CONTENTS

	Page
1 Introduction	**1**
Overview	1
Review of the NCP Agreements	2
2 Reforms under the Competition Principles Agreement	**3**
Legislation review	4
Review processes	4
Progress with the LRP timetable	5
Major reviews	6
National reviews	10
Gatekeeper arrangements	11
Competitive neutrality	12
Government Business Enterprises	12
Recent reforms to GBEs	14
Other significant Government business activities	17
Competitive neutrality complaints mechanism	17
Structural reform of public monopolies	18
Monopoly prices oversight	18
Water investigation	19
Third Party Access	21
Electricity	21
Gas	21
3 Reforms under the Conduct Code Agreement	**23**
Extension of Part IV of the *Trade Practices Act 1974*	23
Reporting obligations under the CCA	23

4 Local Government and NCP reforms 25

Overview 26

Competitive neutrality 26

Prices oversight 27

Treatment of local government by-laws under the LRP 28

5 Sector Specific Reforms 29

Electricity industry reforms 30

Basslink 30

Structural Reform in Tasmania's Electricity Supply Industry 30

Tasmania's Participation in the National Electricity Market 30

Gas industry reforms 33

Water industry reforms 34

New water management legislation 35

Cost and pricing reforms 35

Institutional reform 42

Allocation and trading reforms 45

Environment and water quality reforms 49

Public consultation and education 63

Transport industry reforms 66

Transport reforms implemented since the previous Progress Report 68

Additional comments 69

6 Conclusion 73

7 Publications and Contacts 75

Policy statements 75

Public information papers 75

Reference manuals 77

Acronyms and Abbreviations **79**

Appendices **81**

Appendix A 81

Background to National Competition Policy 81

The benefits of National Competition Policy 83

Financial arrangements 83

Appendix B 85

Legislation Review Program – Progress Report as at April 2002 85

Appendix C 108

Status of implementation of competitive neutrality principles across Government agencies 108

Appendix D 113

Environmental flows/water for ecosystems impact matrix and progress against NCC timelines 113

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 sixth NCP Progress Report released by the Tasmanian Government. It outlines the State's progress in applying NCP principles as at 31 December 2001, and later in cases where significant progress has been made. Copies of this report and the May 2001 Progress Report are available at the Department of Treasury and Finance's Internet site at 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 various tranches of NCP payments. The Commonwealth Treasurer has supported the NCC's recommendations on each occasion. In December 2001, the Commonwealth Treasurer (Hon Peter Costello MHR) wrote to the Premier indicating his approval of recommendations from the NCC that Tasmania receive its full share of the 2001-02 component of the third tranche of NCP payments estimated at $17.4 million.

Tasmania has received all its competition payments to date.

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 seven 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 NCP 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 at http://www.ncc.gov.au.

2 REFORMS UNDER THE COMPETITION PRINCIPLES AGREEMENT

Features

- The CPA 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 Government continues to make good progress in the implementation of the legislative review timetable and has a work program to complete the outstanding reviews and implement any changes in the near future.
- 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 and Luxury Hire Car Industries Act 1995*, the *Liquor and Accommodation Act 1990*, the *Shop Trading Hours Act 1984* and the *Legal Profession Act 1993*. 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 provides an update on the Government's progress in this area, including recent reforms to Government Business Enterprises (GBEs).
- An outline of the second investigation undertaken by the Government Prices Oversight Commission (GPOC) into the pricing policies of three bulk water supply authorities is also provided in this Chapter.

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, titled *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 completed during the remainder of the 2001-02 financial year, allowing sufficient time for implementation of reforms where appropriate.

Since the commencement of the LRP, the Regulation Review Unit within the Department of Treasury and Finance 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 Regulatory Impact Statement (RIS) publicly available.

Another key feature of these processes has been the determination of whether an identified restriction is classified as a major or minor restriction on competition. The resulting review process has then been tailored to the level of the restriction on competition in the relevant legislation. Where legislation was assessed as containing 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 has been a paramount consideration when establishing the review. An extensive public consultation process has been undertaken in all reviews of this type. The scale of reviews, while still being independent, open and rigorous, was commensurate with the relative impact of the legislation. In cases where the restrictions in the legislation were assessed as being minor, public consultation was encouraged, although it was not mandatory.

Progress with the LRP timetable

Since the initial development of the LRP timetable in 1996, the timetable has been regularly updated to reflect changes in the legislation review priorities or legislative programs of agencies.

Currently, a total of 80 reviews (representing 32 per cent of all timetabled legislation) have been completed. Of these, 10 are yet to be considered by the Government, with the most significant of these being the *Taxi and Luxury Hire Car Industries Act 1995* and the *Plumbers and Gasfitters Registration Act 1951*. A further five have been considered by Government but have yet to be implemented legislatively. These include the *Commercial and Inquiry Agents Act 1974* (to be replaced by new Security and Investigations Agents legislation), the *Veterinary Surgeons Act 1987* and the *Land Surveyors Act 1909*.

There are currently 14 reviews classified as national, representing only 5 per cent of all timetabled legislation. As mentioned in previous Progress Reports, the rescheduling of previously national reviews as being the responsibility of the states and territories resulted in a number of State-based reviews being held over until the latter part of the review timetable.

A total of 141 Acts have been either removed or excluded from the review or have been repealed. These categories of legislation represent 56 per cent of all timetabled legislation. A further 15 Acts are expected to be repealed in the near future, representing 6 per cent of all timetabled legislation.

Table 2.1: Progress with LRP timetable July 1997 – April 2002

Status of review/legislation	As at July 1997	As at Aug 1998	As at Dec 1998	As at April 2000	As at April 2001	As at April 2002
State reviews						
Yet to commence	153	54	38	5	0	0
In progress	13	18	23	23	12	3
Complete	….	9	16	51	58	70*
Complete (but to go to Cabinet)	….	5	5	8	16	10
Removed or excluded	16	29	29	34	35	32
Repealed	31	47	60	77	89	109
Expected to be repealed	23	66	56	43	31	15
Deferred	6	14	17	0	0	0
TOTAL STATE REVIEWS	**242**	**242**	**244**	**241**	**241**	**239**
National reviews						
Underway	n/a	n/a	n/a	n/a	n/a	5
Complete	n/a	n/a	n/a	n/a	n/a	9
TOTAL NATIONAL REVIEWS	**11**	**11**	**9**	**12**	**12**	**14**
TOTAL	**253**	**253**	**253**	**253**	**253**	**253**

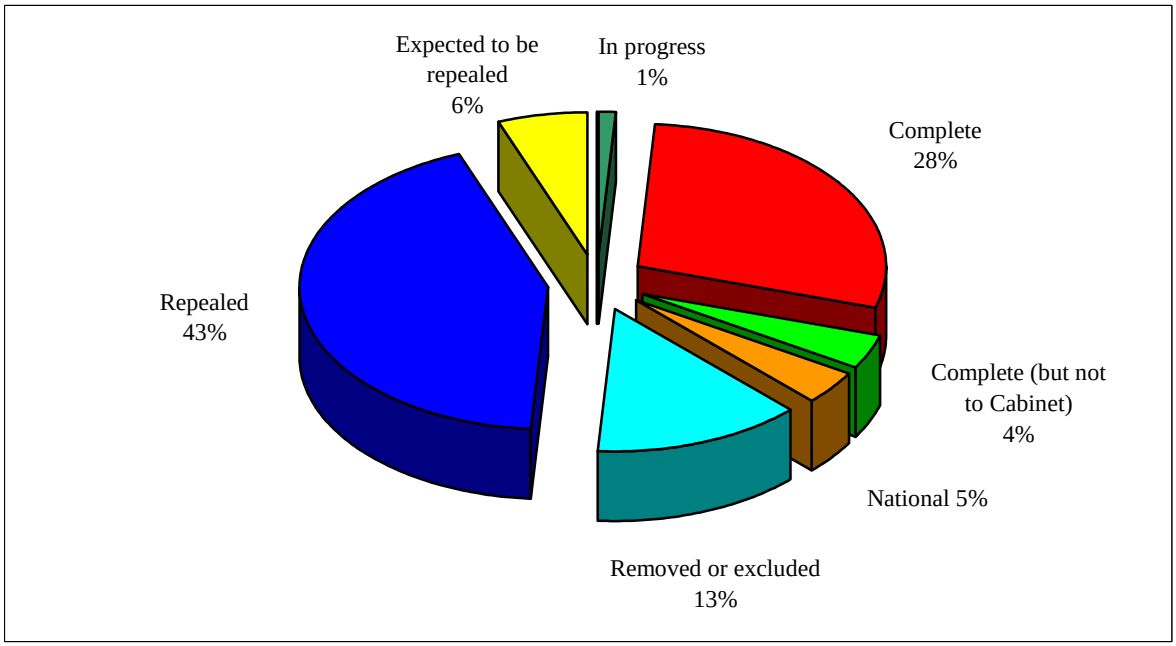
Source: Department of Treasury and Finance

* Includes five reviews whose recommendations have yet to be implemented.

All the scheduled reviews have now commenced and it is expected that these will be finalised before 30 June 2002. The most significant reviews still in progress include the *Liquor and Accommodation Act 1990* and the *Auctioneers and Real Estate Agents Act 1991*. The review of the Liquor and Accommodation Act is nearing completion and a RIS is due to be released for public comment in late April 2002.

The status of the LRP timetable during the course of each of the five previous Progress Reports, together with its status at April 2002, is set out in Table 2.1 above and a breakdown of the status of the reviews as at 30 April 2002 is set out in Chart 2.1.

Chart 2.1: Status of LRP reviews as at 30 April 2002



Source: Department of Treasury and Finance

During 2001, the NCC raised the matter of the status of Tasmania's review of the *Electrical Industry Safety and Administration Act 1997*. Tasmania's 1999 Progress Report indicated that the Act was on the legislation review timetable, while the 2001 Progress Report stated that the Government did not intend to review the Act.

The Tasmanian Department of Infrastructure, Energy and Resources, the agency responsible for the administration of the Act, advised that the Tasmanian licensing regime for electrical technicians and electrical contractors was essentially the same as that in other jurisdictions across Australia. NCP reviews and other assessments in these jurisdictions have found that this regulatory regime is in the public benefit. Tasmania subsequently informed the NCC of this view and the NCC has since advised that Tasmania's approach to the review of this legislation meets its obligations under the CPA.

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 and Luxury Hire Car Industries Act 1995

An independent review group conducted the review of the Taxi and Luxury Hire Car Industries Act during 1999. This Act was previously known as the *Taxi Industry Act 1995*. It was amended in late 1999 to include the licensing of luxury hire cars as a result of reforms to the economic regulation of public vehicles in Tasmania.

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

- the introduction of a new process to increase the number of additional licences;
- the introduction of regulated maximum fares and open negotiation for taxi work booked by phone (rather than set fares) to enable price competition; and
- 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 prior to mid-2002.

Traffic Act 1925

The progressive review of the *Traffic Act 1925* has been outlined in detail in previous Progress Reports.

Those sections of the Traffic Act relating to the economic regulation of public vehicles (other than taxis and luxury hire cars, which were included in the review of the *Taxi and Luxury Hire Car Industries Act 1995*) have been progressively reviewed and, where appropriate, a number of reforms have resulted.

The repeal of parts of the Traffic Act, together with a package of legislation comprising the *Passenger Transport Act 1997*, the *Passenger Transport (Consequential and Transitional) Act 1997* and the *Traffic Amendment (Accreditation and Miscellaneous) Act 1997*, has modernised the economic regulation of public vehicles in Tasmania. This package of legislation was passed by the Tasmanian Parliament in November 1997 and, following a State government election in 1998, commenced by proclamation on 26 June 2000.

The major elements of regulatory reform that have been achieved in Tasmania regarding public vehicles include:

- removal of the economic regulation of commercially operated goods and passenger carrying vehicles, including aircraft. Taxis and luxury hire cars remain subject to licensing under the *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;
- introduction of the legislative framework for voluntary alternative compliance programs in the main areas of driver fatigue, mass management and roadworthiness;
- introduction of a five 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; and
- introduction of a scheme to review existing government funded passenger services and the transfer of 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 was established. The legislation requires retail businesses employing more than 250 people to be closed at certain times and on certain days (such as Sundays and most public holidays). The review commenced in October 1999 and involved extensive consultation as outlined in previous Progress Reports. The review group found that it was not in the public benefit to retain the restrictions on competition contained in the legislation and recommended that they be removed.

To enable the Government to obtain more detailed information on the full range of impacts on rural and regional Tasmania before considering any amendments to the legislation, it requested, in 2001, that the review group be re-convened to undertake a supplementary public benefit test by considering specific issues including the impact on rural and regional Tasmania of deregulation of shop trading hours, especially on the independent grocery sector.

The review group's subsequent deliberations included taking into account evidence provided from the initial review where relevant, an analysis of new market research undertaken and consideration of additional evidence submitted by stakeholders. The review group's additional report was completed in February 2002. The review group found that there would not be an adverse impact on Tasmania's rural and regional communities and confirmed that there was no public benefit in keeping the restrictions. The review group found that removing the restrictions would lead to around 350 additional jobs in Tasmania's retail sector, as well as providing substantial benefits to consumers.

The Government accepted the review group's findings and in March 2002, the *Shop Trading Hours Amendment Bill 2002* was introduced into Parliament to remove the restrictive provisions and allow all stores to open when they choose, except for Christmas Day, Good Friday and the morning of ANZAC Day. In late March 2002, the Government amended the Bill to set the date for deregulation to 1 December 2002. The amendments also allow each council to choose to have a plebiscite conducted in its municipality to vote on whether to retain the restrictions in the Act. If the majority of those that vote choose to impose the restrictions, the Act provides that they will remain (if before 1 December 2002) or be reimposed (if after 1 December 2002). The legislation as amended was passed by Parliament on 16 April 2002.

Legal Profession Act 1993

The review of the *Legal Profession Act 1993* was established by the Government in February 2000 and was completed in August 2001. 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 contained draft recommendations, with the three 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 final review report was provided to the Attorney-General and the Treasurer in August 2001 and the Government will soon be presented with a proposal for consideration in relation to conveyancing.

The remaining recommendations are being reconsidered in the light of the agreement of Attorneys-General in March 2002 for the preparation and adoption of uniform national laws for the legal profession. It is understood that progress will be reported at the next meeting of Attorneys-General in mid-2002.

Electricity Supply Industry Act 1995

A major review of the Electricity Supply Industry Act commenced in 2000. The major restrictions on competition identified for review included 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 contained in the RIS were detailed in the previous Progress Report.

Following consideration of public submissions received in response to the RIS, the review group amended some of its draft recommendations and then presented its final review report to the Government in late 2001. The Government is currently considering the review group's final recommendations.

Liquor and Accommodation Act 1990

The review of this Act commenced in late 2000 and is expected to be finalised by June 2002.

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 supermarkets.

A suite of legislative amendments to the Act that were introduced into Parliament in March 2002 has also been included as part of the overall review of the Act.

The review group completed an Issues Paper in March 2001 and a RIS is due to be released for public comment in late April 2002. The Issues Paper is available on the Internet at http://www.treasury.tas.gov.au in the Liquor Licensing section and the RIS will also be available from this source once it is released.

The Government will consider the final report as a priority once the review has been completed, with the objective of introducing any amending legislation in Spring 2002.

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. The review assessed the net community benefit associated with retaining the monopoly delivery of this 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 committed to closely examining the Victorian review findings, to the extent that they are relevant to Tasmania.

Tasmania has recently received a copy of the Victorian review report and is currently considering the findings and recommendations of the Victorian review. It is expected that Tasmania will soon announce the outcome of this assessment.

