked areas of the map are the west and south-western regional rivers that include largely pristine rivers 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.

Once environmental flow requirements have been established, they are incorporated into statutory Water Management Plans through the process outlined in the Act.

To provide an improved system for water allocation while continuing to provide an adequate level of security for the environment, DPIWE has recently finalised a Water for Ecosystems policy - an administrative policy under section 8(1) (b) of the Water Management Act. This policy allows for the desktop evaluation of environmental flows in under-utilised catchments together with triggers at which more robust environmental flows assessment will be undertaken. Guidance is also provided on the appropriate methods with which to assess environmental water requirements and on the selection of an appropriate Environmental Water Provision. The policy also formally adopts the National Principles for the Provision of Water for Ecosystems, 1996.

The policy has been discussed with key stakeholder groups from agriculture, conservation, aquaculture and industry. It is expected that the policy will be signed by the Minister responsible for the Water Management Act in the near future.



Water Management Planning

The stakeholder steering committee is also responsible for:

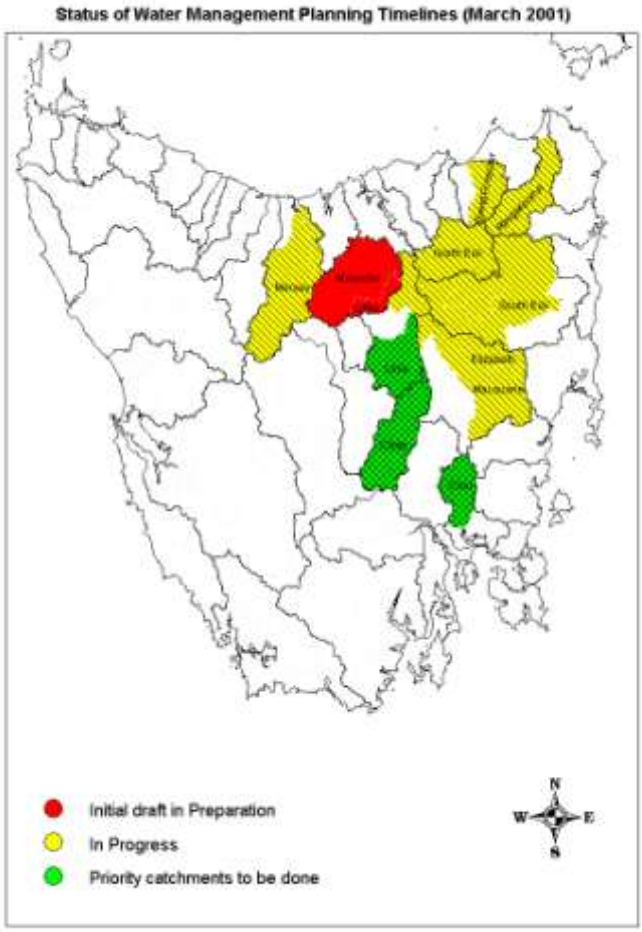
- setting priorities for the development of Water Management Plans (under an agreed process for quantitatively defining catchment priorities according to the stresses placed on their waters, or other special management requirements); and
- identifying water values for catchments from a technical and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

Significant progress has been made in the implementation of the water management planning timeline provided to the NCC. The following table and map indicates progress made towards meeting these timelines.

The Act requires that, once Water Management Plans are established, they be reviewed entirely at least once every five years.

Table 5.4: Status of Water Management Planning Timelines for Priority River Systems

Catchment	Original Timeline	Current Work Status
Great Forester River	Dec 2004	Part complete.
Lower Ringarooma River	Dec 2003	Part complete.
North Esk River	Dec 2005	Part complete.
St Patricks River	Dec 2005	Part complete.
Upper Ringarooma River	Dec 2003	Part complete.
Liffey River	Dec 2002	Initial draft in preparation.
South Esk River	Dec 2004	Part complete.
Meander River	Dec 2001	Initial draft in preparation.
Elizabeth River	Dec 2002	Hydrological modelling completed
Macquarie d/s Ross	Dec 2003	Hydrological modelling completed
Tooms River	Dec 2002	Hydrological modelling completed
Lake River & Macquarie below Lake River	Dec 2004	Funding sought. Government priority.
Coal River	Jun 2004	Part complete.
Clyde River	Jun 2005	Project officer appointed.
Lower Mersey River	Dec 2001	Part complete.
Upper Mersey River	Dec 2001	Negotiations underway with Hydro Tasmania



Integrated approach to natural resource management

Tasmania's Resource Management and Planning System (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. It had previously been proposed to develop a State Policy on Integrated Catchment Management under this Act.

However, the development of a State Policy on Integrated Catchment Management was put on hold in 2000 pending a review of the future direction for State Polices under the *State Policies and Projects Act 1993* and the State's involvement in consultation with the Commonwealth, all State and Territory Governments on the proposed COAG Natural Resource Management policy and the National Action Plan for Salinity and Water Quality.

