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1 INTRODUCTION

OVERVIEW

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

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

This is the seventh NCP Progress Report released by the Tasmanian Government. It outlines the State's progress in applying NCP principles as at 31 December 2002, and later in cases where significant progress has been made. Copies of this report and the May 2002 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.

Over the past year, Tasmania has achieved a number of major milestones including the deregulation of shop trading hours, confirmation of Basslink and the successful passage through Parliament of the legislation to bring Tasmania into the National Electricity Market.

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 2002, 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 2002-03 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 has made good progress in the implementation of the legislative review timetable and all of the State's scheduled reviews have now been completed. Any outstanding changes arising from the reviews will be implemented 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 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).

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 of legislation that restricts competition, to ensure that the Government retains only 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.

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 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.

All of the scheduled State reviews have now been completed, a total of 83 reviews (representing 33 per cent of all timetabled legislation). Of these, seven are yet to be considered by the Government, namely the:

- *Optometrists Registration Act 1994;*
- *Plumbers and Gasfitters Registration Act 1951;*
- *Auctioneers and Real Estate Agents Act 1991*;
- *Taxi and Luxury Hire Car Industries Act 1995;*
- *Hospitals Act 1918*; and
- *Legal Profession Act 1993*.

At the time of publication, the recommendations arising from the review of the *Taxi and Luxury Hire Car Industries Act 1995* were before Cabinet awaiting a decision.

A further six have been considered by Government but are yet to be implemented legislatively. These include the *Liquor and Accommodation Act 1990*, the *Building and Construction Industry Training Fund Act 1990*, the *Medical Practitioners Registration Act 1996*, the *Egg Industry Act 1988*, the *Historic Cultural Heritage Act 1995* and the *Vocational Education and Training Act 1994*.

Table 2.1: Progress with LRP timetable July 1997 – April 2003

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	As at April 2003
State reviews							
Yet to commence	153	54	38	5	0	0	0
In progress	13	18	23	23	12	3	0
Complete	….	9	16	51	58	70*	77*
Complete (but to go to Cabinet)	….	5	5	8	16	10	6
Removed or excluded	16	29	29	34	35	32	36
Repealed	31	47	60	77	89	109	112
Expected to be repealed	23	66	56	43	31	15	7
Deferred	6	14	17	0	0	0	0
TOTAL STATE REVIEWS	**242**	**242**	**244**	**241**	**241**	**239**	**238**
National reviews							
Underway	n/a	n/a	n/a	n/a	n/a	5	6
Complete	n/a	n/a	n/a	n/a	n/a	9	9
TOTAL NATIONAL REVIEWS	**11**	**11**	**9**	**12**	**12**	**14**	**15**
TOTAL	**253**	**253**	**253**	**253**	**253**	**253**	**253**

Source: Department of Treasury and Finance

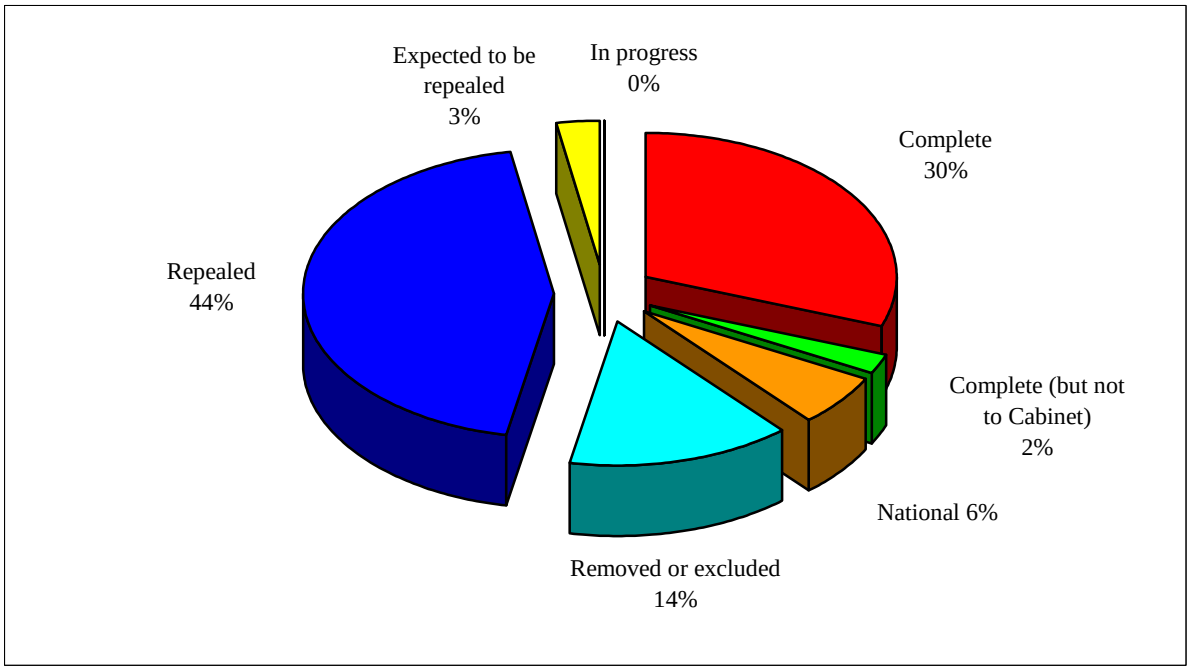
* Includes six reviews whose recommendations are yet to be implemented.