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 in the following areas:

- Architects - A review of the architecture profession has been undertaken by the Productivity Commission and was released in November 2000. A states and territories Working Group is developing a national response to this report.
- Drugs, poisons and controlled substances - The review has been completed, and the final review report is being considered by the Australian Health Ministers' Advisory Council.

- Pharmacy - 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. 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, in turn, reported to Heads of Government on an appropriate coordinated response. Tasmania has developed new legislation to govern the registration of pharmacists and the ownership of pharmacies, and the Government's assessment of the eventual outcome of the national review of this legislation, including COAG's recommendations, will determine the final content of this legislation.
- Travel agents - Western Australia is coordinating a national review that is still underway, with further public consultation being undertaken.
- Radiation control – A national review of this area has been completed and new radiation control legislation will be drafted for Tasmania and assessed under the gatekeeper procedures.

Gatekeeper arrangements

More than 500 legislative proposals have been assessed under the gatekeeper provisions of the LRP since its inception in June 1996.

As mentioned in the 2001 Progress Report, considerable emphasis has been placed on the reform of legislation dealing with the health professions. The 2001 Report indicated that new legislation had been prepared in respect of physiotherapists (*Physiotherapists Registration Act 1999)*, psychologists (*Psychologists Registration Act 2000),* medical radiation professionals (*Medical Radiation Health Professionals Registration Act 2000),* and dental practitioners (*Dental Practitioners Registration Act 2001),* as well as amendments to legislation relating to nurses and podiatrists to bring these Acts up to date in respect of terminology and processes, and to address NCP issues, particularly advertising and ownership of practices.

As indicated in earlier Reports, the major restrictions that 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 that 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.

Reviews are currently being finalised in relation to legislation dealing with the registration of optometrists. Key issues in these types of reviews are the extent of any restrictions on the ownership of practices and on advertising of services. In relation to medical practitioners, the key NCP issue relates to ownership. A final report on the registration of optometrists is currently being prepared for Government consideration, while the review of the Medical Practitioners Registration Act has been completed and is soon to be considered by Cabinet.

In other areas, legislation assessed under the gatekeeper provisions of the LRP includes that relating to land valuers and the valuation of land, and amendments to the *Vehicle and Traffic Act 1999* to implement a national written-off vehicles register.

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

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

The application of the competitive neutrality principles to local government business activities in Tasmania is discussed in Chapter 4 – Local Government and NCP reforms.

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). The GBE Act places GBEs on a more competitive footing through the processes of both commercialisation and corporatisation. The GBE 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 the Government is not exempt from the Goods and Services Tax, an equivalent regime is not required to achieve competitive neutrality with the private sector for this tax. Taxation equivalents paid now solely comprise an income tax equivalent payment.

Since 1 July 1997, all Tasmanian GBEs, with the exception of the Port Arthur Historic Site Management Authority (PAHSMA), have been subject to the full TER, dividend regime and guarantee fees through the *Government Business Enterprises (Amendment of Acts' Schedules) Order 1997*.

In June 1999, the Intergovernmental Agreement on Reform of Commonwealth-State Financial Relations was signed and provided that reciprocal taxation will be progressed on a revenue neutral basis. As part of the Agreement, Heads of Government agreed to the introduction of a National Taxation Equivalent Regime (NTER) for income tax equivalent payments by state and territory GBEs. The NTER replaced jurisdictions' Taxation Equivalent Regimes from 1 July 2001 and is administered by the Australian Taxation Office.

All Tasmanian GBEs, State-owned Companies (including subsidiaries of GBEs and State-owned Companies) and local government joint authorities that operated under the TER as at 30 June 2001, with the exception of the Tasmanian Public Finance Corporation (Tascorp) and PAHSMA, were included in the NTER from 1 July 2001.

Tascorp will continue to be subject to the TER for a maximum period of twelve months, commencing from 1 July 2001, in accordance with the *Final Report to Heads of Treasuries of the Working Party on the National Tax Equivalent Regime*, dated November 2000, which was endorsed at the March 2001 Ministerial Council meeting. The Report, *inter alia*, recommended that the application of the NTER to central borrowing authorities be deferred for twelve months with State-based TERs to continue in respect of these authorities, and during the twelve months deferral period, Heads of Treasuries examine the associated issues.

The issues associated with central borrowing authorities and a recommendation regarding the application of the NTER to these authorities was considered by Heads of Treasuries in March 2002. As a result, Heads of Treasuries agreed that central borrowing authorities not be required to be included in the NTER and that each state and territory consider applying a State TER in which tax equivalent payments are calculated by applying the corporate tax rate to the accounting profit of these authorities.

Tasmania is currently considering the TER arrangements in respect to Tascorp as a consequence of the decision by Heads of Treasuries.

PAHSMA's continued exemption from the payment of income tax equivalents and dividends was reviewed in March 2001 at the time the NTER was being finalised. As a result of the review, the Government approved PAHSMA's exclusion from the NTER on the basis that it is not a contestable industry as described by the NTER Working Party in its final report to Heads of Treasuries dated November 2000.

It is recognised that PAHSMA is unique in its blend of heritage and commercial activities and would be unlikely to draw a competitive neutrality complaint from a competitor as it is required to price in accordance with full cost attribution principles and does not discount its pricing.

Allowing PAHSMA to continue to operate under its current arrangements is justified as being in the public interest, given PAHSMA's:

- responsibility for conserving a major part of Australia's settlement history;
- drawcard value in bringing tourists to the Peninsula; and
- role as a major provider of employment in a regional area facing unemployment levels higher than those for Tasmania as a whole.

In September 2001, the Government reviewed the structure for PAHSMA and determined that, for the time being, PAHSMA remain as a GBE. The Government also agreed that PAHSMA could retain any profits from its commercial activities in a separate fund, to be used for the purposes of conservation, in the absence of paying income tax equivalents or dividends to 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 not 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), The Public Trustee, Civil Construction Services Corporation and Aurora Energy Pty Ltd (Aurora).

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 – the Hobart Regional Water Authority (HRWA) – supplies bulk water to 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 known as 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 North West Water Authority trades as Cradle Coast Water.

The Rivers and Water Supply Commission (RWSC) is responsible for the management of the Prosser River Bulk Water Supply Scheme and various irrigation and drainage schemes throughout the State. The RWSC ensures 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. An agreement for the transfer of the operation and management of the Cressy-Longford Irrigation Scheme to local irrigators is being drafted and will be executed in mid-2002. Negotiations for the transfer of the Winnaleah Irrigation Scheme to local management are also progressing.

Tasmania is committed to working 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 then Corporations Law (the Corporations Law has subsequently been repealed and replaced with the Commonwealth's *Corporations Act 2001*). 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 Act.

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

Metro Tasmania Pty Ltd

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

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 the Corporations Act. The new tax and governance structure more closely reflects the arrangements in place for Totalizator Agency Boards in other states.

Tasmanian Dairy Industry Authority

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

The Egg Marketing Board

The Egg Marketing Board (EMB) is currently being wound up as a GBE. The EMB and egg producers agreed to a downsizing of the EMB's operations, including the disposal of the EMB's one significant commercial undertaking, namely its processing of second grade eggs. The EMB sought the Government's consent to dispose of its main undertaking in February 2001. The letter of consent was signed by the two shareholder Ministers and the amending legislation passed both Houses of Parliament in April-May 2001.

Legislation will be drafted to amend the Egg Industry Act to reflect the downsizing of the EMB's operations. The EMB will also be removed from the GBE Act.

The Southern Regional Cemetery Trust

In November 1999, the Government approved a proposal to transfer the Southern Regional Cemetery Trust to local government. In May 2001, following consideration of the proposal, the four councils concerned formally advised that they did not wish to proceed with the transfer. In view of the councils' rejection of the transfer proposal, the State Government is currently investigating future ownership options for the Trust.

In October 2001, Cabinet approved a change in the governance arrangements for the Trust by way of a move from a representation-based Board to the appointment of an expertise-based Board. Following its appointment, the expertise-based Board will be required to report on future options for the Trust. The legislative amendments to facilitate the implementation of a new Board are currently being progressed.

The Printing Authority of Tasmania

A review group, which was established in late 1999 and reported its findings in September 2000, examined four main issues relating to the Printing Authority of Tasmania (PAT). These were:

- factors driving or inhibiting PAT's past and future performance;
- the legislative framework in which PAT operates and private sector allegations that PAT operates outside the framework;
- State ownership issues; and
- competitive neutrality.

In July 2001, following consideration of the review group's recommendations, the Government agreed that the PAT remain a GBE and that amendments to the *Printing Authority of Tasmania Act 1994* (PAT Act) be progressed to remove the existing legislative barriers that restrict the PAT from competing in the Tasmanian market with its private sector counterparts.

An amendment to the PAT Act was introduced into Parliament in November 2001. The Bill was defeated in the Legislative Council.

Other significant Government business activities

The Government's policy statement on the implementation of competitive neutrality principles required all SBAs 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 at Appendix C.

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

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

The Department of Treasury and Finance has continued to provide clarification of the competitive neutrality principles to ensure that the implementation of reforms progresses on a timely basis and is consistent with NCP requirements.

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 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 described later in this Chapter.

Under the *Government Prices Oversight Act 1995* (GPO Act) and the *Government Prices Oversight Regulations 1998* (GPO 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 where that person 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, titled *National Competition Policy Competitive Neutrality Principles Complaints Mechanism*, which outline the required processes and procedures 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 were distributed to all major stakeholders to raise the awareness of the complaints mechanism policy and procedures. The guidelines are available on GPOC's Internet site at http://www.gpoc.tas.gov.au and from the GPOC office.

During 2001, one complaint was received by GPOC. The complaint was against the Hobart City Council (HCC) in relation to HCC's off-street car parking business. The matter was referred to the Department of Treasury and Finance after GPOC found that it had no legal jurisdiction to investigate HCC's car parking business, since the business had not formally been endorsed as a SBA.

Following discussions between officers of the Department of Treasury and Finance and the HCC, the HCC has agreed to separate the financial performance of its off-street car parking business from its on-street car parking business. GPOC has advised that this would meet the HCC's competitive neutrality obligations.

The Government is currently considering how the identification of all SBAs can be clarified to ensure that Tasmania continues to meet its competitive neutrality obligations. The issue is being addressed through a review that is currently underway of the former Government's policy statement of June 1996, titled *Application of National Competition Policy to Local Government*. The intention of the review is to assist local government in the continued application of competition principles to its activities. Following consultation with the Local Government Association of Tasmania (LGAT), a revised policy statement will be finalised by mid-2002.

The 2001 Progress Report stated that GPOC had received a competitive neutrality complaint lodged jointly by the Central Highlands Council and Derwent Valley Council alleging that the Valuer-General had breached the competitive neutrality principles in exercising his discretion not to value land owned by 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 had been adversely affected by the Valuer-General's decision to not value the land as they were unable to rate it and had foregone rate revenue as a consequence.

On advice from the Tasmanian Solicitor-General that the competitive neutrality principles do not apply, GPOC did not investigate the complaint. In March 2001, GPOC advised the complainants of this decision.

STRUCTURAL REFORM OF PUBLIC MONOPOLIES

Tasmania's electricity supply industry has undergone significant reform over the past few years. The former vertically integrated Hydro-Electric Corporation 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 sectors, 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, where this did not exist prior to the signing of the Agreements, in relation to government-owned 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 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 also provides a mechanism under which other monopoly services can be declared and therefore become subject to a GPOC investigation.

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, Metro, MAIB, HRWA and NWRWA. EWA was subsequently added.

By the end of 1998, GPOC had completed the first round of investigations into the pricing policies of Hydro Tasmania, Metro, the MAIB, and the three bulk water supply authorities, HRWA, EWA and NWRWA. Second investigations into the pricing policies for Metro, the MAIB and the three bulk water supply authorities have now been completed.

Responsibility for the pricing investigations into the electricity supply industry that were previously the responsibility of GPOC were transferred to the Office of the Tasmanian Electricity Regulator in 1998 as part of a package of reforms of the Tasmanian electricity supply industry. The second investigation into electricity pricing was conducted by the Regulator in 1999 and has been outlined in previous Progress Reports.

Preliminary work for the next electricity supply industry investigation (for Hydro Tasmania, Transend Networks Pty Ltd [Transend] and Aurora) to be undertaken by the Regulator commenced in 2001. However, significant progress has been made in finalising the State's entry to the NEM, which will give rise to a number of key changes in the regulatory arrangements applying to the State's electricity sector. The price regulation arrangements that apply within Tasmania at the time of NEM entry will need to be consistent with the national arrangements. At this stage, some of the arrangements remain unclear (e.g. transmission network pricing). With this in mind, the Government has advised the Regulator that the existing Pricing Determination (which expires on 31 December 2002) is to be rolled over for one year, with a new Price Determination to take effect from 1 January 2004. The rollover maximises the scope for a NEM-consistent determination without significant distortions or transitional impacts, and will ensure greater certainty in prices to customers in the lead up to the State's entry to the NEM.

Water investigation

On 11 April 2001, GPOC conducted the second investigation into the pricing policies of three bulk water supply authorities, HRWA, EWA and NWRWA. GPOC completed the investigation on 31 July 2001.

GPOC, in undertaking its investigations, is aware that there are potential differences in objectives between a government-owned entity and a private sector entity. This issue was evident during its investigation into the bulk water authorities. These authorities are owned by councils that are also their customers. This structure has the potential to result in tension in decision-making at the Board level, with a natural conflict between interests as owners, and interests as customers. As owners, the councils should focus on seeking commercial returns on their funds invested in the business. As customers, there is a natural preference for lower prices for water consumers. However, prices set at levels below full cost have the potential to distort the consumption decisions of consumers, with the attendant risk of over-investment in water supply facilities.

GPOC was required to recommend a maximum revenue for each authority based on an efficient level of operations within its operating constraints. However, in making its recommendations for the bulk water authorities, GPOC recognised that maximum efficient revenues will not be achieved where councils are prepared to accept a lower than commercial rate of return on their investment in the business. As in its 1998 water investigation, GPOC also suggested target revenues based on a real rate of return of four per cent, some three per cent lower than its assessment of a commercial rate of return.

In summary, GPOC recommended that:

- as a first principle, nodal pricing (i.e. different prices at each supply point) is the preferred mechanism to determine the volumetric and fixed charge;
- the volumetric price at each node (supply point) should reflect the long run marginal cost (LRMC), which is the short run marginal cost plus marginal capacity cost. The change in consumption associated with implementation of the revised price should be taken into account in estimating the marginal capacity cost;
- where there is not significant variation in the nodal volumetric costs between nodes or where the loss of efficiency is not significant, it is acceptable to use a regional average of LRMC for the volumetric charge;
- where the application of pricing according to LRMC results in prices that are significantly different from the volumetric prices currently charged to councils (and is thus likely to have significant impact on customers' consumption), it is acceptable to phase in the application of LRMC pricing; and
- in regard to fixed charges, if nodal pricing is not used, the fixed charge should be allocated according to the weighted number of connections in each retailer's networks.

GPOC further recommended that each authority continue to collect information required to determine LRMC at each node.

The following additional recommendations built on the outcome of the 1998 investigation. GPOC recommended:

- where the authority has not already done so, or has not completed the task, it should finalise;
  - forecasts of future demand for bulk water supply for the next 15 to 30 years;
  - a formal risk assessment relating to both quality and reliability of supply;
  - a comprehensive 30 year asset management plan, incorporating a condition assessment of existing assets and an estimation of the capital needs for system augmentation; and
- where a regional average volumetric price is applied, the resultant cross subsidies should be made transparent in financial reports.