The Government subsequently initiated the development of a State Natural Resource Management Strategy. The Strategy will provide the overarching framework for public and private natural resource management activities at catchment, regional and bio-regional levels and replace the proposed *State Policy on Integrated Catchment Management*.

The Strategy will cover issues such as administrative arrangements at State and regional level, funding arrangements, development and accreditation of catchment and regional plans, capacity building and coordination of on-ground activities. The Strategy will be developed in full consultation with stakeholders and is expected to be completed by the end of 2001.

Over the last few years, a large number of catchment planning activities have been initiated, notwithstanding the absence of a formal overarching ICM Policy or NRM Strategy at State level.

DPIWE has provided expertise and guidance in the development of these plans to ensure that they are consistent with the sustainable development criteria of the Resource Management and Planning System.

It is expected that these plans will form the basis of catchment management plans to be formally accredited under the proposed accreditation system being developed as part of the National Action Plan for Salinity and Water Quality.

Environmental regulation

In undertaking its water management responsibilities under the Water Management Act, DPIWE is 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 the *Environmental Management and Pollution Control Act 1994* (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 then prepares 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 are then 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 Policy on Water Quality Management 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.

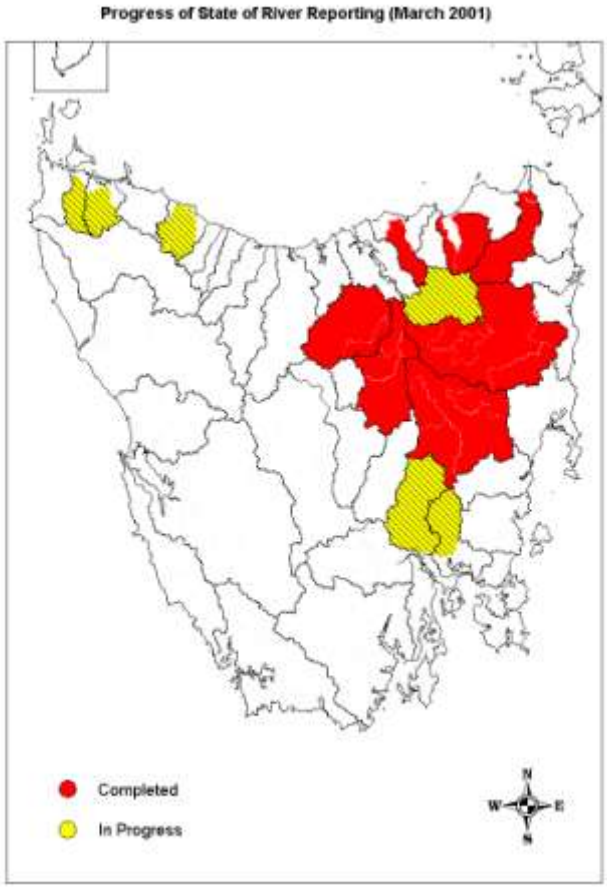
Water quality monitoring

DPIWE is developing a network of continuous monitoring stations linked to stream gauging stations at 11 sites around the State. The stations monitor conductivity, temperature and turbidity. The data from some of these sites has been used to make estimates of loads of nutrient leaving catchments.

DPIWE prepares and publishes catchment-based strategic “State of Rivers” reports to provide a snapshot of water quality, river health, hydrology, water use and water allocations. Priorities for undertaking State of River reporting have been based upon the weighting of water quality and water management priorities within the knowledge based "impact matrix" used in assessing environmental flows priorities.

To date, seven reports have been completed and publicly released, while six further reports are in preparation and due for completion in September 2002. The map below shows the current situation. 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 and which links to the national protocols.



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* and Landcare, Rivercare and Bushcare program teams to assist groups with facilitation and technical issues associated with their catchment management projects. A total of twenty-eight catchment management and regional NRM groups are now operating in the State, with catchment and NRM plans and strategies at various stages of development and implementation. In addition, the State Government is now moving to establish improved co-ordination of this program, and sees this being more effectively achieved through its Partnership Agreements with Local Government, rather than through the State Policy process as previously proposed.

A significant development over the last 18 months has been the implementation of a number of large devolved grant projects in which funding for property based landcare practices, specified in the catchment plan, has been made available to individual farmers to undertake works.

While the work to date has been successful in facilitating the adoption of catchment management in Tasmania, as evidenced by the number of groups that have been formed, the Government is committed to further promoting catchment management through the preparation of the State Natural Resource Management Strategy.

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.

Best practice guidelines for control of erosion and stormwater runoff from land disturbance have been developed by the Greater Hobart Regional Councils, and Launceston City Council. Both packages describe appropriate best practice environmental management for the minimisation of contaminated runoff from individual construction sites, subdivisions, civil infrastructure and roadworks. They also include adequate measures for the protection of streamside vegetation, as required by the State Policy on Water Quality Management.