There are currently 15 reviews classified as national, representing only six 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. Of the national reviews, six are currently underway that may lead to legislative amendments. See page 11 for details.

A total of 148 Acts have been either removed or excluded from the legislation review timetable or have been repealed. These categories of legislation represent 58 per cent of all timetabled legislation. A further 7 Acts are expected to be repealed in the near future, representing 3 per cent of all timetabled legislation.

The status of the LRP timetable during the course of each of the six previous Progress Reports, together with its status at 30 April 2003, is set out in Table 2.1 above and a breakdown of the status of the reviews as at 30 April 2003 is set out in Chart 2.1. LRP progress according to the Acts listed for review is outlined in Appendix B.

Chart 2.1: Status of LRP reviews as at 30 April 2003



Source: Department of Treasury and Finance

Major reviews

As mentioned previously, a review of existing legislation is considered to be major where it has economy-wide implications, or where it significantly affects a sector of the economy (including consumers). Details of some 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 several changes to the Act, the principal ones of which were as follows:

- the introduction of a new process to increase the number of 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 at 8 years in urban areas and 10 years in rural areas.

Legislation arising from Cabinet's consideration of the review recommendations is expected to be tabled before July 2003.

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 required 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, the Government 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 and shop trading hours in Tasmania have been deregulated from 1 December 2002. No council has sought to hold a plebiscite to reimpose the restrictions on shop trading hours.

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 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 recommendations are being considered by the Government in light of the agreement of Attorneys-General in March 2003 for the preparation and adoption of uniform national laws for the legal profession. A legislative package addressing the recommendations of the review of the Legal Profession Act and adoption of the uniform national laws is expected before the end of 2003.

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.

The final report of the Review Group was presented to the Government in late 2001. This review examined the restrictions on competition contained in the ESI Act, within the context of the existing structure of the electricity supply industry in Tasmania at that time. In this regard, the Review Group noted that it was required to undertake the review focusing on the existing market structure and on the (somewhat unrealistic) assumption that it would continue, effectively ignoring the implications of Tasmania joining the National Electricity Market (NEM) as this would require major new legislation and significant amendment of the Act. In addition, the Review Group noted that NEM entry would make a number of recommendations redundant. Within this context, the Review identified a number of restrictions on competition and impediments to business within the ESI Act and made a number of recommendations aimed at addressing these restrictions.

The Basslink project has now gained the necessary approvals, and financial close occurred in November 2002. Construction has commenced and it is envisaged that Tasmania will enter the NEM in May 2005, six months ahead of the commercial operation of Basslink.

The *Electricity Supply Industry Amendment Bill 2003*, which completed its passage through the Tasmanian Parliament in April 2003, establishes the framework required to facilitate Tasmania's entry to the NEM and provides for the introduction of retail contestability over four years, commencing six months after Basslink is commissioned. The ACCC has authorised the market arrangements, including the rollout of retail contestability.

Accordingly, the review recommendations have either been implemented or made redundant.

Liquor and Accommodation Act 1990

The review of this Act was completed in December 2002. The review was conducted by an independent Review Group, supported by a reference group comprising major stakeholders in the industry. The review examined 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 was the restrictions imposed by the 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 enacted in May 2002 has also been included as part of the overall review of the Act. This legislation is yet to commence operation.

The Review Group completed and released a RIS for public comment in August 2002 which included the following draft recommendations.