In September 2001, following consideration of GPOC's report, the Government released a Determination setting the maximum allowable revenues and maximum volumetric prices for the three bulk water authorities for a three year period commencing 29 September 2001. The Government did not endorse all of the recommendations contained in the GPOC report, such as those that related to target revenues and particular pricing policies. The main concern with the GPOC approach was that the authorities would seek to reach specific target revenues and this would pre-determine the rate of return they would make. The authorities would not be encouraged to attain a rate of return that they considered most appropriate. The approach adopted by the Government not only ensures sufficient annual revenues, but also that the authorities retain flexibility in setting their charges and determining their rate of return.

THIRD PARTY ACCESS

Electricity

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

Gas

The Tasmanian Parliament has passed the *Gas Pipelines Access (Tasmania) Act 2000*, which applies the *National Third Party Access Code for Natural Gas Pipeline Systems* (Code) to Tasmania. GPOC was appointed as local Regulator on 20 June 2001 under the *Gas Pipelines Access (Tasmania) Regulations 2001* for the purposes of the Gas Pipelines Access (Tasmania) Act. The GPOC Commissioner was appointed to the position of Director of Gas under the *Gas Act 2000*.

As a matter of practical administration, gas regulation is being undertaken by the Office of the Tasmanian Energy Regulator (previously the Office of the Tasmanian Electricity Regulator).

In 1997, the State sought expressions of interest in developing and reticulating a natural gas supply to Tasmania. As a result of this process, Duke Energy International (Duke) was selected as the preferred proponent for the development of a natural gas supply to Tasmanian consumers. In April 2001, Duke entered into a Development Agreement with the State to bring natural gas to Tasmania. The development of the transmission infrastructure has commenced with the construction of the Duke pipeline from Longford (Victoria) to Tasmania.

The Tasmanian Government proposes to award limited term franchises, by tender, for the distribution and retailing of natural gas in Tasmania. An application was submitted on 7 September 2001 by the State requesting the Regulator's approval for the use of the tender process (the Tender Approval Request, or TAR) to determine reference tariffs for natural gas distribution. The proposal is in accordance with the provisions of the Code. The tender process provides for the determination of reference tariffs by competition rather than by the conventional investigation of costs, demand forecasts and appropriate rates of return. Pricing through a tender process is particularly appropriate for a greenfields development such as the development of the natural gas industry in Tasmania.

The Regulator notified the public and interested persons of the receipt of the TAR as contemplated by the Code and called for submissions relating to the tender process. On 9 November 2001, the Tasmanian Energy Regulator approved the TAR and released his statement of reasons.

In making his decision the Regulator gave particular consideration to three issues:

- the concern expressed in submissions that the State may have, or appear to have, a conflict of interest in conducting the tender process, as the State-owned Company, Aurora, had publicly stated that it would be a bidder in a consortium with Agility Management Pty Ltd;

- the mandatory requirement that bidders purchase the decommissioned Launceston Town gas distribution system. The purpose of this requirement was to remove the comparative advantage held by the owner of the system; and
- the reasonableness of the conformity requirements, in particular the tariff profile mandated by nominating a particular X-factor, i.e. to provide for declining real tariffs over time.

The Code sets out matters of which the Regulator must be satisfied before giving approval to a TAR. These matters include whether the tender process will be competitive. The Regulator took account of matters raised in submissions and information provided by the State, including the reported views of potential bidders. The Regulator was satisfied that the potential for any conflict of interest would be managed through mitigation measures contained in the process. The Code also requires that the Regulator be satisfied that the successful tender will be selected principally on the basis that the tender will deliver the lowest sustainable tariffs, and that the proposed reference tariffs meet certain objectives.

The State has now commenced the Bidder Evaluation Phase which allows parties that meet the relevant criteria to enter the bidding process, subject to signing a participation deed.

Upon the selection of the successful bidder, the State will submit to the Regulator a Final Approval Request (FAR). The Regulator is required to approve the FAR if he is satisfied that it conforms to the requirements of the Code. Subsequent to the approval of the FAR, a Gas Pricing Order and access arrangement will be developed in accordance with the terms of the successful tender. Licences are expected to be issued to the franchisees by mid-2002.

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, the Government has commenced preparation of its access regime. Initial discussions have been held with officers of the NCC and it is expected that, in line with the Natural Gas Pipeline Access Agreement, the State's gas access regime submission will be presented to the Council in 2002 for consideration. Further information on the State's gas access regime is 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 extended 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 previous Progress Reports, 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 review of the Electricity Supply Industry Act under Tasmania's LRP has been completed and the recommendations are currently being considered by the Government. 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 previous Reports, 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. In 2001, Tasmania did not make 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 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 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 TPA, 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, titled *Application of National Competition Policy to Local Government* (Application Statement). This Statement was prepared in consultation with local government and provided broad guidance on how it was intended that the key principles, where appropriate, would be applied to local government.

A review of the Application Statement commenced during 2001 and is currently underway. The purpose of the review is to assist local government in the continued application of competition principles to its activities by ensuring that its obligations are expressed clearly in the policy statement. Following consultation with the Local Government Association of Tasmania (LGAT), a revised policy statement will be finalised by mid-2002.

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 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 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 (in all cases to water and sewerage services) and road maintenance.

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 GPO 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.

As mentioned in Chapter 2, some uncertainty has arisen as to the identification of SBAs, in so far as the competitive neutrality complaints mechanism applies. The Government is currently considering how this can be clarified to ensure that Tasmania continues to meet its competitive neutrality obligations.

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 GPO 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.

The *Local Government Regulations 2000* were amended in late 2000 to require councils to incorporate in their annual reports a statement of plans for the supply of domestic water and sufficient financial information to demonstrate that the *Urban Water Pricing Guidelines for Local Government in Tasmania* are being applied in relation to the supply of domestic water. The previous requirement was for a statement to appear in councils' operating plans for the forthcoming year.

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, which would ensure that all authorities set prices on a volumetric basis not later than 2001-02. The Government endorsed GPOC's recommendations.

GPOC's second investigation into the pricing policies of HRWA, NWWA and EWA was completed in July 2001 and is outlined in detail in Chapter 2 of this report.

TREATMENT OF LOCAL GOVERNMENT BY-LAWS UNDER THE GOVERNMENT'S LEGISLATION REVIEW PROGRAM

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 Government's Legislation Review Program (LRP). All by-laws proposed since that date have been required to comply with the new procedures. These procedures were formalised in 1999 with an amendment to the Local Government Act to require any new by-laws with a significant impact on the community to be subject to a RIS.

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 the new Local Government Act in January 1994, all of the 125 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. For example, the LRP review of the *Local Government (Highways) Act 1982* recommended that the by-law making power in that Act be removed along with certain anti-competitive elements. This was effected through the *Local Government (Highways) Amendment Bill 2001* which received Royal Assent on 17 December 2001. Consequently, any by-laws that rely on the Act for their authority will cease to have effect from the proclamation date. It is intended that the Act be proclaimed by mid-2002, giving councils an opportunity to further consider the impact of the amendment and to take appropriate action. The few councils that identify a need to have a by-law to control standards of highway construction will prepare new by-laws under the more rigorous review and consultation provisions of the Local Government Act.

- 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 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, along with other jurisdictions, signed the Natural Gas Pipelines Access Agreement in 1997. More recently, on the gas transmission project, construction of the offshore pipeline across Bass Strait commenced in December 2001 and onshore trenching started in January 2002. A tender process is underway to award limited-duration, non-renewable gas retail and distribution franchises, in line with the National Gas Code. The Government is also continuing to progress the necessary legislative arrangements for gas industry reforms.
- Since the 2001 Progress Report, Tasmania has made significant progress with its water reform commitments. Tasmania has successfully implemented two-part pricing for all schemes where it was found to be cost-effective, except for one water scheme which is due to complete implementation in mid-2002.
- The Tasmanian Parliament passed the *Water Management Act 1999* in October 1999. This 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. Significant progress has been made in the implementation of the new Act during 2001.
- This Chapter also details Tasmania's progress in implementing transport reforms including those related to the third tranche assessment, all of which have now been implemented, and those contained in the Third Heavy Vehicle Reform Package.

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, until Tasmania is connected 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.

A comprehensive combined approvals and assessment process for the project has been agreed by the governments of Victoria, Tasmania and the Commonwealth. This assessment is being conducted by the Basslink Joint Advisory Panel and is on track to be completed by 1 July 2002.

Basslink Pty Ltd expects that the link will enter commercial service in 2004. The link will operate under the NEC as a Market Network Service Provider. In this context, the entry of Tasmania to the NEM and the application of the NEC in Tasmania are key pre-conditions for Basslink.

In addition to its transmission capability, Basslink will also incorporate Tasmania's second fibre-optic link with the mainland. This link will have the potential to open the way for greater competition and capacity in the telecommunications sector in Tasmania.

Further information on the Basslink project is available at Basslink Pty Ltd's Internet site at 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).

Tasmania's Participation in the National Electricity Market

Tasmania's entry to the NEM is conditional on the completion of Basslink and on Tasmania securing appropriate transition arrangements.

In order to meet the transition requirements for the State's entry to the NEM, a suite of structural and regulatory arrangements has been developed. The key features of Tasmania's proposed NEM entry arrangements include:

- Basslink operating as a Market Network Service Provider, interconnecting the Victorian region of the NEM with a single Tasmanian NEM region;
- Hydro Tasmania 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 a new State-owned generation business as well as 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 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 to underpin energy sales for non-contestable customers;
- arrangements governing how Basslink will be bid into the NEM and the framework for the release of the inter-regional revenues;
- the ACCC having responsibility for transmission pricing;
- the Tasmanian Energy 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.

Further details of the proposed arrangements have been published in two papers available on the Department of Treasury and Finance's Internet site:

- an information paper, entitled *Meeting Tasmania's Energy Needs in the 21st Century – A Competitive Future*; and
- a supplementary paper, entitled *Authorisation of Tasmania's NEM Arrangements - Enhancements to Tasmania's Energy Reform Framework*.

In progressing NEM entry, the key tasks have included:

- authorisation of the proposed NEM entry transition arrangements by the ACCC;
- formalising arrangements with the existing NEM jurisdictions for Tasmania to become a participating jurisdiction; and
- proclaiming the legislation required for the adoption of the National Electricity Law and the application of the NEC in Tasmania.

The ACCC Authorisation Process

Tasmania submitted two applications for authorisation of transition arrangements to the ACCC in November 2000. These were:

- the proposed amendments to the NEC to facilitate a smooth transition to the national market arrangements; and
- the vesting contract between Aurora and Hydro Tasmania, which provides Aurora with protection from market risk for its energy purchases for non-contestable customers (those who buy electricity from Aurora under regulated tariffs).

During the authorisation process, the ACCC identified a number of issues relating to the interstate trading arrangements initially put forward by Tasmania. Consequently, after working through these issues with the ACCC, the Government developed a number of enhancements to its Energy Reform Framework, specifically:

- arrangements were established to provide greater certainty regarding how Basslink will be bid into the NEM, in the context of the commercial arrangements between Hydro Tasmania and Basslink Pty Ltd; and
- the framework for the sale of import inter-regional revenues accruing to Basslink Pty Ltd (as passed to Hydro Tasmania under the Basslink Services Agreement) was specified in considerably more detail than in the original submissions.

The ACCC released a Draft Determination in relation to the two applications on 20 July 2001 and, following a process of public consultation, released its Final Determination on 14 November 2001. Further details can be obtained from the ACCC's Internet site at http://www.accc.gov.au.

In its Final Determination, the ACCC authorised the Government's applications that facilitate Tasmania's entry to the NEM subject to conditions, after finding that the public benefits outweighed concerns about the potential for competition within the State.

Specifically, the ACCC required amendments to the vesting contract - the contract that sets the price for supply between the incumbent retailer (Aurora) and generator (Hydro Tasmania) - to help manage the transition to a deregulated market. It also required changes to Tasmania's proposed derogations, or transitional rules, which will be included in the NEC.

The ACCC's authorisation of Tasmania's transition arrangements provides a solid foundation for the State's participation in the NEM.

Arrangements between Jurisdictions

In December 2001, a number of Agreements were signed between jurisdictions in the NEM (NSW, Vic, Qld, SA and the ACT) and Tasmania. These Agreements will enable Tasmania to:

- be recognised as a participating jurisdiction in the NEM;
- become a party to the NEM Legislation Agreement; and
- be admitted as a member of the two NEM institutions: NEMMCO and the National Electricity Code Administrator (NECA).

Gaining membership of NEMMCO and NECA will ensure that Tasmania has a voice on the Board of each company, through an appointed director. Tasmania's representation will facilitate progress on all steps necessary for the NEM to commence in Tasmania.

Proclamation of NEM Legislation

The *Electricity - National Scheme (Tasmania) Act 1999* was proclaimed in December 2001 with an effective date of 14 December 2003, providing the legislative vehicle for the adoption of the National Electricity Law (and therefore the application of the NEC) in Tasmania.

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 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.

Duke has since expanded its proposal to a stand-alone project that does not rely on the development of a magnesium smelter. The project now 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. Duke has now obtained all the necessary planning and environmental approvals to complete its project. Construction of the offshore pipeline across Bass Strait commenced in December 2001, with onshore trenching starting in January 2002. It is expected that the system will be commissioned in July 2002. Conversion of one of the two generating units at Bell Bay, from oil to natural gas, has also commenced and is expected to be completed by the commencement of gas operations in mid-2002.

In addition to Duke's gas transmission project, the Government is facilitating the development of the gas retail and distribution sectors within the State by awarding limited-duration, non-renewable retail and distribution franchises through a tender process, in line with the requirements of the National Third Party Access Code for Natural Gas Pipelines (Code). This tender process is currently underway and it is expected that the outcome will be known by mid-2002.

Government officers have been liaising with Duke and other potential market participants to develop a framework for gas supply industry legislation. These businesses will require certainty with respect to the regulatory arrangements that will operate in the Tasmanian natural gas market.

The Tasmanian Government decided to introduce its third party access legislation ahead of its commitment under the Natural Gas 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 (as required under the Code) and to deal with civil breaches of the legislation.

The Gas Pipelines Access (Tasmania) Act was subsequently passed by Parliament in November 2000, receiving Royal Assent on 14 November 2000 and commencing on 5 April 2001. 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. In February 2002, GPOC was appointed as the local Regulator under the Gas Pipelines Access (Tasmania) Act.

Two pieces of legislation were introduced into Parliament in late 2000 in relation to the regulation of the Tasmanian natural gas industry. The *Gas Pipelines Act 2000* provides for regulation of gas pipeline facilities in Tasmania including licensing provisions and the development and approval of gas safety cases. The *Gas Act 2000* regulates the distribution and retailing of natural gas in Tasmania. It provides for the appointment of the Director of Gas and Director of Gas Safety, the licensing of gas retailers and distributors and arrangements to support gas retail contestability as well as the regulation of a number of gas safety issues. Both Acts received Royal Assent on 20 December 2000. Draft distribution and retail codes and licences have been released for public comment by the Office of the Tasmanian Energy Regulator. In addition, regulations are being developed for both Acts. These regulations are expected to be finalised by April 2002.

Amendments were made to both Acts during 2001 to address a number of issues that arose through the implementation of these significant new legislative arrangements. Amendments were effected through the *Gas Amendment Act 2001* and the *Gas Legislation (Miscellaneous Amendments) Act 2001*.