Both packages will be promoted to all councils around the State as appropriate tools for meeting the requirements of clause 31, 33 and 35 of the Policy by the Board of Environmental Management and Pollution Control. 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.

DPIWE, jointly with the Tasmanian Farmers and Graziers Association (TFGA), has commenced a Natural Heritage Trust funded project titled "Guidelines for Good Agricultural Land Practice in Tasmania". The aim of the project is to develop a set of guidelines for good agricultural land practice to assist in improving soil, water and vegetation management and in reducing the impact of agriculture on Tasmania's land and water resources. The guidelines will be produced in modular form with the first module being "Guidelines for good soil management". A draft document has been prepared, and will shortly be subject to a comprehensive consultation process. It is recognised as important that, in order for the guidelines to be implemented widely, the farming community has a strong sense of ownership in the development process. The guidelines are due to be completed by November 2001.

Whilst the project has a broader focus than simply meeting the requirements of the State Policy, it is anticipated that the guidelines produced as part of the project will address the issue of the impact on water quality of stormwater runoff from agricultural land.

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

Wastewater discharge

There are several measures in place in Tasmania, including the State Water Policy, to manage wastewater discharges, remove existing discharges from waterways, particularly inland waters, and actively promote the re-use of wastewater.

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 and 1995 to investigate design parameters for increasing the efficiency of lagoons under Tasmanian conditions. The main project output was a manual, entitled *Design and Management of Tasmanian Sewage Lagoon Systems,* for engineers and lagoon operators that is being used to upgrade sewerage lagoon systems in the State.

For the period 1998-2001, funding through the Natural Heritage Fund was 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. Up to March 2001, $1.86 million has been provided to councils under this program and works are in progress to improve nine sewage lagoons in the State and a further seven have been approved and will start works soon with further funding of $1.83 million. This will result in a significant decrease in the amount of harmful discharge into Tasmania's inland waters.

Progress has also been made in relation to stormwater management. A draft five-year stormwater management strategy and a model storm water management plan have recently been completed. Public consultation has occurred on these and both the strategy and the model have been submitted to the Local Government Association of Tasmania for final review prior to "whole of government" approval and implementation.

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.

Public consultation has been a crucial component of the PEV and water values setting process and the development of water management plans. Up to March 2001 more than 35 public and stakeholder meetings have been held around the State in these processes.

Community Access to Water Information

The Department has also initiated a new project, known as Community Access to Water Information, which was commenced in May 1999. The project aims to improve community awareness and understanding about inland water and its management by bringing Tasmanian water information together into a comprehensive, accessible and user-friendly package through a single access point. The project is funded by the Natural Heritage Trust.

The key objectives of the project are to achieve better promotion of water management activities, provide access to relevant on-ground management information, and to facilitate improved water communications across all sectors. This will be achieved by the creation of new water information products and reports and the co-ordinated delivery of these through an Internet website.

The project also generates articles and presents displays at events such as Agfest to promote water issues.

A major focus for the project is the development of a website with a proposed launch date of July 2001. The website will be available to the public through the DPIWE website.

The Community Access to Water Information website, currently residing on an interim server, contains over 202 documents about water information and a further 203 listings about other water projects. The main subject headings for the new website will be:

- water management;
- water resources;
- water data;
- water developments and opportunities;
- using and protecting;
- incidents; and
- projects, reports and publications (featuring 203 listings designed to refer the community to other sources).

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 eg ecosystems, physical, chemical and biological parameters affecting aquatic ecosystems, impacts of pollution and management. It also lists criteria by which students should be assessed.

This course is taken by grade 12 students 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 and sharing results with the broader community. To date, around 75 teachers have been trained.

The State Government and Natural Heritage Trust funded an Irrigation Partnership Program which includes an education and training package for Tasmanian irrigators. This is short course about best practice irrigation and property - focused water management planning. A pilot version of the course was produced and delivered in the 2000-01 summer irrigation season. The pilot course was well attended by centre-pivot irrigators, mainly from the northern midlands. The course is currently under further development and delivery will begin before the 2001-02 irrigation season.

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.

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 to 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.

The *Agreement to Implement the National Competition Policy and Related Reforms* (one of three inter-governmental Agreements which established the NCP), 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 recommended as assessable by the SCOT Working Group for 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.

In November 1999, ATC agreed that the third tranche assessment framework be developed on a similar basis to that of the second tranche. ATC also agreed that industry should be consulted on the development of the criteria for successful implementation.

For the purposes of establishing the assessment framework, road transport reforms are categorised as either:

- under development; or
- available for implementation and assessable.

The transition between the two occurs when a formal vote by Ministers has occurred and a detailed proposal of action and implementation has been approved.