- Recommendation 1 – that a statement of objectives be included in the Act.
- Recommendation 2 – that the nine-litre limit be removed and that off-licences premises are no longer required to have the sale of liquor as their principal activity.
- Recommendation 3 – that the Good Friday trading restrictions be removed.
- Recommendations 4 and 5 – that the existing liquor licence and permit system be maintained.
- Recommendation 6 – that the prohibition on supermarkets selling liquor be removed and if not, that they be permitted to sell Tasmanian wine.
- Recommendation 7 – that the 'personal and effective' control requirements contained in Section 22(1)(b)(ii) be amended to require 'effective control' over the licensed premises.
- Recommendation 8 – that the requirement that the Commissioner or the Board approve an application only if it is in the public interest and will "…best aid and promote the economic and social growth of Tasmania … [having] … regard for the legitimate interests and concerns of the community as a whole", be repealed;
    - that the Licensing Board be abolished; and
    - that the Liquor Guidelines cease to have effect and the Act be amended where necessary.
- Recommendation 9 – that the age at which a person may obtain a licence be reduced from 21 to 18 years and that the 'fit and proper person' requirements be retained.
- Recommendation 10 – that the only alterations to premises requiring the prior approval of the Commissioner be restricted to only those alterations that result in an addition to, or reduction in, the area of the premises.
- Recommendation 11 – that the accommodation licensing scheme be abolished.
- Recommendation 12 – that the requirement in the Amendment Act to prepare a strategic plan, be repealed.

- Recommendation 13 – that the requirement in the Amendment Act that applicants demonstrate sound commercial principles, be repealed.
- Recommendation 14 – that the expanded Licensing Board, as established by the Amendment Act, not proceed.
- Recommendation 15 – that the restrictions applying to licensed clubs be maintained and that options be considered to remove reference to "conditions specified in the licence" and to incorporate Schedule 1 of the existing guidelines into clubs' constitutions.
- Recommendation 16 – that the definition of 'licence applicant' be expanded to include known associates, in line with the requirements imposed under the Gaming Control Act.
- Recommendation 17 – the definition of qualifications be expanded to include competencies through experience and that it be a condition of issuing a licence that all staff serving alcohol in general, club, on and off-licence establishments are trained in the Responsible Serving of Alcohol (RSA), with such requirements for special licences to be assessed upon application.

The Government has considered the final report and intends to introduce amending legislation in the Budget sittings of 2003. Several amendments relate to regulatory design or enhance harm minimisation measures in the Act. The Government carefully considered the provisions in the legislation that restrict competition and, where it found no net public benefit in retaining the restrictions, it decided to remove them. In the case of the most significant restriction, that supermarkets and other non-liquor retailers not be permitted to sell liquor, the Government found that the costs in terms of social, health and economic consequences outweigh the benefits in terms of convenience and commercial freedom for supermarkets.

The decisions taken by the Government that will have the most significant competition implications are:

- the maintenance of the existing liquor licence and permit system;
- the retention of the prohibition on the sale of liquor by supermarkets and the 'principal activity' requirement;
- the retention of a limited licensing scheme for tourist accommodation;
- the removal of the nine-litre restrictions and operating hours for off-licences;
- the removal of the restrictions on the sale of liquor on Good Friday;
- the removal of restrictions on the alteration and condition of licensed premises;
- the insertion of provisions to enable a person who is not a member of a club to sign into a club and, subject to the club's constitution, have unrestricted access to its facilities, provided the person ordinarily resides at least 5 kilometres from the club's premises;
- the insertion of provisions to enable bona fide not-for-profit organisations to access a club's bar facilities for meetings and functions, subject to the club's constitution, without the need to apply for a liquor permit;
- the removal of the requirement that the Minister prepare a strategic plan in respect of the sale of liquor; and
- the retention of provision requiring the Commissioner or the Board, as the case may be, to grant a licence or permit only if it is in the best interests of the community to do so.

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.

The legislation was amended in 1999 to clarify the MAIB's power to enter into arrangements only for reinsurance.

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. The CTP scheme in Victoria is very similar to the scheme in Tasmania.

Tasmania has considered the findings and recommendations of the Victorian review, which recommended the maintenance of compulsory contributions, the statutory monopoly and that responsibility for premium setting should remain with the Transport Accidents Commission. The Victorian Government supports the recommendations. The Government has decided that, following an examination of the results of the Victorian review, no further amendments to the Motor Accidents (Liabilities and Compensation) Act are required.

Egg Industry Act 1988

A review of the Egg Industry Act 1988 was completed in July 1999. The review made three recommendations, which were that:

- the licensing/quota system for egg producers be removed;
- the vesting/exemption system entered into by the Egg Marketing Board and licensed egg producers be abolished; and
- the prohibition on sale of eggs from unlicensed producers, which have not been assessed as suitable by the Egg Marketing Board, be abolished.