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, the Government has commenced preparation of its access regime. Initial discussions have been held with officers of the NCC and it is expected that, in line with the Natural Gas Pipeline Access Agreement, the State's gas access regime submission will be presented to the NCC in 2002 for consideration.

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.

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 2001 (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];
- standard fixed tariff (all consumers pay the same amount);
- fixed tariff proportional to the assessed annual value of the property supplied; or
- fixed charge (standard charge or based on the assessed annual value) 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, the Government released GPOC's report, titled, *Investigation into the Cost-Effectiveness of Local Councils Implementing Two-Part Pricing for Urban Water Services*. The 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. Five schemes were already applying two-part tariffs.

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

[1] A free allowance is a specified maximum quantity of water consumed before a charge above the fixed charge is incurred.

The panel provided its final report to the Minister for Primary Industries, Water and Environment on 13 December 1999. The report analysed submissions covering 85 of Tasmania's 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 85 water supply schemes. Of the remaining 51 schemes:

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

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.

This process confirmed that 18 water schemes should change from their existing pricing system to two-part tariffs. These schemes and implementation dates for two-part pricing have been previously reported. Significant progress has been achieved in this area since the previous Progress Report, with 17 schemes now having implemented two-part pricing. The remaining scheme, operated by Derwent Valley Council, is due to commence two-part tariffs in July 2002.

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

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

Additional papers provided by the Government to assist councils in complying with their urban water pricing obligations, including full cost recovery, are the *Community Service Obligation Policy and Guidelines*, November 2000 and a revision of the GPOC guidelines, titled *Urban Water Pricing Guidelines for Local Government in Tasmania*, March 2001. The revised edition provides further clarification, including more explicit guidelines for the development of two-part tariffs and the appropriate treatment of community service obligations where applicable.

In February 2002, GPOC commenced an audit of Tasmanian councils to assess whether they complied with the NCP water reform obligations as they apply to urban water and wastewater services for the previous financial year. The current audit is due to be completed in May 2002, with the results to be provided in a report to the Premier, as Minister for Local Government, and the Treasurer, as Minister responsible for NCP issues. It is intended that future audits be brought forward to coincide with Tasmania's reporting obligations to the NCC.

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.

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 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 enterprise. 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, finance and asset consumption (as depreciation or renewal annuities) 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 previous six 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. Prices were set for the 2001-02 financial year based on the same methodology (refer to Table 5.1, page 39).

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.

Table 5.1: Cressy/Longford Irrigation Scheme water prices

CLIS: Price charged	1997-98	1998-99	1999-00	2000-01	2001-02
Irrigation Rate (per ML Irrigation Right)	$18.70	$18.70	$21.82	$21.82	$21.82
Irrigation Charge (per ML for all water used)	$15.70	$15.30	$15.90	$15.90	$15.90

It was expected that the prices for 2001-02 would be set by the Cressy Longford Irrigators Association (CLIA) in accordance with an agreed business plan following devolution of management of the scheme from 1 July 2001. As noted below, devolution of management was delayed until 1 April 2002.

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 (refer to Table 5.2, page 40).

Over the previous six 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;
- the replacement of the depreciation charge by an asset renewal levy; and.
- the replacement of a previous scheme operator with a contracted employee.

Table 5.2: Winnaleah Irrigation Scheme water prices

WIS: Price charged	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03[2]
Irrigation Rate (per ML Irrigation Right)	$47.50	$53.50	$55.50	$44.00	$47.00	$47.00	$47.00
Irrigation Charge (per ML for all water used)	$0.00	$0.00	$0.00	$9.00[1]	$8.50[1]	$8.50	$8.50

[1]Irrigation charge varies from zero in off peak seasons, through 50 per cent 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 previous six years, water prices have risen with the intention of achieving full recovery of operational, maintenance, administration and asset consumption costs by 2002 (refer to Table 5.3, page 41).

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 in 2000-01 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 involved 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 as the result of the repayment of a 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) is not expected to be renewed as its function has largely been replaced by the new water supply system for Stage 2.

In addition, the RWSC has put additional irrigation rights on the market in both stages of the scheme. Sale of additional rights will spread the scheme costs and hence reduce the cost per ML of irrigation right.

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

Table 5.3: South East Irrigation Scheme water prices

SEIS 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	$83.00
Stage 2 - Irrigation Right (per ML)	$47.00	$52.50	$59.00	$66.00	$155.00	$166.00
Stage 2 – Pumping charge (per ML used)	$75.57	$62.23	$60.16	$59.60	$0.00	$0.00

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 ML.

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 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 ML to a take of one ML 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 ML per annum, compared to a sustainable yield of 500 000 ML 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 DPIWE 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 is 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 the 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 RWSC is participating in the national performance monitoring program for irrigation schemes developed by the Standing Committee on Agriculture and Resource Management and now being managed by the Australian National Committee on Irrigation and Drainage. The three RWSC schemes were reported on in the first benchmarking report released by the Standing Committee 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 were 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 GPO Act 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 subsequently entered into negotiations with elected representatives of the CLIA, including funding independent financial, business and legal advice for the CLIA, with a view to reaching agreement for the devolution of day to day management of the CLIS.

In 2000, the RWSC reached agreement in principle for the CLIA to take over the management of the CLIS from 1 July 2001. The proposal was agreed in principle at the CLIA annual general meeting 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. Under this arrangement, CLIA would have responsibility for day to day scheme operations, administration and management, including price setting, staff management, and own the operational assets. Fixed water delivery and/or water storage assets will be retained by the RWSC, at least for the time being.

Just prior to the proposed handover date, the Australian Taxation Office retracted previous advice to the CLIA that its operations would qualify as a tax-free entity. Having subsequently finalised that the new irrigator association will be a taxable entity, a review of the CLIA's business plan was necessary and hence the handover was postponed. Negotiations between the RWSC and CLIA then re-commenced in January 2002. Agreement was reached for handover, under the new tax ruling, on 1 April 2002.

Negotiations commenced with Winnaleah Scheme Irrigators at a meeting in August 2001 for the hand-over of the Winnaleah Scheme on similar grounds to that agreed to with the CLIA. Further discussions were put on hold pending consideration and settlement of a revised agreement with CLIA to provide for the change in tax status of the new entity.

In expectation that agreement for the transfer to self-management would be settled with both the Cressy-Longford and Winnaleah Irrigators, it was agreed with both groups that they make the selection and arrange employment of new irrigation scheme staff. With assistance from private consultants, irrigators appointed new scheme managers for the Cressy Scheme in January 2001 and Winnaleah Scheme in September 2001.

Following settlement with Cressy-Longford and Winnaleah Schemes, negotiations with South-East Scheme Irrigators are expected to commence promptly.

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 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 users 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.

With the enactment of the Water Management Act, in January 2000, the State commenced a process of converting water rights that existed prior to that date to new water licences that are quantified and tradeable.

The water licence conversion process started with the conversion of commissional water right irrigation licences to water licences under the new Act. This action is now complete and all people who chose to convert their old irrigation commissional water right can participate in water trading arrangements. Those who did not choose to convert their commissional water right can no longer access water for irrigation purposes.

During 2001, the remaining commissional water rights were converted to licences and allocations under the new Act. A start was also made on the conversions of prescriptive rights to licences and allocations under the new Act.

Other rights to water currently being converted include town water supply rights previously held under the Local Government Act. Conversion of town water supply rights and prescriptive rights will be largely completed by the end of June 2002.

Action to convert the water entitlements of the large urban water authorities and the RWSC's irrigation scheme licences has commenced and should be completed by the end of 2002.

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 that can be done 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. All proposals for new water allocations are assessed on the basis of the objectives and provisions of the Act.

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 subcommittee of the ACDC, the Technical Advisory Committee, that makes recommendations to the ACDC on requirements for environmental impact assessments. The Technical Advisory Committee 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 a 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.

During 2001-02, work commenced on developing a policy to guide the ACDC in better assessing the cumulative impacts of dams as part of considering new dam permit applications.

The project will examine mechanisms to manage future dam development on the whole of catchment basis. It will investigate the cumulative impacts of water extraction on the environment and other users as well as the cumulative impacts of dams on riverine and estuarine ecosystems and water quality. The role of government and the community in actively managing cumulative effects of dams to ensure that future impacts are minimised will also be considered.

Public consultation on a discussion paper and policy options will be undertaken in the period April-May 2002 and the policy is due for completion by 30 June 2002.

The State Government publicly launched the *Water Development Plan for Tasmania* in 2001. The Plan, among other things, identifies key water development opportunities that could benefit from public-private partnership funding arrangements.

An application for a permit to commence construction of the first of these opportunities, the Meander Dam proposal, was submitted in November 2001 and is being assessed under the statutory processes of the Water Management Act and the Environmental Management and Pollution Control Act. The development proposal has also been designated a controlled activity under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*. Under these legislative processes, final decisions on the statutory environmental approvals for the project are not expected until August 2002.

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 holders who were interested in water trading in summer 2000-01 had their commissional water rights 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 ML per day was transferred in unregulated streams in the State during the 2000-01 irrigation season. Since July 2000, for rivers and streams outside the State-run irrigation schemes, 151 permanent water transfers have occurred for a total volume of 48 579 ML. In addition, over the period July 2001 to February 2002, 32 temporary water transfers occurred for a total amount 3 670 ML.

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 able, with the approval of the RWSC, to transfer them to other users.

Amendments to the Irrigation Clauses Act in 1997 and 2001 provided a more robust and "free-market" mechanism for transfers.

The Irrigation Clauses Act 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 under the Act commenced 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 (ML) transferred temporarily and permanently for each of the government irrigation schemes over the last three financial years.

Table 5.4: Irrigation right transferred for government irrigation schemes

	1999-2000	2000-01	2001-02 (to 31 January 02)
Cressy/Longford Irrigation Scheme			
Water supplied (ML)	7 505.1	7162.0	3007.5
Number of trades	13	8	6
Water traded (ML)	850	373	398
Percentage water traded	11%	4.8%	5.1%
South East Irrigation Scheme			
Water supplied (ML)	3 536.64	4292.5	641
Number of trades	63	48	4
Water traded (ML)	677	394	55
Percentage water traded	19%	11%	1.5%
Winnaleah Irrigation Scheme			
Water supplied (ML)	3 546.2	3 507.3	1031
Number of trades	10	4	4
Water traded (ML)	245	74	136
Percentage water traded	7%	2.1%	3.9%

Source: DPIWE

Environment and water quality reforms

Environmental allocations

The *State Policy on Water Quality Management 1997* (State Water Policy) established a Tasmanian framework that reflects the intent of the National Water Quality Management Strategy's policy objective in achieving sustainable management of the water ways while allowing for sustainable development.

The policy refers to the National Strategy's 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 (PEVs) are currently being set for Tasmania's fresh and estuarine surface waters. The policy is currently being amended 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 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 that 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 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 PEVs and water values in Tasmania's fresh and estuarine surface waters. 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 2002.

Table 5.5. Progress with the setting of PEVs and water values in the State

Water bodies that have been completed

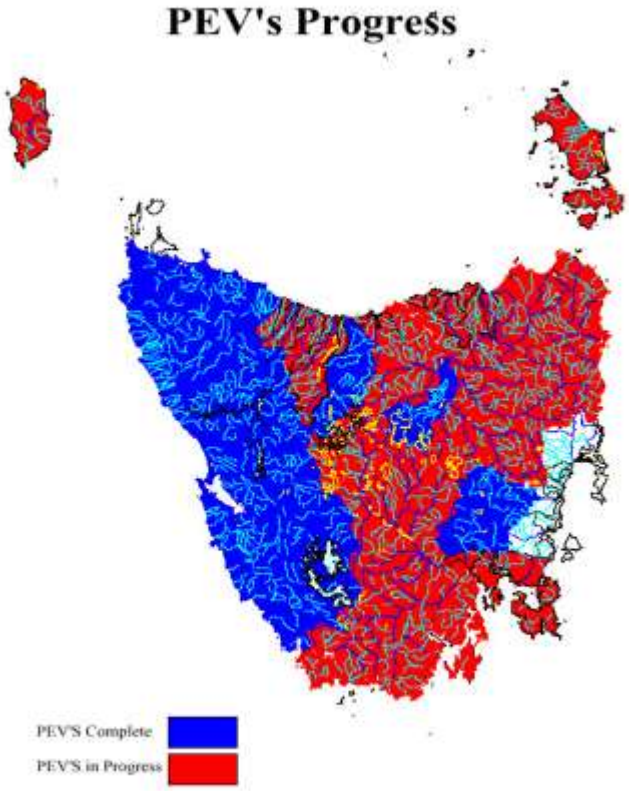
Water body	Council municipal area
Blythe River Estuary, Minna Creek and Tip Creek	Burnie
All water bodies in the Circular Head Municipality	Circular Head
All water bodies in the Waratah/Wynyard Municipality	Waratah/Wynyard
All water bodies in the West Coast Municipality including the Gordon and Pieman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

Water bodies with process near completion

Water body	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, Hobart, Kingborough
Kingborough Catchments and D'Entrecasteaux Channel	Kingborough, Huon Valley, Hobart
Huon Valley Catchments	Huon Valley, Kingborough, Derwent Valley, Glenorchy
Tamar Estuary and North Esk	Launceston, West Tamar, Georgetown, Northern Midlands, Break O'Day, Meander, Dorset, Latrobe
Upper River Derwent Catchment	Central Highlands, Derwent Valley, Meander
North Central Coast Catchments and the Greater Rubicon Catchment	Burnie, Central Coast, Kentish, Latrobe, Devonport, Meander Valley, West Tamar
King Island	King Island
Furneaux Group	Flinders Island
Greater Pipers River Catchment	George Town, Launceston

Water bodies with process underway

Water body	Council municipal area
South East Coast Catchments	Clarence, Sorell, Tasman



Environmental flow assessment

Priority Setting

Environmental flows priorities for Tasmania were set based upon the consideration of a number of factors in a knowledge based "impact matrix". The matrix was developed in consultation with relevant experts from a range of State Government departments as well as the University of Tasmania. Factors included in the matrix are the ecological status of Tasmania's estuaries, water quality, threatened species issues, existing water allocations and water development pressures. A number of these factors were combined into simple ratings (e.g. Instream Ecology Priority) and either assigned classifications of high, medium and low, or alternatively ranked in accordance with importance. The matrix is provided at Appendix D.

Stressed rivers were identified by giving particular weight to the Water Use Priority column which compares the relative allocation of water with the available resource. This column was developed approximately two years prior to the National Land and Water Audit, as discussed below. NCC environmental flow timelines were developed based upon consideration of the level of stress as well as the logistics necessary to undertake work in a given area of the State within the resources available to undertake the task. In many cases some additional rivers of relatively lower priority (from the point of view of stress) were included because it was expedient to do so for a given area.

National Land and Water Resources Audit Assessment

The National Land and Water Resources Audit required States to undertake a comparison of the water available with the water needs of the environment and the current water use. To facilitate this, a very coarse approach was

taken to environmental flows for the purposes of the audit only. Environmental flows were estimated for Australian Water Resources Council basins based upon a modification of the Montana (or Tennant) method. Using this method under the audit, no stressed rivers were identified for Tasmania. It is therefore concluded that the impact matrix assessment undertaken prior to the audit is conservative. This is partially explained by the use of smaller catchments in the impact matrix than under the audit.

Additional work since that time suggests that the method used for the National Land and Water Resources Audit is conservative.

Water for Ecosystems Policy

Prior to the enactment of the Water Management Act, the RWSC adopted the policy that no further water allocations would be made from a catchment until the relevant environmental flow had been identified. This policy has continued informally within DPIWE since January 2000. In addition, both the RWSC and then DPIWE have applied the National Principles for the Provision of Water for Ecosystems since their inception in 1996.