On this basis, the SCOT Working Group considered the following six reforms as assessable under the third tranche:

1. Combined Vehicle Standards;
2. Australian Road Rules;
3. Combined Truck and Bus Driving Hours;
4. Consistent On-Road Enforcement for Roadworthiness;
5. Second Heavy Vehicle Charges Determination; and
6. Ultra-Low Floor Bus Axle Mass Increase.

SCOT emphasised that the NCC's assessment of jurisdictional performance should focus more on the date on which a reform first became available for implementation and each jurisdiction's stage of progress rather than on a binding implementation date for all jurisdictions (which would tend to be set for the slowest jurisdiction). For this reason, the assessment framework provides dates on which reforms became available and, if not already implemented, target dates for completion on a jurisdictional basis. The third tranche reform framework has been approved by the ATC and was approved by COAG in February 2001.

Transport reforms implemented since the previous Progress Report

Tasmania has successfully implemented all reforms contained in the second tranche assessment framework, including completion of the implementation of the National Heavy Vehicle Registration and Driver Licensing Schemes. To date, Tasmania has made significant progress in implementation of all reforms contained in the third tranche assessment. Progress since the last report is detailed below.

National heavy vehicle registration and driver licensing schemes (2nd tranche)

The *Vehicle and Traffic Act 1999* was passed in November 1999. The Act and its regulations commenced on 14 August 2000, following completion of a major redevelopment of the motor registry computer system.

Logbooks (2nd tranche)

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 request of the Department of Infrastructure, Energy and Resources (DIER) and the national driver logbook is available to Tasmanian operators travelling interstate.

A formal submission to exempt Tasmania from the compulsory carriage of logbooks for vehicle operations solely within Tasmania was circulated to all Transport Ministers during December 1999. Formal acknowledgement of Tasmania's position has been received from all Ministers.

Combined Vehicle Standards (3rd tranche)

The Combined Vehicle Standards will provide uniform in-service design and construction standards for light and heavy vehicles. The aim is to promote the safe and efficient use of vehicles and ensure they harmonise with the environment. The Tasmanian *Vehicle and Traffic Amendment (Vehicle Standards) Act 2001* and its supporting regulations will commence on or about 1 July 2001.

Australian Road Rules (3rd tranche)

The Australian Road Rules (ARR), 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.

Combined Bus and Truck Driving Hours (3rd tranche)

The combined bus and truck driving hours regulations provide a nationally consistent basis for the management of fatigue amongst drivers of trucks and combination vehicles above 12 tonnes gross and commercially operated buses with a seating capacity greater than 12 including the driver. The original policy intent of this reform was introduced in Tasmania in 1996. Amendments to current legislation to provide for later policy provisions and to regulate weekly and fortnightly driving hours and to clarify the chain of responsibility will be implemented by the end of May 2001.

Consistent On-Road Enforcement for Roadworthiness (3rd tranche)

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 and the three levels of formal warnings on 14 August 2000, following completion of a major redevelopment of the motor registry computer system.

Second Charges Determination (3rd tranche)

The second charges determination provided an update to charges for heavy vehicles (over 4.5 tonnes gross mass) using Australia's roads, taking into consideration the latest information on road damage by these vehicles. The new charges were introduced in Tasmania on 1 October 2000.

Axle Mass Increases for Ultra-Low Floor Buses (3rd tranche)

This reform provides an increase of one tonne in the driving (i.e. rear) axle mass limit for two axle ultra-low floor route buses (that are designed to be accessible for wheel chairs) while maintaining an overall 16 tonne Gross Vehicle Mass (GVM) for such buses. The one tonne increase is provided to enable passenger numbers to be maintained when equipment is shifted to the rear of the vehicle to comply with accessibility requirements for

passengers with disabilities. Successful implementation of this reform requires amendment to legislation or introduction of permits or notices to allow the one tonne increase.

Amendments to legislation to facilitate this reform will be incorporated into the current project to implement Tasmanian Vehicle Operations Regulations. These regulations are scheduled for implementation by December 2001. The proposed mass increase for ultra-low floor buses will be allowed under permit, prior to implementation of the Vehicle Operations Regulations.

Additional Comments

In addition to the completion of some reforms contained in the second tranche assessment and the implementation of reforms with the third tranche assessment, considerable progress has been made on the following reforms:

Compliance and enforcement

The compliance and enforcement module is seen as essential to the ongoing administration of the final Road Transport Law package. The Compliance and Enforcement module deals with a range of matters which 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. To date the policy principles for compliance and enforcement of mass, dimension and load restraint requirements have been agreed and considerable work on the drafting instructions for the general compliance and enforcement package completed.