To provide an improved system for water allocation while continuing to provide an adequate level of security for the environment, the Minister responsible for water resources has adopted a Water for Ecosystems policy - an administrative policy under section 8(1)(b) of the Water Management Act. This policy allows for 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.

Progress Against NCC Environmental Flows Timetable

Substantial progress has been made by Tasmania in identifying environmental flow requirements in agreed river systems. For brevity, detailed information on progress has been included at Appendix D.

Delays in determining environmental water requirements has been experienced for four catchments listed under the timelines.

The Coal River was due for completion in June 2001, although the lack of rainfall and the degree of regulation had prevented final analysis of minimum flow requirements until very recently. In addition, it has been recognised that a more holistic approach is required for this catchment. A contract has recently been let for a consultancy to complete the necessary work. The collection of studies being carried out recognises the ecological values associated with the Ramsar listed wetland, the needs of the associated Pittwater Estuary and flows required to maintain geomorphological processes within the river. Environmental water requirements for this catchment are now due for completion in August 2002.

Delays in the assessment of environmental water requirements for the Welcome and Montagu catchments in far north-western Tasmania have been experienced for a number of reasons. Assessment of these catchments is problematic given the substantial amount of drainage works and channelisation that has previously taken place in both waterways that were essentially historically swamp forests. Because both catchments are neither riverine nor standing water ecosystems it has been difficult to determine the most appropriate methodology to apply to assess environmental water requirements. DPIWE has undertaken comprehensive surveys in both catchments in relation to river health and fish distribution, to provide background material for decision making on environmental water requirement assessment. Scopes are presently being written to address environmental water requirements for riparian and geomorphological values targeted at undisturbed sections of these catchments. It is anticipated that more holistic assessments will be completed by December 2002.

The Jordan River is also listed as targeted for completion in December 2002 under current NCC timelines. Substantial relevant work is currently being undertaken for the catchment as part of a major dam investigation. To avoid duplication of effort, DPIWE is awaiting the outcomes of these studies before conducting any additional assessments. The ecological values associated with the Jordan catchment are significantly degraded given riparian vegetation clearance and weed infestation, poor water quality and poor river health. Novel approaches will also be required in relation to determining environmental water requirements for this catchment. A revised timeline for this catchment is difficult to give at this stage, given the dependence on external parties completing their work efforts.

The Leven River was delayed due to field work and Basslink commitments this year. It is largely completed and the revised completion date is September 2003.

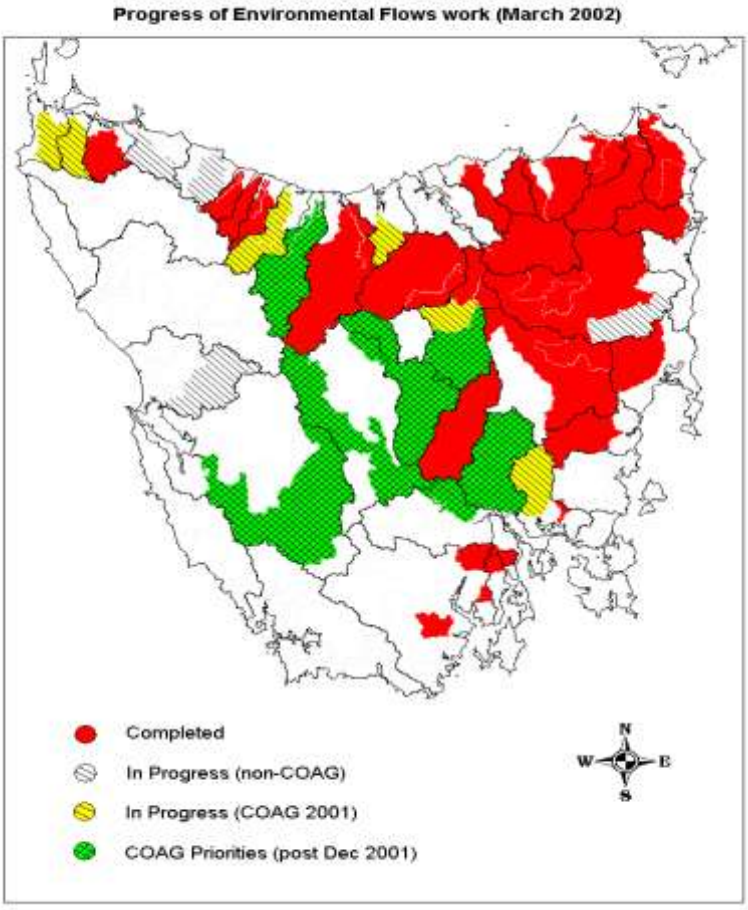
Despite these setbacks, significant work has been completed, bringing forward major environmental flows studies in other areas of the State. Significantly, the Gordon, King and Lower Macquarie River studies are being delivered well ahead of previously provided timelines. The completion of these detailed scientific studies has been facilitated by the proposed Basslink interconnector between Tasmania and the South East Australian power grid.

Substantial work has also recently been completed on the lower Derwent River well ahead of the June 2006 schedule.

Special Licences

DPIWE is entering into agreements with special licence holders as a means of establishing a set of licence conditions (e.g. there is an agreement with Hydro Tasmania in respect of its special licence). Under these agreements, DPIWE ensures that water provisions for the environment are a necessary requirement of the licence and are not subject to compensation claims from the licence holder. In the case of Hydro Tasmania, it has been agreed that water provisions will be investigated and implemented as part of formal water management plans.

As part of the investigations related to the consequential impacts of the introduction of Basslink, substantial environmental flows work has been completed on the King River, the Gordon River and the Macquarie River downstream of the Poatina power station. This scientific work has provided the basis for negotiation of environmental flow regimes on these systems. Even prior to the final deliberations of the Basslink Joint Assessment Panel, Hydro Tasmania has made a number of significant commitments towards the implementation of environmental flow regimes and regulation of hydro-peaking in these rivers.



Water Management Planning

Significant progress has been made in the implementation of the water management planning timeline provided to the NCC.

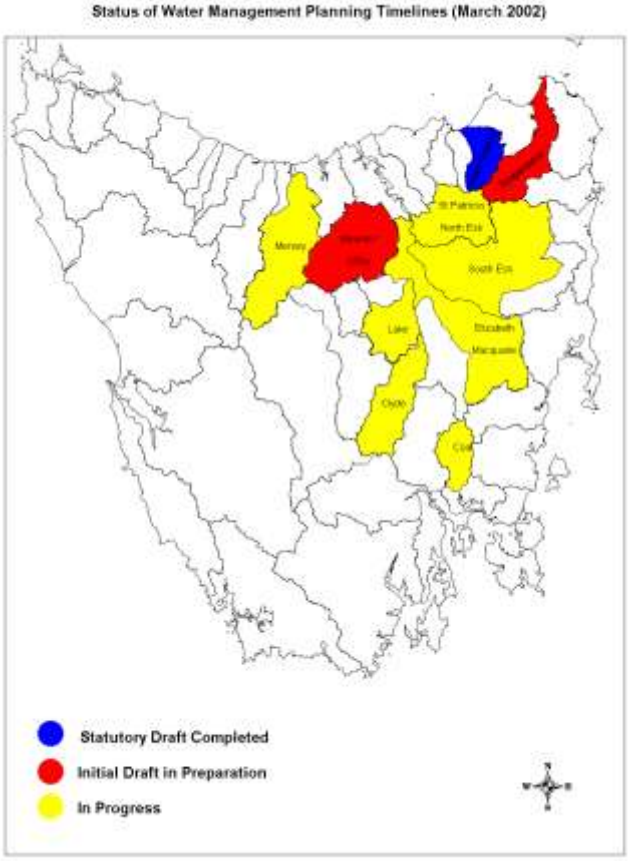
The major achievement for this year was the finalization of the draft *Great Forester Catchment Water Management Plan 2002* and its placement on public exhibition in January 2002. This is the first draft Water Management Plan to be exhibited in Tasmania under the Water Management Act and is therefore a significant milestone.

Current work status on the relevant Water Management Plans is listed in Table 5.6.

Table 5.6: Status of water management planning timelines for priority river systems

Catchment	Original timeline	Current work status
Great Forester River	December 2004	Draft Plan completed. Public exhibition period underway.
Lower Ringarooma River	December 2003	Preliminary draft plan in progress.
North Esk River	December 2005	Part complete
St Patricks River	December 2005	Part complete
Upper Ringarooma River	December 2003	As per Lower Ringarooma River.
Liffey River	December 2002	As per Meander River.
South Esk River	December 2004	Part complete
Meander River	December 2001	Preliminary draft Plan in progress. Two public workshops completed. The Meander Dam proposal has delayed finalisation of the draft Plan as the dam will have a major favourable impact on the ability to implement environmental flow provisions. A proposed draft Meander River Water Management Plan for the "with dam" scenario is included in the Development Proposal and Environmental Management Plan submitted to support the application for statutory approvals for the Meander Dam.
Elizabeth River	December 2002	Part complete
Macquarie d/s of Ross	December 2003	Part complete
Tooms River	December 2002	Part complete
Lake River and Macquarie below Lake River	December 2004	Part complete
Coal River	June 2004	Part complete
Clyde River	June 2005	Part complete
Lower Mersey River	December 2001	Part complete. Negotiations are underway with Hydro Tasmania as the major water user in this largely regulated river.
Upper Mersey River	December 2001	Part complete

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



Integrated approach to natural resource management

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

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

The objectives of the RMPS are to:

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

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

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

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

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

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

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

Within the RMPS Framework, the *State Policies and Projects Act 1993* provides for the making of State Policies. A State Policy is binding on any person and on State Government agencies, public authorities and planning authorities. 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 and the State's involvement in consultation with the Commonwealth, and 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 Tasmanian Natural Resource Management Framework. Following extensive consultation with stakeholders, the Framework was finalised in February 2002. The Framework covers issues such as administrative arrangements at State and regional level, proposed legislation, natural resource management principles and priorities and integration with existing relevant statutory and non-statutory instruments.

Over the past few years, a large number of catchment planning activities have been initiated, notwithstanding the absence of a formal overarching integrated catchment management policy or natural resource management 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 RMPS.

It is expected that these plans will form the basis of the regional natural resource management plans to be developed under the Tasmanian Natural Resource Management Framework and to be formally accredited under the proposed accreditation system being developed as part of the National Action Plan for Salinity and Water Quality. It is expected that these Plans will be completed by March 2003.

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 to 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.

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 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 National Strategy 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 National Stratagy. 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 National Strategy;
- the policy adopts the waste minimisation hierarchy promulgated in the National Strategy;
- the policy deals with groundwaters in accordance with the guidance set out in the National Strategy 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 National Strategy, e.g. the *Australian Water Quality Guidelines* and *Guidelines for Urban Stormwater Management*. Other National Strategy guidelines are expected to be applied in implementing other components of the policy.

Water quality monitoring

As part of its major infrastructure funding program, the State Government has committed $500 000 to the establishment of continuous water quality and quantity monitoring sites around Tasmania in the 2001-02 financial year. These sites will be based towards the bottom of catchments and provide the basis for regular indicator reporting and on-ground management decisions.

The establishment of such a system has been recommended within a draft State Water Quality Monitoring Strategy which also recognises the need for improved partnerships in monitoring and reporting of water quality information, the need to work more closely with Waterwatch as a key community group, the need to organise and improve access to data within a single State database and via the Internet. The new network will be fundamental to the delivery of National Action Program (Salinity and Water Quality) outcomes, as well as meeting the Tasmania *Together* benchmarks.

State of River reporting

Background

The Tasmanian Government commenced a program of State of River reporting in 1993 following a successful application for funding under the National Landcare Program. This project led to the completion of the State's first State of River Report for the South Esk Basin in 1996.

State of River reporting has evolved since that time and is now seen as a cost-effective way of providing fundamental information sets for the development of Water Management Plans and supporting catchment and natural resource management in Tasmania. State of River reports are also a major vehicle for providing water quality information for use in the implementation of the National Water Quality Management Strategy and the State of Environment reporting process.

State of River reports provide a catchment overview of water quality, river health, hydrology, water use and water allocations.

Priority Setting

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 flow priorities. For convenience the relevant parts of that matrix are included at Appendix D, columns one to seven.

Where there are equal priorities the level of interest and particularly contributions to improve the process can lead to State of River reports for particular areas being given priority. This has been the case in a number of instances where local councils and natural resource management groups have provided assistance and additional resources.

Since the State of River reporting process is now closely tied to the water planning process, it is clear that priorities for these processes (and environmental flows) will merge.

Progress to Date

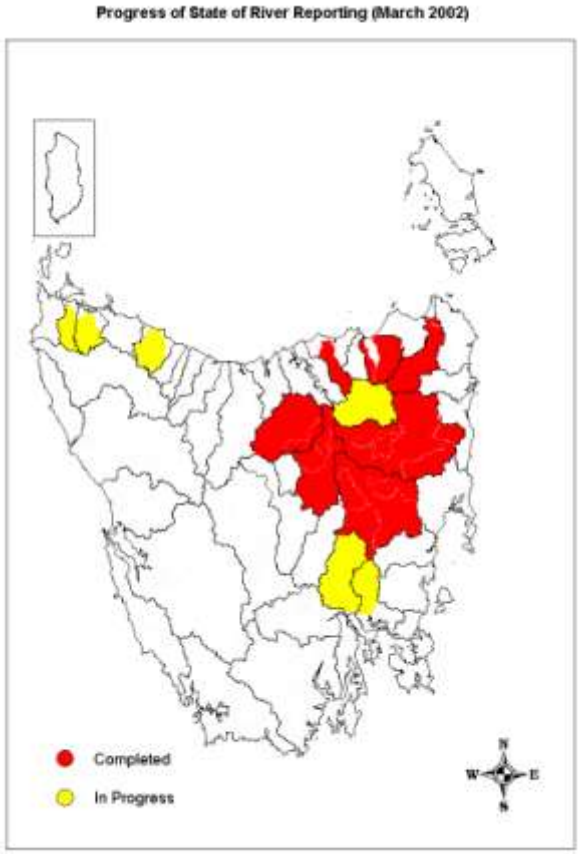
The map included below provides an overview of progress in State of River reporting in Tasmania. To date, seven reports have been completed and publicly released, while six further reports are in preparation. Monitoring for the six State of River catchments has been completed and final progress reports for each catchment sent out to the relevant stakeholder. The six State of River final reports that are in progress are due for completion by September-October 2002.

Linkages with water quality and other monitoring

The State of River process by its nature can only consider a limited number of catchments at any one time. This means that the results presented within the reports are a snapshot of the condition of a catchment during the study period. It will be necessary to undertake a review of condition in the future as another State of River report. At this stage it is envisaged that State of River reports will be completed approximately once every ten years.

As mentioned above State of River reports only provide a snapshot and do not allow the identification of trends in natural resource degradation. For this reason the State is currently implementing a baseline water quality network which will provide this information between State of River reports.

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, titled *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 natural resource management groups are now operating in the State, with catchment and natural resource management 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 two years 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 has demonstrated its commitment to further promoting catchment management through the preparation of the Tasmanian Natural Resource Management Framework.

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 Hobart metropolitan 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 road works. 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, has commenced a Natural Heritage Trust funded project, entitled 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 June 2002.

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. During 2001 the code was amended to tighten restrictions on clearing of forest trees.

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 obtained 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 re-use for irrigation or, where this is not feasible, disposal to rivers with insignificant environmental impact.

From 1999, funding was made available through the Clean Quality Water Program for capital works for sewage lagoon upgrades and re-use schemes and, up to March 2001, $3 534 601 was allocated to councils for 15 projects. From April 2001 to March 2002, a further eight projects were funded, totalling $2 169 000. These projects 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 LGAT 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 phone calls 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 initiated a new project, known as Community Access to Water Information, which commenced in May 1999 and is due for completion in September 2002. The aim of this project is to replace the present ad hoc system for communicating out-of-date water information with a user friendly water information system with a single access point. The key aims 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:

- metadatabase system of projects on the Internet;
- review and revision of existing water information products;
- creation of new water information products/reports;
- linkages with Waterwatch, Landcare, etc;
- promotion of material to schools, local government and the wider community;
- hardcopy publications; and
- co-ordinated delivery of water information via the Internet.

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

During 2001, a website was launched and is available to the public through the DPIWE Internet site.

A water projects metadatabase is still being developed and will link to a publications database. A series of Water Fact Sheets continues to be drafted covering a wide range of topics. Fact sheets are now also available in electronic format.

During 2001, significant progress was made with underlying database development and automation tools which has now allowed semi-automatic creation of regular reports on the status of the resource. The Water Information Resources and Electronic Data system (WIRED) is now live, providing electronic access to the State's water quantity and quality information. WIRED is accessible at http://www.wired.dpiwe.tas.gov.au and a link to this site is provided from within the DPIWE Internet site.

Public education

Schools program

Tasmania's formal water education program is principally conducted through the network of 20 regional Waterwatch coordinators who support education activities in 95 primary, secondary and tertiary institutions in Tasmania. 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 the Water Unit syllabus in 1993 before Waterwatch started. It has been extensively used by secondary colleges since. It contains guidelines on concepts to be taught, e.g. ecosystems, physical, chemical and biological parameters affecting aquatic ecosystems, impacts of pollution and management. It also lists criteria by which students should be assessed.

Waterwatch provides support and training to teachers to run the Water Unit (40 hours of work over seven to eight weeks) within the Environmental Science course. This course is taken by grade 12 students and is taught in most colleges and schools in Tasmania.

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 a 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 was further development and finalised and, during 2001, 12 courses were run for irrigators.

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 (20 were located around the State in 2000-01). 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. The State of Rivers reports, as described earlier, give 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 annual reporting requirements. Under the Local Government Regulations a council's annual report is to include a statement reporting on its plans in relation to domestic water supply. During 2001 a number of councils in the State have prepared and released educational material on water conservation and two part pricing.

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 (now Australian Transport Council (ATC)) to oversee the implementation of road transport reform.

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

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

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

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

In April 1995, the NCP Agreements linked competition payments to, among other conditions, the implementation of "agreed road transport reforms". 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 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;
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.

Transport reforms implemented since the 2001 Progress Report

Tasmania has successfully implemented all reforms contained in the third tranche assessment.

Progress since the previous report is detailed below and includes all reforms contained in the third tranche assessment.

Combined Vehicle Standards

The combined vehicle standards 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 supporting regulations commenced on 1 November 2001.

Australian Road Rules

The Australian Road Rules, which provide national road rules to be obeyed by all road users including drivers and passengers, pedestrians, riders of motor cycles, bicycles and people in charge of animals were introduced in Tasmania on 1 December 1999. These have been outlined in detail in previous Progress Reports.

Combined Bus and Truck Driving Hours

The combined bus and truck driving hours provide a nationally consistent basis for the management of fatigue amongst drivers of trucks and combination vehicles above 12 tonnes gross vehicle mass 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 legislation to provide for later policy provisions, to regulate weekly and fortnightly driving hours and to clarify chain of responsibility, were implemented during May 2001.

Consistent On-Road Enforcement for Roadworthiness

This reform provides high-level guidelines for the assessment of vehicle defects by enforcement officers, taking into account a vehicle's condition and its operating environment. Three levels of sanctions are included: 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

The second charges determination provided an update to charges for heavy vehicles (over 4.5 tonnes gross vehicle mass), 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

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 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 required amendment to local legislation or the introduction of permits or notices to allow the one tonne increase.

Amendments to local legislation to facilitate this reform were incorporated into the Tasmanian *Vehicle and Traffic (Vehicle Operations) Regulations 2001* which commenced on 1 January 2002.

Additional comments

In May 2000, the ATC approved a Third Heavy Vehicle Reform Package. The package comprises a comprehensive program of reform for the road transport industry to achieve safety, productivity and environmental objectives.

The purpose of the package is to build on the momentum of achievements of the national reform program to date and to respond to the significant growth in the road freight task forecast to occur over the next two decades.

The package contains 30 separate projects, grouped into the following nine major areas of reform:

1. Industry Sector Reforms
2. Performance-Based Standards
3. Driver Health and Fatigue

4. Load Restraint Guide
5. Heavy Vehicle Noise and Emissions
6. Compliance and Enforcement
7. Bus Productivity and Safety
8. Local Road Access
9. Code of Practice for Operators and Drivers

In addition to implementation of all reforms contained within the third tranche assessment, considerable progress has been made on the following reforms contained in the Third Heavy Vehicle Package:

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 currently in the development stage and Tasmania is actively participating with the NRTC and other jurisdictions in the development of this reform.

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. The package is currently in the development stage and Tasmania is actively participating with the NRTC and other jurisdictions in the development of this project.

Load Restraint Guide

The safe loading of vehicles is vitally important in preventing injury to people and damage to property. There are economic benefits to all if the load arrives at its destination intact and without damage. The Load Restraint Guide will achieve safer practice by providing drivers, owners, operators, freight consignors, vehicle manufacturers, equipment manufacturers and suppliers with the basic safety principles that should be followed to ensure the safe carriage of loads. Tasmania is actively participating with the NRTC and other jurisdictions in the development of the Guide. A draft is currently being assessed for preparation of a final draft for submission to the ATC for endorsement by July 2002.

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 package consists of a review of noise Australian Design Rules and standards for in-service diesel emissions and engine brake noise. A diesel National Environment Protection Measure was approved by Environment Ministers in June 2001. Tasmania is actively participating with the NRTC and other jurisdictions in the development and implementation of components of this reform.

Compliance and Enforcement

The compliance and enforcement module is seen as being essential to the ongoing administration of the final Road Transport Law package. The compliance and enforcement module deals with a range of matters, 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 have been agreed, drafting instructions for the general compliance and enforcement package completed and the first draft of the model provisions of the Compliance and Enforcement Bill forwarded for consideration by jurisdictions.

6 CONCLUSION

The Government has adopted an open and transparent approach both in applying the competition principles and also through its reporting obligations. 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 2002 include the completion of the Legislation Review Program and the continued implementation of the water industry reforms.

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

- *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.
- *Application of the Competitive Neutrality Principles under National Competition Policy*, Government of Tasmania, June 1996.
- *Application of the National Competition Policy to Local Government*, 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.

Public information papers

- *Community Service Obligation Policy and Guidelines for Local Government in Tasmania*, Department of Premier and Cabinet, November 2000.
- *Corporatisation Principles for Local Government Business Activities*, Department of Treasury and Finance, December 1998.
- *Extension of Part IV of the Trade Practices Act to all Businesses in Tasmania*, Department of Treasury and Finance, July 1996.
- *Full Cost Attribution Principles for Local Government*, Department of Treasury and Finance, June 1997.
- *Guidelines for Considering the Public Benefit Under the National Competition Policy*, Department of Treasury and Finance, March 1997.
- *Guidelines for Implementing Full Cost Attribution Principles in Government Agencies*, Department of Treasury and Finance, September 1997.
- *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.
- *Investigation into the Pricing Policies of Hobart Water, Esk Water and Cradle Coast Water*, Government Prices Oversight Commission, July 2001.

- *Investigation into the Pricing Policies of Hobart Water, North West Regional Water Authority and Esk Water*, Government Prices Oversight Commission, December 1998.
- *Monopoly Prices Oversight and the Tasmanian Government Prices Oversight Commission*, Department of Treasury and Finance, January 1996.
- *National Competition Policy Competitive Neutrality Principles Complaints Mechanism*, Government Prices Oversight Commission, February 1999.
- *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.
- *National Competition Policy Progress Report, May 2001*, Government of Tasmania, May 2001.
- *Report on the Cost-Effectiveness of Implementation of Two Part Pricing for Urban Water Supply Services in Tasmania*, Tasmanian Government, December 1999.
- *Tasmania's Reform Obligations and the New Financial Arrangements*, Department of Treasury and Finance, August 1995.
- *The Public Benefit Test for the Corporatisation of Local Government Public Trading Enterprises*, Department of Treasury and Finance, December 1998.
- *Urban Water Pricing Guidelines Consistent with the COAG Water Reforms for Local Government in Tasmania*, Government Prices Oversight Commission, October 1999.
- *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
AHMAC	Australian Health Ministers' Advisory Council
ATC	Australian Transport Council
Aurora	Aurora Energy Pty Ltd
CCA	Conduct Code Agreement
COAG	Council of Australian Governments
Code	*National Third Party Access Code for Natural Gas Pipeline Systems*
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
DPAC	Department of Premier and Cabinet
DPIWE	Department of Primary Industries, Water and Environment
Duke	Duke Energy International
EWA	Esk Water Authority
FAGs	Financial Assistance Grants
FCA	Full Cost Attribution
FT	Forestry Tasmania
GBE	Government Business Enterprise
GPOC	Government Prices Oversight Commission
IFC	Inland Fisheries Commission
HRWA	Hobart Regional Water Authority
LGAT	Local Government Association of Tasmania
LRP	Legislation Review Program
MAIB	Motor Accidents Insurance Board
Metro	Metro Tasmania Pty Ltd
NCC	National Competition Council
NCP	National Competition Policy
NEC	*National Electricity Code*
NECA	National Electricity Code Administrator
NEM	National Electricity Market
NEMMCO	National Electricity Market Management Company
NRTC	National Road Transport Commission

NTER	National Taxation Equivalent Regime
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
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
SFC	State Fire Commission
TAO	Tasmanian Audit Office
TAS	Tasmanian Ambulance Service
Tascorp	Tasmanian Public Finance Corporation
TER	State Taxation Equivalent Regime
T&F	Department of Treasury and Finance
TGEB	Tasmanian Grain Elevators Board
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 at 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 (this deadline has since been extended by COAG to 30 June 2002); 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 the 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 $11.2 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 7 of Budget Paper No 1 *Budget Overview 2002-03).* Tasmania has been advised that it will receive around $17.4 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 actual[3]	n.a.	n.a.	461.7	11.2
2001-02 estimate	n.a.	n.a.	733.3	17.4
2002-03	n.a.	n.a.	733.3	17.4
2003-04	n.a.	n.a.	733.3	17.4
2004-05	n.a.	n.a.	733.3	17.4
2005-06	n.a.	n.a.	733.3	17.4
2006-07	n.a.	n.a.	733.3	17.4

Notes:
1. Based on the following assumptions: a continuation of current national and State population growth rates 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 has not applied from 1 July 2000.

APPENDIX B

Legislation Review Program – Progress Report as at April 2002

This Appendix deals with the status of all legislation listed for review under the Government's Legislation Review Program (LRP). The Appendix does not include a number of agreement and taxation Acts that have been excluded from the requirements of the LRP.

Table A2: LRP Progress Report as at April 2002

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 was completed in 2001. The recommendations of this review, as they apply to Tasmania, have been endorsed by the Government and new legislation is being prepared to implement the recommendations.
Agricultural and Veterinary Chemicals (Tasmania) Act 1994	DPIWE	A national review was completed in 2001. The recommendations of this review, as they apply to Tasmania, have been endorsed by the Government and new legislation is being prepared to implement the recommendations.
Air Navigation Act 1937	DIER	The Productivity Commission's review of the International Air Services Agreement was completed in 1998. The Commonwealth Government issued a statement on international aviation policy in June 1999.
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	The review recommended that compulsory earmarking of cattle or sheep be removed. Following a reassessment of this recommendation by DPIWE in the light of recent events, these provisions were found to be in the public benefit.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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 has been completed. It recommended the removal of certain restrictions on artificial breeding and the requirement to advise the Chief Veterinary Officer of the conduct of artificial breeding businesses or training in artificial breeding programs. Cabinet has considered the review recommendations and they have been implemented through the *Animal Health Amendment Act 2001* that was assessed under the LRP gatekeeper requirements.
Animal Welfare Act 1993	DPIWE	A minor review of this Act has been completed and the existing restrictions on competition contained in the Act relating to the licensing of institutions engaging in animal research have been justified as being in the public benefit.
Apiaries Act 1978	DPIWE	A review of this Act has been completed and the Act was repealed by the *Legislation Repeal Act 2001*.
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, but is not yet proclaimed.
Architects Act 1929	DPAC	A national review was conducted by the Productivity Commission and was completed in August 2000 (publicly released November 2000). It involved public consultation via the public release of an issues paper, draft report, consultation, public hearings and receiving submissions. A state and territories working group is developing a national response to the review.
Auctioneers and Real Estate Agents Act 1991	DOJIR - OCAFT	This Act will be repealed and replaced by new legislation in the 2002 Spring session of Parliament.
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.*