Performance-Based Standards

Performance-based standards represent an internationally pioneering approach to regulating heavy vehicles to protect road safety and infrastructure. It will be a voluntary alternative to the current prescriptive regulations and involves regulating vehicles according to how they perform, how they are driven and operated, and the characteristics of the road network. The package is in the development stage and Tasmania is actively participating with the NRTC and other jurisdictions in the development of this approach.

Driver Health and Fatigue

Heavy vehicle driver fatigue has been identified as a considerable road safety issue. The objective of the driver health and fatigue management project is to improve road safety and transport productivity through the development and implementation of policies and practices to assist in the management of fatigue in drivers of heavy vehicles. Tasmania is working with the NRTC and other jurisdictions on this project.

Heavy Vehicle Noise and Diesel Emissions

This project will reduce the impact of heavy vehicle noise and diesel emissions through a review of standards and test procedures. The project is also in the development stage and Tasmania is working with the NRTC and other jurisdictions on this module.

6 CONCLUSION

The Government has adopted an open and transparent approach both in applying the principles and also through its reporting obligations, and Tasmania has now made significant progress in all of the key areas as detailed in this report.

The Tasmanian Government has established good policy processes to ensure that reforms are properly targeted and well-considered. Tasmania is committed to meeting its NCP obligations, as set out in the three Agreements and amended arising from the review of the NCP Agreements in 2000. Tasmania supports the increased flexibility in the application of the public benefit test, especially for the legislation reviews.

Key tasks for 2001 include the completion of the LRP, the implementation of the remaining road transport reforms and the introduction of two-part tariffs for urban water services where it has been found to be cost-effective.

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.
- *National Competition Policy Progress Report, April 2000*, Government of Tasmania, April 2000.
- *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.
- *Community Service Obligation Policy and Guidelines for Local Government in Tasmania*, Department of Premier and Cabinet, November 2000.
- *Urban Water Pricing Guidelines Consistent with the COAG Water Reforms for Local Government in Tasmania – Two-Part Tariffs, Full Cost Recovery Pricing*, Tasmanian Government, Revised, March 2001.

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
DPAC	Department of Premier and Cabinet
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 (Hydro Tasmania)
HCC	Hobart City Council
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
MNSP	Market Network Service Provider

MTT	Metropolitan Transport Trust (Metro)
National Grid	National Grid International Limited
NCC	National Competition Council
NCP	National Competition Policy
NEM	National Electricity Market
NEMMCO	National Electricity Market Management Company
NRTC	National Road Transport Commission
NTER	National Taxation Equivalents Regime
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
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
TER	Taxation Equivalents Regime
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 committed to maintaining the existing real per capita guarantee on Financial Assistance Grants (FAGs) on a rolling three year basis. This meant that each year the guarantee was 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 applied 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.

Tasmania has received all of its competition payments to date, with second tranche payments of $10.8 million received in 1999-00 and an estimated $11.3 million in 2000-01. For 2000-01, this component did not include a

FAG payment, as these payments were abolished under the national tax reform measures, and replaced by the allocation of GST revenues between the States by the Commonwealth. A further explanation of these changes is provided in Chapter 8 of Budget Paper No 1 *Budget Overview 2000-01*. Tasmania expects to receive $17.2 million in 2001-02 for third tranche payments.

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

Table A1: Competition Payments (2001-02 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 actual[2]	**580.9**	**23.0**	**439.2**	**10.8**
2000-01 estimate[3]	**n.a.**	**n.a.**	**461.7**	**11.2**
2001-02 estimate	**n.a.**	**n.a.**	**715.8**	**17.2**
2002-03	**n.a.**	**n.a.**	**715.8**	**17.2**
2003-04	**n.a.**	**n.a.**	**715.8**	**17.2**
2004-05	**n.a.**	**n.a.**	**715.8**	**17.2**
2005-06	**n.a.**	**n.a.**	**715.8**	**17.2**
2006-07	**n.a.**	**n.a.**	**715.8**	**17.2**

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 2001

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 Treasurer and the relevant Portfolio Minister have approved the terms of reference.

Table A2: Legislation Review Program Progress Report as at 30 April 2001

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 has been completed, the recommendations considered by Cabinet and implemented.
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.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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	DPAC	A national review of Architects legislation has been finalised.
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 was repealed by the *Legislation Repeal Act 2000.*
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 was repealed by the *Legislation Repeal Act 2000.*
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 NCC, 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.
Building and Construction Industry Training Fund Act 1990	DE	A major review of this Act has been completed. The Government is considering the review group's recommendations.
Burnie to Waratah Railway Act 1939	DIER	The Act is scheduled for repeal.
Casino Company Control Act 1973	T&F	This Act was repealed by the *Legislation Repeal Act 2000.*