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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 minor review of this Act has been completed. The restrictive provisions were assessed as being in the public benefit as part of the review of the *National Parks and Wildlife Act 1970*.
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.
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	This Act was to have been repealed following the proclamation of the *Rail Safety Act 1997*. The Government is currently considering options to ensure that third party access is guaranteed.
Business Names Act 1962	DOJIR - OCAFT	A minor review of this Act has been completed and the restrictive provisions were justified as being in the public benefit.
Casino Company Control Act 1973	T&F	This Act was repealed by the *Legislation Repeal Act 2000.*
Child Welfare Act 1960	DHHS	Parts of this Act were repealed by the *Children, Young Persons and Their Families and Youth Justice (Consequential Repeals and Amendments) Act 1998*. The remainder will be repealed on the commencement of relevant sections of the *Child Care Act 2001*.
Chiropractors Registration Act 1982	DHHS	This Act was repealed and replaced by the *Chiropractors and Osteopaths Registration Act 1997* that 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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Christ College Act 1926	DE	This Act will now not be repealed, following advice from the Christ College Board. The Department of Education is providing additional information on the reasons why this Act does not have any restrictions on competition.
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 that 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	The review has been completed and the resulting new legislation (the Security and Investigations Agents Bill), which was assessed under the LRP gatekeeper requirements, will be introduced in the 2002 Spring session of Parliament.
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* *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*.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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 has been completed and the review's steering committee has finalised and accepted the review report. Implementation of the recommendations is being progressed through the Ministerial Council and will be effected through amendments to template legislation in Queensland. Jurisdictions expect to receive the final amendments by 1 July 2002.
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	This Act was repealed by the *Co-operatives Act 1999*, that commenced in May 2000.
Corporations (Tasmania) Act 1990	DOJIR	A package of Tasmanian legislation was passed in 2001 as a result of the new Commonwealth *Corporations Act 2001*. The Commonwealth Office of Regulation Review assessed that no RIS was necessary.
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. The *Burial and Cremation Bill 2001* has been assessed under the LRP gatekeeper requirements, but not yet passed by Parliament.
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.
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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Dental Act 1982	DHHS	A new *Dental Practitioners Registration Act 2001* was passed in April 2001, removing some restrictions on practice and all specific restrictions on advertising, and clarifying that there are no restrictions on ownership. The remaining restriction, relating to the requirement to be registered, was assessed as being in the public benefit.
Devonport Airport (Special Provisions) Act 1980	DIER	This Act was repealed by the *Port Companies Act 1997*.
Dog Control Act 1987	P&C - LGO	This Act was replaced by the *Dog Control Act 2000* that received Royal Assent on 20 December 2000. It was assessed under the gatekeeper provisions.
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, including alternative regulatory arrangements.
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. The NCC has endorsed this decision.
Electricity Supply Industry Act 1995	T&F	The review recommendations are being considered by the Government.
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, and amended by the *Water Management Act 1999*.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Emu Bay Railway Act 1976	DIER	The Act has been replaced by the *Rail Safety Act 1997* which has now been proclaimed. This Act was initially introduced without complying with the LRP. A subsequent Minor Assessment Statement was endorsed as complying with the LRP.
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. All restrictions except one were found to be in the public benefit. The remaining restriction will be removed from the legislation in January 2003.
Evidence Act 1910	DOJIR	This Act was repealed by the *Evidence Act 2001* that was assessed under the LRP gatekeeper requirements as not restricting competition or having a significant negative impact on business. The new Act is to be proclaimed on 1 July 2002.
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 Government is considering the review group's recommendations. Any legislative reforms will be implemented in Spring 2002.
Fire Service Act 1979	SFC	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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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*, have been 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. The review recommended transfer of licensing of water rights to the *Water Management Act 1999*. This has been done.
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.
Forestry Act 1920	FT	A review of the Act was completed in 1998. It noted that minimum supply restrictions are anti-competitive and recommended simplifying the Act and removing certain conditions of wood supply agreements. The minimum supply restrictions were found to be of public benefit during the process to establish a Regional Forest Agreement. The Government accepted the review recommendations and removed all the restrictions other than the minimum supply levels, by way of the *Forestry Amendment (Miscellaneous) Act 1999*, which was assessed as complying with the requirements of the LRP.
Friendly Societies Act 1888	DOJIR	This Act has been repealed.
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 and restrictions contained in the Act were justified as being in the public benefit. The Government agreed to the recommendations of the review group. The review specifically excluded the 1997 Deed between the Crown and Australian National Hotels, an approach that was endorsed by the NCC.
Gas Franchises Act 1973	DIER	This Act has been repealed.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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 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*, was reviewed under the LRP and the restrictions were assessed as being in the public benefit.
Hairdressers' Registration Act 1975	DIER	An internal review of this Act has been completed and it will be repealed during 2002.
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 and a Bill to implement the recommendations is to be tabled in the 2002 Spring session of Parliament.
HIV/AIDS Preventative Measures Act 1993	DHHS	A minor review of this Act has been completed and the restrictive provisions have been justified as being in the public benefit. The restrictions relate to the licensing/approvals involved in areas associated with testing, counselling and treatment of AIDS sufferers.
Hobart Bridge Act 1958	DIER	This Act was repealed by the *Legislation Repeal Act 1996.*
Hobart Regional Water Act 1984	DPIWE	This Act was repealed on 1 January 1997. The repealing Act, the *Hobart Regional Water (Arrangements) Act 1996*, was assessed under the LRP gatekeeper requirements as not restricting competition or imposing a significant impact on business.
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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Hospitals Act 1918	DHHS	The review of the *Hospitals Act 1918* has been completed and the Government is considering the recommendations.
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 was repealed in April 2001.
Inland Fisheries Act 1995	DPIWE - IFC	A major review of this Act has been completed and the recommendations are to be implemented. The Bill is to be tabled in the 2002 Spring session of Parliament.
Iron Ore (Savage River) Agreement Act 1965	DIER	This Act has been repealed.
Iron Ore (Savage River) Arrangements Act 1996	DSD	The Act has not been repealed as previously indicated because the royalty regime referred to in the Act is still being applied. The Act will be repealed as soon as this issue is resolved.
Iron Ore (Savage River) Deed of Variation Act 1990	DIER	Repealed by the *Legislation Repeal Act 2001*.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Irrigation Clauses Act 1973	DPIWE	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry. It was amended by the *Water Management Act 1999* that was assessed under the LRP gatekeeper requirements and any restrictions were found to be in the public benefit.
Land Surveyors Act 1909	DPIWE	A major review of this Act has been completed and legislation will be introduced during the 2002 Spring session of Parliament 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 the recommended amendments were made through the *Land Use Planning and Approvals Amendment Act 2001*.
Land Valuation Act 1971	DPIWE	A major review of this Act, which incorporated the *Valuers Registration Act 1974*, has been completed and the Government has accepted the recommendations of the review. The *Valuation of Land Act 2001* and the *Land Valuers Act 2001* were passed by Parliament and replace these Acts. The new Acts were assessed under the LRP gatekeeper requirements and are due to be proclaimed prior to mid-2002 when the regulations are finalised.
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 has been completed and the Government is currently considering the recommendations of the review. The Standing Committee of Attorneys-General is progressing the adoption of uniform national laws for the legal profession.
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 is currently underway, with a RIS to be released in late April 2002.
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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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 1997*. 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 the amending legislation was passed by Parliament in late 2001, but is yet to be proclaimed.
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 has now been completed and by-law making power of councils has been removed, as recommended by the review.
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 were assessed under the LRP gatekeeper requirements as not restricting competition or imposing an impact on business.
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 to implement the recommendations of the review will be introduced in the 2002 Spring session.
Medical Act 1959	DHHS	This Act was repealed on 21 August 1996. The repealing Act, the *Medical Practitioners Registration Act 1996*, is included on the LRP timetable in place of a review of this Act.
Medical Practitioners Registration Act 1996	DHHS	A review of this Act has been completed and is soon to be considered by the Government.
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: LRP Progress Report as at April 2002 (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 was assessed under the LRP gatekeeper requirements as not restricting competition or imposing an impact on business.
Mineral Resources Development Act 1995	DIER	A major review of this Act has been completed and all restrictions have been justified in the public interest.
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. Tasmania is currently reviewing the outcome of the Victorian review of its CTP insurance.
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 been completed and the restrictive provisions regarding the commercial use of Crown land, trade in wildlife and wildlife exhibitions and displays have been justified as being in the public benefit.
North Esk Regional Water Act 1960	DPIWE	This Act was repealed by the *Northern Regional Water (Arrangements) Act 1997*.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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 as not restricting competition or imposing an impact on business.
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* has been repealed and replaced by the *Weed Management Act 1999* that was assessed 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 has been completed. Restrictions related to registration were assessed as providing a net community benefit as they provide information to the consumer. The restrictive provisions relating to advertising were removed by the *Nurses Amendment Act 1999*.
Optometrists Registration Act 1994	DHHS	A review of this Act has been finalised and recommendations are currently being drafted for consideration by the 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	A national review has been completed and endorsed by the Australia and New Zealand Minerals and Energy Council. Amendments are to be developed by the Commonwealth and reflected in state and territory legislation.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Petroleum Products Business Franchise Licences Act 1981	T&F	This Act was repealed as a result of the High Court ruling of August 1997 that states are unable to collect franchise fees.
Petroleum Products Emergency Act 1994	DOPPS	This Act has been removed from the LRP timetable. The legislation requires that any restrictions must be justified in the public benefit, therefore no further justification was considered necessary.
Pharmacy Act 1908	DHHS	The Commonwealth is undertaking a national review, in conjunction with a review of the Commonwealth's Community Pharmacy Agreement. This Act will be replaced by new legislation consistent with the national review outcomes, which will be assessed under the LRP gatekeeper requirements.
Physiotherapists Registration Act 1951	DHHS	This Act has been repealed and replaced by the *Physiotherapists Registration Act 1999*, which was assessed under the LRP gatekeeper requirements. Restrictions relating to registration were assessed as providing a net community benefit as they provide information to the consumer. Restrictions on ownership and advertising were removed from the new legislation.
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. The new Act was recognised as containing a restriction on competition, but this was justified in the public benefit as being for the purpose of preventing the introduction and spread of plant and animal pests and diseases.
Plant Protection Act 1994	DPIWE	The *Plant Protection Act 1994* was passed by Parliament in 1994, but not proclaimed. The Act was repealed and replaced by the *Plant Quarantine Act 1997*, which was assessed under the LRP gatekeeper requirements as not imposing an impact on business. Other restrictions were justified in the public benefit in relation to preventing the spread of plant and animal pests and diseases.
Plumbers and Gas-fitters Registration Act 1951	DIER	The review of this Act is complete. The Government is soon to consider the recommendations of the review group.
Podiatrists Registration Act 1974	DHHS	This Act was repealed on 1 July 1996. The repealing Act, the *Podiatrists Registration Act 1995*, is included on the LRP timetable in place of a review of this Act.
Podiatrists Registration Act 1995	DHHS	The review of this Act is complete. The advertising and ownership restrictions were removed from the Act in November 2000. All other restrictions were justified in the public benefit.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Poisons Act 1971	DHHS	A national review has been completed and the final review report is being considered by AHMAC. DHHS is drafting legislation to replace the *Poisons Act 1971* with two separate Bills dealing with licit drug use and illicit drug use. These Bills will be 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 minor review of this Act has been completed. The restrictive provisions were assessed as being in the public benefit as part of the review of the *National Parks and Wildlife Act 1970*.
Port Huon Wharf Act 1955	T&F	This Act 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 (*Psychologists Registration Act 2000*) has replaced the existing Act and has been assessed under the LRP gatekeeper requirements as having no restrictions and only minor impacts on business. The new legislation removes restrictions on advertising and reservation of practice, and streamlines complaints and administration procedures.
Public Health Act 1962	DHHS	This Act has been repealed and replaced by the *Public Health Act 1997* and the *Food Act 1998* which were assessed under the LRP gatekeeper requirements. The Commonwealth is consulting with the States on national reviews relating to food regulation, including a review of the Australia and New Zealand Food Authority Council Act and the Model Food Act.
Pulpwood Products Industry (Eastern and Central Tasmania) Act 1968	FT	This Act was repealed by the *Legislation Repeal Act 1995*.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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, and will be introduced into Parliament during 2002.
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, and will be introduced into Parliament during 2002.
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 were transferred to the Gaming Control Act in 2001 and were assessed under the LRP gatekeeper requirements. The *Racing and Gaming Act 1952* was subsequently renamed the *Racing Regulation Act 1952.*
Radiation Control Act 1977	DHHS	A national review has been completed, and new Tasmanian radiation control legislation is currently being drafted that will be assessed under the LRP gatekeeper requirements.
Radiographers Registration Act 1971	DHHS	This Act has been replaced by the *Medical Radiation Technologists Registration Act 1999*, which was assessed under the LRP gatekeeper requirements, and the minor restrictions justified in the public benefit.
Railway Management Act 1935	DIER	Legislation for the repeal of this Act has been passed by Parliament, but not proclaimed. The repealing legislation will be proclaimed before the end of 2002.
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 and concluded that the restrictions that related to limited access provisions should be retained because they are in the public interest. The recommendations have been accepted by the Government.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Rossarden Water Act 1954	DPIWE	This Act has been repealed by the *Water Management Act 1999,* which was assessed under the LRP gatekeeper requirements.
Rules Publication Act 1953	DOJIR	The restrictive provisions in this Act were repealed by the *Legislation Publication Act 1996* which was proclaimed in early 1998. The repealing legislation was assessed under the gatekeeper requirements as not restricting competition or impacting on business.
Sale of Condoms Act 1987	DHHS	A minor review of this Act has been completed. The Act has been 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	This Act was replaced by the *Dental Practitioners Registration Act 2001* which was assessed under the LRP gatekeeper requirements. Most restrictions on practice were removed, including the limit on public sector employment. The remaining restrictions relating to the requirement to be registered was assessed as being in the public benefit.
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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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	The *Shop Trading Hours Amendment Bill 2002* was introduced into Parliament in March 2002 to remove the restrictive provisions (refer page 8 of this report). This Bill was passed by both Houses of Parliament in April 2002.
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 following further assessment of the *Residential Tenancy Act 1997* and the *Public Health Act 1997* to ensure that these Acts can address the issues currently regulated by the *Substandard Housing Control Act 1973*.
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 which are due to be introduced during the 2002 Spring session of Parliament.
Tasmanian Government Insurance Act 1919	T&F	This Act has been repealed.
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 and Luxury Hire Car Industries Act 1995 (*formally the *Taxi Industry Act 1995)*	DIER	A major review of this Act has been completed and the Government is soon to consider the review group's recommendations, and will implement any legislative reforms in Spring 2002.
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*.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
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 has been replaced by the *Therapeutic Goods Act 2001*. This legislation was assessed under the LRP gatekeeper requirements as not restricting competition or impacting on business.
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 restrictive provisions were justified as being in the public benefit.
Tobacco Business Franchise Licences Act 1980	T&F	This Act was repealed as a result of the High Court ruling of August 1997 that States are unable to collect franchise fees.
Tobacco Products (Labelling) Act 1987	DHHS	This Act was repealed by the *Public Health Act 1997*.
Traffic Act 1925	DIER	This Act has been substantially reviewed in terms of the restrictive provisions of Part III, by the independent Committee of Review into Public Vehicle Licensing in Tasmania, chaired by Mr David Burton (the "Burton Review"). The anti-competitive provisions in Part III were replaced by the *Passenger Transport Act 1997*, the *Passenger Transport (Consequential and Transitional) Act 1997* and the *Traffic Amendment (Accreditation and Miscellaneous) Act 1997*. All these Acts were assessed as complying with the requirements of the LRP.
Travel Agents Act 1987	DOJIR - OCAFT	A national review, coordinated by Western Australia, has commenced.
Trustee (Insured Housing Loans) Act 1970	T&F	This Act was repealed by the *Trustee Amendment (Investment Powers) Act 1997* that was assessed under the LRP gatekeeper requirements as not restricting competition or imposing a significant negative impact on business.
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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Trustee Banks Act 1985	T&F	This Act was repealed by the *Trust Bank Sale Act 1999* and was assessed as not restricting competition or imposing a significant negative impact on business.
Trustee Companies Act 1953	DOJIR	A national review of trustee companies legislation being undertaken by SCAG is currently being finalised. Further negotiations in relation to an appropriate regulatory model are being progressed through the Ministerial Council.
TT-Line Gaming Act 1993	T&F	A minor review of this Act has been completed. Restrictions in the Act were determined as being in the public benefit.
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	This Act was reviewed with the *Land Valuation Act 1971*. The review is complete and new legislation has been passed to replace these Acts, but is yet to be proclaimed.
Van Dieman's Land Company's Waratah and Zeehan Railway Act 1895	DIER	This Act was to have been repealed following the proclamation of the *Rail Safety Act 1997*. The Government is currently considering options to ensure that third party access is guaranteed.
Van Dieman's Land Company's Waratah and Zeehan Railway Act 1896	DIER	This Act was to have been repealed following the proclamation of the *Rail Safety Act 1997*. The Government is currently considering options to ensure that third party access is guaranteed.
Van Dieman's Land Company's Waratah and Zeehan Railway Act 1948	DIER	This Act was to have been repealed following the proclamation of the *Rail Safety Act 1997*. The Government is currently considering options to ensure that third party access is guaranteed.
Vermin Destruction Act 1950	DPIWE	This Act was replaced by the *Vermin Control Act 2000*, which was assessed under the LRP gatekeeper requirements as not restricting competition or impacting on business.
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.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Veterinary Surgeons Act 1987	DPIWE	A minor review of this Act has been completed and amendments have been drafted to implement the recommendations of the review. The Bill will be introduced in the 2002 Spring session of Parliament.
Vocational Education and Training Act 1994	DE	A major review of this Act has been completed. The Government is soon to consider the review 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, and any restrictions justified in the public benefit.
Waterworks Clauses Act 1952	DPIWE	This Act was reviewed as part of the implementation of the COAG reform agenda for the Australian water industry. It was amended by the *Water Management Act 1999* that was assessed under the LRP gatekeeper requirements and any restrictions were found to be in the public benefit.
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 has been repealed and replaced by State-based uniform trade measurement legislation, the *Trade Measurement Act 1999*, which was assessed under the LRP gatekeeper requirements. Any restrictions in the 1999 legislation were assessed as being in the public benefit. A national review of trade measurement legislation is nearing completion.
Wellington Park Act 1993	DPIWE	A minor review of this Act has been completed. The restrictive provisions were assessed as being in the public benefit as part of the review of the *National Parks and Wildlife Act 1970*.
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. It was amended by the *Water Management Act 1999* that was assessed under the LRP gatekeeper requirements and any restrictions were found to be in the public benefit.
Whales Protection Act 1988	DPIWE	A minor review of this Act has been finalised and all restrictions justified in the public benefit.
Workers' (Occupational Diseases) Relief Fund Act 1954	DIER	The restriction on competition initially identified was removed by the *Workers' Compensation Legislation Amendment Act 1993* on 1 February 1994. This Act was subsequently removed from the LRP timetable.