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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	It is expected that this Act will 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 been completed and the Act is to be replaced by new legislation.
Commercial Bank of Australia Limited (Merger) Act 1982	DOJIR	This Act was repealed by the *Legislation Repeal Act 2000.*
Commercial Banking Company of Sydney Limited (Merger) Act 1982	DOJIR	This Act was repealed by the *Legislation Repeal Act 2000.*
Companies (Acquisition of Shares) (Application of Laws) Act 1981 *Companies (Acquisition of Shares) (Tasmania) Code* *Companies (Application of Laws) Act 1982*	DOJIR	The Acts listed will not be subject to review under the LRP as they do not restrict competition *per se*. They have 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 2001 (continued)

Primary Act	Agency	Status
Companies (Tasmania) Code *Companies and Securities (Interpretation and Miscellaneous Provisions) (Application of Laws) Act 1981* *Companies and Securities (Interpretation and Miscellaneous Provisions) (Tasmania) Code* *Companies and Securities (Miscellaneous Amendments) Act (No. 2) 1982* *Companies and Securities Legislation (Miscellaneous Amendments) Act 1982* *Companies Auditors and Liquidators Disciplinary Board Act 1982*	DOJIR	The Acts listed will not be subject to review under the LRP as they do not restrict competition *per se*. They have no effect except in relation to breaches that occurred prior to the introduction of the *Corporations (Tasmania) Act 1990*.
Construction Industry (Long Service) Act 1997	DIER	The restriction on competition in this Act has been subject to a minor assessment and has been justified as being in the public benefit.
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.
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	DPAC	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. Legislation has been passed that implements deregulation in line with the national agreement.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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.
Dental Act 1982	DHHS	New legislation to replace this Act has been assessed under LRP gatekeeper requirements and will become effective from mid-2001.
Devonport Airport (Special Provisions) Act 1980	DIER	This Act was repealed by the *Port Companies Act 1997*.
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	This Act was repealed by the *Legislation Repeal Act 2000.*
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 and *Education Providers Registration (Overseas Students) Act 1991*	DE	A major review of the *Education Act 1994* and the *Education Providers Registration (Overseas Students) Act 1991* was completed in December 2000. The review found that the restrictions on competition contained in these Acts were justified in the public benefit.
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	The restrictive provisions of this Act have been assessed as being in the public benefit and essentially uniform across all jurisdictions.
Electricity Supply Industry Act 1995	T&F	A major review of this Act has commenced and is due for completion in May 2001.
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	The Act has been replaced by the *Rail Safety Act 1997* which has now been proclaimed.
Environment Protection (Sea Dumping) Act 1987	DPIWE	This Act was repealed by the *Legislation Repeal Act 2000.*
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.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
Evidence Act 1910	DOJIR	This Act will be repealed and replaced by new legislation. The Bill will be assessed under the LRP gatekeeper requirements.
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 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 2001 (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 and *Futures Industry (Tasmania) Code*	DOJIR	These Acts will not be subject to review under the LRP as they do not restrict competition *per se*. They have 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.
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	A review of this Act is currently underway.
Henry Jones Limited (Huon Pine) Agreement Act 1978	FT	This Act was repealed by the *Legislation Repeal Act 1998.*
Hire-Purchase Act 1959	DOJIR - OCAFT	This Act was repealed by the *Legislation Repeal Act 2000.*
Historic Cultural Heritage Act 1995	DPIWE	The review of this Act in conjunction with the review of the *Land Use Planning and Approvals Act 1993* has been completed.
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.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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 has been repealed by the new gas pipelines access legislation.
Hobart Town Gas Company's Act 1857	DOJIR	This Act has been repealed by the new gas pipelines access legislation.
Hospitals Act 1918	DHHS	The review of the *Hospitals Act 1918* has been completed and the recommendations are being considered by the Government.
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 was repealed by the *Legislation Repeal Act 2000.*
Hydro-Electric Commission (Doubts Removal) Act 1972 and *Hydro-Electric Commission (Doubts Removal) Act 1982*	Hydro Tasmania	These Acts were 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 Act 1944	Hydro Tasmania	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 has been completed and the recommendations are to be implemented.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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*. DSD advised that the Act was not repealed because the royalty regime referred to in the Act is still being applied. The Act will be repealed.
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*. DSD advised that the Act was not repealed because the royalty regime referred to in the Act is still being applied. The Act will be repealed.
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*. DSD advised that the Act was not repealed because the royalty regime referred to in the Act is still being applied. The Act will be repealed.
Irrigation Clauses Act 1973	DPIWE	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry and a number of recommendations in relation to irrigation rights have recently been approved by Cabinet.
Land Surveyors Act 1909	DPIWE	A major review of this Act has been completed and legislation is to be introduced to implement a number of recommendations that will de-regulate the surveying profession to a greater extent than envisaged by the LRP Review.
Land Use Planning and Approvals Act 1993	DPIWE	The review of this Act has been completed and legislation is being prepared to implement the recommendations of the review.
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 has been substantially repealed, with remaining sections to be repealed once an accurate mapping of the pipeline network has been completed.
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 is underway.
Lending of Money Act 1915	DOJIR - OCAFT	This Act was repealed by the *Legislation Repeal Act 2000.*
Liquor and Accommodation Act 1990	T&F - LC	A major review of this Act has commenced.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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	Hydro Tasmania	This Act was repealed on 6 November 1996.
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 is to replace 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 it is anticipated that minor amendments will be introduced in the Spring 2000 Session of Parliament.
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 and legislation has been drafted to implement the recommendations of the review.
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 is underway.
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.*