Table A2: LRP Progress Report as at April 2002 (continued)

Primary Act	Agency	Status
Workers' Rehabilitation and Compensation Act 1988	DIER	The Tasmanian Parliament established a Joint Select Committee to examine the further reform of this legislation. The Committee submitted its final report in May 1998. Minor amendments were recommended, mainly in relation to the design of the scheme. These have been passed by Parliament. In 2000, the NCC subsequently advised that no further review of this legislation was required.
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. The *Workplace Health and Safety Act 1995* is consistent with occupational health and safety legislation in all other jurisdictions and gives effect to Ministerial decisions on national uniformity. Any restrictions in the Act were also addressed by the RIS prepared in relation to the *Workplace Health and Safety Regulations 1998*.
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 Appendix 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 2001

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	Fully outsourced.
	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 2001 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
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 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". This includes certain child care facilities and the operation of student hostels which has been recognised as a SBA by GPOC. These schools generally charge hire fees based on commercial rates, with possible allowance made for facility use out of normal hours, which has positive community and site security benefits.
	Teacher Residences	The Department rents a number of teacher residences to employees in remote locations of Tasmania. The management of the residences has now been devolved to the Department and rentals previously set by the State Government Rental Committee are now determined by the Department. While rentals are based on market valuation, rentals for Departmental employees are generally below this level, taking into account existing tenancy arrangements and also the teacher transfer/employment policy. Teacher residence rental remains the subject of ongoing review.
Tasmanian Audit Office	Financial Audits	Competitive neutrality principles have been fully implemented since 1 July 1997.
Department of Premier and Cabinet	*Service* Tasmania	A FCA study has been completed in accordance with competitive neutrality principles. Having regard for the social policy objective of extending government services to within the reach of rural Tasmania, service delivery fees charged to external partners (local government, Commonwealth agencies, Government Business Enterprises and Westpac) are based on market prices or avoidable costs, whichever are higher.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2001 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
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 a number of stages. The first stage, which has been completed, identified the commercial and non-commercial objectives and functions of both Tourism Tasmania and Tasmania's Temptations Holidays. The second stage involves undertaking a full cost attribution study for Tasmania's Temptations Holidays in order to determine the full cost of Tourism Tasmania functions. The timeframe for completion of this stage has been extended to take account of changes to the business structure. The outcome of this study will determine what action is then required with regard to quantifying (and making explicit) the subsidy allocated to Tasmania's Temptations Holidays for non-commercial functions and a public benefit test to determine whether the corporation of Tourism Tasmania is in the public interest.
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. The future operation of Prison Industries is being considered in the context of a funding review of the Department of Justice and Industrial Relations.
Department of Police and Public Safety	No SBAs identified	

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2001 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
Department of Health and Human Services	*Public Housing*	
	Housing maintenance	Housing Tasmania is in the process of updating property maintenance arrangements. The expectation is that the existing 58 maintenance contracts will be rolled up into 22 'head' contracts. 'Head' contractors will take over responsibility for sub-contracting work to various trades people and the general management of maintenance jobs. This arrangement is to commence 1 July 2002.
	Transfer public housing stock to non-Government sector	The transfer of public housing stock to Red Shield Housing and housing co-operatives was completed in mid-2001.
	Hospital Services	
	'Hotel' services – laundry, cleaning etc	Continuous improvement in food services production and service delivery has resulted in a reduction in meal costs and the ratio of staff per meal production. An internal review of food services at the three major public hospitals has recently been undertaken and is currently being considered.
	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 with the involvement of KPMG and Treasury in the FCA study. New fees for compensable ambulance transports have been implemented in accordance with the FCA analysis following new fee regulations. A public benefit assessment will determine whether the competitive neutrality principles should apply to TAS's patient transport services in Southern Tasmania and this is progressing with external involvement of KPMG.
	Community and Rural Health	
	St Mary's District Hospital – service delivery	Stubbs Contracting completed the redevelopment of this Government-owned facility in April 2001.
	Huon District Hospital	Operation of this facility was transferred to Huon Eldercare in January 2001.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2001 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Royal Derwent Hospital / Willow Court Centre facilities	The new (Mental Health) Millbrook Rise, Liverpool, Tolosa and Campbell Streets facilities, progressively occupied from January 2001, were financed, built and owned by the private sector and continue to operate under a 15 year operating lease arrangement. The new Mental Health, Psychiatric Intensive Care Unit, located within the Royal Hobart Hospital, opened in mid-October 2001. This Unit was financed by the State Government (including proceeds from the Royal Derwent Hospital site sale) and built by the private sector. It is Government-owned and operated. The Disability Services group homes, built by the private sector and owned by Housing Tasmania, continue to operate under a direct tenancy agreement with clients. Approval has been obtained to transfer the management of three shared homes to the non-government sector through a 'Request for Proposals' process.
	Aged Care Beds	A decision has been made to transfer 11 residential aged care beds from New Norfolk District Hospital to the privately-owned Corumbene aged care facility.
	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.
	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.
	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.
	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 SBAs.	All previously identified SBAs have been outsourced to the private sector.

APPENDIX D

Table A4: Environmental flows/water for ecosystems impact matrix and progress against NCC timelines

Catchment	Water development priority	Water quality priority	Water use priority	Instream ecology priority	Estuary conservation status	Industry Priorities	NCC priority	NCC timeline	March 2002 work status
Brid River	H	3	H	5	Degraded	Irrigation	1	August 1999	Completed
Elizabeth River	H	1	H	5	Critical	Hydro Tasmania	1	July 1999	Completed
Esperance River	L	4	H	3	Moderate	Industry	1	n/a	Completed
Great Forester River	H	3	H	5	Degraded	Irrigation	1	November 1999	Completed
Liffey River	H	1	H	5	Critical	Hydro Tasmania	1	August 1999	Completed
Macquarie River	H	1	H	5	Critical	Hydro Tasmania	1	December 1999	Completed
Meander River	H		H	5	Critical	Hydro Tasmania	1	n/a	Completed
North Esk River	H	1	H	5	Critical	Water supply	1	August 1999	Completed
Pipers River	H	3	H	5	Moderate	Irrigation	1	August 1999	Completed
St Patricks River	H	1	H	5	Critical	Water supply	1	August 1999	Completed
Tooms River	H	1	H	5	Critical	Hydro Tasmania	1	July 1999	Completed
Upper Mersey River	H	5	H	5	Badly degraded	Hydro Tasmania	1	n/a	Completed
Upper Ringarooma River	H	4	M	6	High	Irrigation	1	August 1999	Completed
South Esk River	H	1	H	5	Critical	Hydro Tasmania	1	n/a	Completed
Ansons River	L		L	5	Moderate	Irrigation	2	March 2000	Completed
Boobyalla River	H		L	5	High	Irrigation	2	March 2000	Completed
Clyde River	H	6	H	1	Moderate	Industry	2	June 2000	Completed
Duck River	H	2	M	1	Degraded	Irrigation	2	December 2000	Completed
George River	L	3	L	5	Degraded/Moderate	Water supply	2	March 2000	Completed
Great Musselroe River	H		L	5	Moderate	Irrigation	2	March 2000	Completed
Lower Mersey River	H	5	H	5	Badly degraded	Hydro Tasmania	2	March 2000	Completed
Lower Ringarooma River	H	3	M	5	High	Irrigation	2	June 2000	Completed
Little Forester River	M		M	5	Moderate	-	2	June 2000	Completed

Catchment	Water development priority	Water quality priority	Water use priority	Instream ecology priority	Estuary conservation status	Industry Priorities	NCC priority	NCC timeline	March 2002 work status
Little Musselroe River	H		L	5	High	-	2	August 2000	Completed
Mountain River	H	4	H	1	Moderate	Irrigation	2	March 2000	Completed
Nichols Rivulet	H	4	H	5	Degraded	Water supply	2	September 2000	Completed
Tomahawk River	H		L	5	Moderate	-	2	June 2000	Completed
Blythe River	H	2	M	2	Degraded	Industry	3	December 2001	Completed
Browns River	L	4	M	5	Moderate	-	3	December 2001	Completed
Cam River	H	2	M	1	Badly degraded	Water supply	3	December 2001	Completed
Coal River	H	6	H	1	Degraded	Industry	3	Revised to August 2003	Fieldwork completed
Emu River	H	2	M	1	Badly degraded	Industry	3	December 2001	Completed
Leven River	H	5	L	1	Badly degraded	Irrigation	3	Revised to September 2003	Part complete
Little Swanport River	H	6	M	2	Moderate	Irrigation	3	June 2001	Completed
Montagu River	H	2	M	1	Moderate	Irrigation	3	Revised to December 2003	Part complete
North West Bay Rivulet	H		H	2	Badly degraded	Irrigation	3	March 2001	Completed
Rubicon River	H	5	H	5	Degraded	Irrigation	3	Revised to June 2002	Under analysis
Swan River	H		H	5	High	Irrigation/Water supply	3	June 2001	Completed
Welcome River	H	2	M	1	Moderate	-	3	Revised to December 2003	Some field work completed
Derwent River	M	6	H	5	Moderate	Hydro Tasmania	4	Revised to June 2002	Some field work and analysis completed
Forth River	H	5	L	5	Degraded	Hydro Tasmania	4	June 2006	
Gordon River	L	8	H	5	Moderate	Basslink	4	June 2003	Completed
Jordan River	H		H	1	Moderate	Irrigation	4	To be revised	Current approach to determining environmental flows is not valid. Waiting on advice from consultant as to appropriate method.
Lake River	H		H	1	Critical	Hydro Tasmania	4	June 2004	Part complete
Ouse River	H	6	H	5	Moderate	Hydro Tasmania	4	June 2006	Some field work completed
Apsley River	L	6	M	2	High	Irrigation	n/a	n/a	
Arthur River	L	7	L	5	High	-	n/a	n/a	

Catchment	Water development priority	Water quality priority	Water use priority	Instream ecology priority	Estuary conservation status	Industry Priorities	NCC priority	NCC timeline	March 2002 work status
Black River	M		L	2	Critical	Irrigation	n/a	n/a	Field work completed
Claytons Rivulet	H		H	5	Degraded	Irrigation	n/a	n/a	Completed
Curries River	M		L	5	Degraded	Water supply	n/a	n/a	
Davey River	L	8	L	5	Critical	n/a World Heritage Area	n/a	n/a	
Dee River	L		L	5	Moderate	Hydro Tasmania	n/a	n/a	Field work completed
Denison River	L	8	L	5	Moderate	n/a World Heritage Area	n/a	n/a	
Detention River	M		L	2	Moderate	Industry	n/a	n/a	Field work completed
Flinders Island	L	3	L	5	High	-	n/a	n/a	
Floretine River	M	6	L	5	Moderate	Hydro Tasmania	n/a	n/a	
Flowerdale River	M	2	L	2	Badly degraded	Irrigation	n/a	n/a	
Franklin River	L	8	L	5	Moderate	n/a World Heritage Area	n/a	n/a	
Hellyer River	H	7	L	5	High	Industry	n/a	n/a	
Henty River	L	7	L	5	High	Hydro Tasmania	n/a	n/a	
Huon River	M	4	L	2	Moderate	Industry	n/a	n/a	
Huskisson River	L	7	L	5	Moderate	-	n/a	n/a	
Inglis River	M	2	L	1	Badly degraded	Irrigation	n/a	n/a	Field work completed
Kermandie River	L	4	L	5	Moderate	Industry	n/a	n/a	
King Island	L	2	M	5	Moderate/Yarra Degraded	-	n/a	n/a	
King River	L		L	5	Degraded	Basslink	n/a	n/a	Completed
Little Henty River	L	7	L	5	Moderate	-	n/a	n/a	
Lune River	L		L	5	Moderate	-	n/a	n/a	
Lyons River	L		L	5	High	-	n/a	n/a	
MacClaines Creek	L		L	3	Degraded	Water supply	n/a	n/a	
MacIntosh River	L	6	L	5	Moderate	Hydro Tasmania	n/a	n/a	
Meredith River	M	6	M	3	Degraded	Irrigation	n/a	n/a	
Murchison River	L		L	5	Moderate	Hydro Tasmania	n/a	n/a	
New River	L		L	5	Critical	-	n/a	n/a	
Nile River	H		M	2	Critical	Hydro Tasmania	n/a	n/a	
Nive River	L		L	5	Moderate	Hydro Tasmania	n/a	n/a	
Orielton Rivulet	M		M	3	Degraded	Irrigation	n/a	n/a	
Picton River	L	4	L	4	Moderate	n/a World Heritage Area	n/a	n/a	

Catchment	Water development priority	Water quality priority	Water use priority	Instream ecology priority	Estuary conservation status	Industry Priorities	NCC priority	NCC timeline	March 2002 work status
Pieman River	L	7	L	5	Moderate	Hydro Tasmania	n/a	n/a	
Pipers Brook	H		M	5	Moderate	Irrigation	n/a	n/a	
Plenty River	H		M	2	Moderate	Irrigation	n/a	n/a	
Prosser River	L	6	L	2	Degraded	Water supply	n/a	n/a	
Quamby Brook	H		M	5	Critical	Hydro Tasmania	n/a	n/a	
Rapid River	L		L	5	High	-	n/a	n/a	
Russell River	M		M	5	Moderate	Industry	n/a	n/a	
Samphire Creek	L	3	L	5	Moderate	Irrigation	n/a	n/a	
Sandspit River	L		L	3	n/a	-	n/a	n/a	
Savage River	H	7	L	5	Moderate	Industry	n/a	n/a	
Scamander River	L	3	L	2	Degraded	Water supply	n/a	n/a	
Shannon River	H		M	5	Moderate	Hydro Tasmania	n/a	n/a	
Snug River	L	4	L	5	Moderate	-	n/a	n/a	
South East River	L		M	5	Moderate	-	n/a	n/a	
Southern Rivers	L		L	5	Louisa River Critical, Cockle Creek Moderate, remainder High	-	n/a	n/a	
St Pauls River	H	1	M	3	Critical	Hydro Tasmania	n/a	n/a	Part complete
Stanley River	L		L	5	Moderate	n/a World Heritage Area	n/a	n/a	
South West Rivers	L		L	5	Mulcahy River High, Giblin River High, Lewis River High, Mainwaring River High, Spero River High, Hibbs Lagoon High	n/a World Heritage Area	n/a	n/a	

Source: DPIWE