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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 was repealed by the *Legislation Repeal Act 2000.*
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 was repealed by the *Legislation Repeal Act 1998.*
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.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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.
Optometrists Registration Act 1994	DHHS	A review of this Act has been finalised and recommendations are currently being drafted for consideration by Government..
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.
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 undertook a national review, in conjunction with a review of the Commonwealth's Community Pharmacy Agreement. It is expected that this Act will be replaced by new legislation, consistent with the COAG agreed assessment of the review .
Physiotherapists Registration Act 1951	DHHS	This Act has been repealed and replaced by the *Physiotherapists Registration Act 1999*.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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.
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. The Government is considering 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 have been 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 has been assessed under the LRP gatekeeper requirements as having only minor impacts on business.
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.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
Pulpwood Products Industry (Eastern and Central Tasmania) Act 1968	FT	This Act was repealed by the *Legislation Repeal Act 1995*.
Racing Act 1983	DIER	New racing legislation is currently being drafted following the restructure of the racing industry in 2000. The new legislation will be assessed under the LRP gatekeeper requirements.
Racing and Gaming Act 1952 (except minor gaming)	DIER	New racing legislation is currently being drafted following the restructure of the racing industry in 2000. 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	The *Medical Radiation Health Professionals Registration Act 2000* has been passed by Parliament and will be proclaimed in the near future.
Railway Management Act 1935	DIER	This Act is expected to be repealed.
Railways (Transfer to Commonwealth) Act 1975	DIER	This Act was repealed by the *Legislation Repeal Act 1998.*
Railways Clauses Consolidation Act 1901	DIER	This Act was repealed by the *Legislation Repeal Act 2000.*
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.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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.
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 been completed. The Government is considering the recommendations of the review.
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.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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 implementation of changes to 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 has been completed and the restrictive provisions justified as being in the public benefit.
Taxi Industry Act 1995	DIER	A major review of this Act has been completed and the Government is considering the review group's recommendations.
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 will be replaced by a new Therapeutic Goods Bill which will complement the existing Commonwealth Act relating to this matter. The new Bill has been 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*.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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 have been replaced by the *Passenger Transport Act 1997,* the *Passenger Transport (Consequential and Transitional) Act 1997* and the *Traffic Amendment (Accreditation and Miscellaneous) Act 1997*.
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*.
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 and legislation is being drafted to implement the recommendations of the review.
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. Act has been proclaimed.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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. Act has been proclaimed.
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. Act has been proclaimed.
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.
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 been completed and amendments are currently being drafted to implement the recommendations of the review.
Vocational Education and Training Act 1994	DE	A major review of this Act has been completed. The Government is considering the review group's recommendations.
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	This Act was repealed by the *Legislation Repeal Act 2000*.
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 had been repealed by the *Workers' Compensation Legislation Amendment Act 1993* on 1 February 1994.

Table A2: Legislation Review Program Progress Report as at 30 April 2001 (continued)

Primary Act	Agency	Status
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.
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 2000

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.
	Motor Registry Services	
	• Manufacture of number plates	The contract for manufacture of plates expired in July 2000. Tenders were called and a new outsourced contractor was selected and commenced manufacturing plates in October 2000.
	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 collected is outsourced. Traffic data is collected in-house, with FCA applied.
	Delivery of Public Passenger Transport Services	These services are provided under contract.
	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.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2000 (continued)

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 Services Tasmania	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.
	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	The business activities in relation to the hire of school facilities are limited. The majority of schools and colleges hire out their facilities on a casual or once-off basis and charge a hire fee to recoup either the total or part of the costs associated with the hire of the facilities. A small number of schools and colleges are engaged in what may be termed "significant hire activities". These schools generally charge hire fees at commercial rates. Over the past year the leasing of departmental facilities to private entities to run student hostels has been recognised as a significant business activity. Competitive neutrality principles will be applied to future leasing arrangements.
	Teacher Residences	The department rents a number of teacher residences to employees in remote locations of Tasmania. Rentals for departmental employees were set by the previous State Government Rental Committee and were below commercial rental market rates. The management of the rental of government residences is in the process of being devolved to agencies and the department is currently developing a business process to manage this aspect.
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.
	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, which ever is the higher, is being applied to external organisations where their services are delivered through *Service* Tasmania shops.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2000 (continued)

Department of State Development	Interstate Tasmanian Travel Centres	The Consumer Direct Distribution Review was completed in June 2000, resulting in the closure of the Canberra, Brisbane and Adelaide Travel Centres and the establishment of a Customer Service Centre to accept phone and Internet enquiries. These activities are not considered to be significant Government business activities.
	Tasmanian-based travel wholesaling for interstate agents	The high-level synopsis review of Tasmania's Temptations Holidays has been completed. The project has now been broken down into four stages: The first stage, which seeks to identify the commercial and non-commercial objectives and functions of both Tourism Tasmania and Tasmania's Temptations Holidays, has been completed. The second stage aims to undertake a full cost attribution for Tasmania's Temptations Holidays in order to determine the full cost of Tourism Tasmania functions. This stage has commenced and is due to be completed by late March 2001. The third stage, which will quantify and make explicit the subsidy allocated to Tasmania's Temptations Holidays for non-commercial functions, will commence during the letter part of stage 2. The quantification will fall out of the FCA process and is due to be completed by late March 2001. The fourth stage involves the completion of a public benefits test to see whether the corporatisation of Tourism Tasmania is in the public interest. This stage will commence in early April 2001 and will involve stakeholder consultation and a final report. The Report will be finalised and provided to the Minister for Tourism by 30 June 2001, in accordance with the National Competition Policy implementation timetable.
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.
Department of Police and Public Safety	No significant business activities identified	

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2000 (continued)

Department of Health and Human Services	Public Housing	
	Public housing operations	Options for procurement of maintenance have been considered. A report will be provided to Government in the near future, detailing options for procurement of maintenance in accordance with competitive neutrality principles. Client rental payments through *Service* Tasmania have been implemented and automation of the processing of those rental payments has been finalised.
	Transfer public housing stock to non-Government sector	To date, 117 houses of a target of 120 houses have been transferred to Red Shield Housing and housing co-operatives. The targeted transfer of public housing stock will be met by 30 June 2001 as scheduled.
	Hospital Services - Non Clinical	
	Building Services - Energy provision and engineering maintenance services at the Royal Hobart Hospital and the Launceston General Hospital	Services were let under competitive tender mechanisms consistent with competitive neutrality principles in January 1998. The arrangement continues to operate effectively.
	"Hotel" services – laundry, cleaning etc.	Benchmarking agreements relating to medical orderlies and cleaning services commenced in July 1997 for a period of three years. The agreement established that medical orderlies services are operating at industry benchmark standards. A minor review of medical orderly services will now be conducted in consultation with employee representatives and the relevant union. 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. 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.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2000 (continued)

	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. Blueline Laundries has subsequently purchased the Hobart Laundry business.
Stores management at Royal Hobart Hospital	Warehousing, distribution and inventory management services in relation to medical, surgical, stationery and hardware products were contracted 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.
Allied Health	
Alcohol and Drug Services	The Information Service and Clinical Advisory Service have been contracted to the private sector via an open tender process.
Ambulances	The Government has decided not to pursue the introduction of ambulance fees for the general public. The Tasmanian Ambulance Service (TAS) has recently completed a Full Cost Attribution model for all classifications of ambulance transport. Proposed new fees for compensable ambulance transports are currently being reviewed. It is anticipated that new fees for this classification of ambulance transport will be implemented in the last quarter of the 2000-01 financial year. A public benefit assessment will determine whether the competitive neutrality principles should apply to the TAS's patient transport services in Southern Tasmania.
Other	
Psycho-Geriatric Nursing	The Roy Fagan Centre, financed, built and owned by the private sector, continues to operate 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 of the disability services group homes was completed in November 2000 and construction of mental health services Millbrook Rise, Liverpool, Tolosa and Campbell Streets developments completed on 20 December 2000. It is anticipated that the final stage of the construction of a Psychological Intensive Support Unit within the Royal Hobart Hospital will be completed by August 2001.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2000 (continued)

	Triabunna Community Health Centre construction	Following a competitive tendering process, the project, involving the construction of a new Community Health Centre, was awarded to Bells Construction. The project was completed, and the Centre occupied, in April 2000.
	Service delivery at St Mary's District Hospital	Expressions of Interest were called for private sector operators of this facility. Due to a lack of interest from the private sector, the hospital is to be redeveloped and operated as a public facility. Specifications were developed during mid 2000, with tenders called and subsequently awarded to Stubbs Constructions. Construction commenced in November 2000 with an anticipated completion date of April 2001.
	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. This 2 stage project, involving the provision of a four sub-acute bed ward, GP consulting rooms, an Accident and Emergency facility and improvements to aid public and disabled access, was completed during 2000. Stage I was finalised during February and stage 2 in October 2000.
Department of Treasury and Finance	No significant business activities	All previously identified significant business activities have been outsourced to the private sector.