Subsequently a new *Egg Industry Act 2002* was passed by Parliament. However, the new legislation has not yet been proclaimed. While the new legislation repeals the former Act, giving effect to the review recommendations, it also invokes a mandatory quality assurance scheme for producers with greater than twenty hens. A Regulatory Impact Statement (RIS) addressing the scheme is being prepared. In the interim, those provisions of the new Act which repeal the former legislation are to commence and the remaining provisions of the new Act will not proceed until the RIS is assessed as satisfactory under the gatekeeper arrangements.

National reviews

Clause 5 of the CPA specifies that where legislation has a national dimension or effect on competition (or both), consideration may be given to conducting a national review. If a national review is determined by jurisdictions to

be appropriate, the Tasmanian Government is required to consult with other jurisdictions that have an interest in the matter before determining terms of reference or appropriate review bodies.

National reviews are currently being progressed, or have recently been completed, 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 has developed a national response to this report. The majority of the issues arising out of the review were dealt with in the *Building Act 2000*. The *Architects Act 1926* will be amended during the 2003-04 financial year in response to the remaining recommendations.
- Drugs, poisons and controlled substances - The review has been completed and considered by the Australian Health Ministers' Advisory Council. Tasmania is currently drafting a new Poisons Act to replace the *Poisons Act 1971*, taking into account the outcome of the National Review of Drugs and Poisons legislation.
- 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. The *Pharmacists Registration Act 2001* governs the registration of pharmacists and the ownership of pharmacies, limiting a pharmacist's direct or indirect interests to no more than two pharmacies. The Government's assessment of the outcome of the national review of this legislation, including the COAG's recommendations, will determine what amendments will be made to this legislation.
- Travel agents – a national review has concluded and the final report released. National working parties have been appointed to implement the recommendations arising from the report.
- Trustee companies – A national review of trustee companies legislation is nearing completion and will subsequently be considered by the Standing Committee of Attorneys-General.
- Radiation control – A national review of this area has been completed and Cabinet is soon to consider the recommendations. Following Cabinet's approval, new radiation control legislation based on the recommendations of the national review will be drafted for Tasmania and assessed under the gatekeeper procedures.

Gatekeeper arrangements

Tasmania's gatekeeper arrangements apply to all proposed legislation in order to ensure that proposed legislation restricting competition or impacting on business is properly justified. Since its inception in June 1996, more than 700 primary legislative proposals have been assessed under the gatekeeper provisions of the LRP with 19 regulatory impact statements prepared. A number of significant pieces of legislation have been assessed under the gatekeeper arrangements since July 2002, including the *Teachers Registration Act 1997*, the *Child Care Act 2001* and amendments to the *Gaming Control Act 1993* to provide for a new exclusive licence to Federal Hotels to operate casinos, Keno and gaming machines in Tasmania.

Between 1 July 2002 and April 2003, 71 primary legislative proposals were assessed under the gatekeeper arrangements. Of these proposals, three were assessed as requiring the preparation of minor assessment statements and three requiring Regulatory Impact Statements.

The *Gaming Control Act 1993* and attached Deed of Agreement with Federal Hotels Ltd grants Federal Hotels an exclusive licence to operate casinos, gaming machines and Keno in Tasmania until 31 December 2008. Following an assessment of the benefits and costs to the State, the Government announced in April 2003 that it intends to introduce legislation to amend the Gaming Control Act.

These reforms will cap the number of licences at 3680, which is around 290 above current levels but substantially below the number anticipated by 2008 under the prevailing legislation. The changes will also permit Federal Hotels to retain its exclusive licence to operate gaming machines, casinos and Keno in the State for 15 years, after which the licence becomes a 5 year "evergreen licence" renewed on an annual basis. Several changes to the taxation of gaming are also proposed, together with increases in contributions to the Community Support Levy, which funds research into problem gambling, services for problem gamblers and their families and also provides sporting and charitable grants. Returns to venue operators are also expected to increase.

A Regulatory Impact Statement assessing the proposed reforms has been prepared and has found that the benefits of the measures outweigh the costs.

In addition to the above, the Tasmanian Government has agreed to the preparation of legislation that will transfer the regulation of TOTE Tasmania from the *Racing Regulation Act 1952* to the *Gaming Control Act 1993*. The proposed new legislation will be assessed in accordance with the gatekeeper provisions of the Legislative Review Program.

TOTE Tasmania currently has a monopoly in the provision wagering services from approved locations (over-the counter) in Tasmania. Apart from parimutuel wagering, this monopoly will end on 31 December 2003. After this period, a Tasmanian Gaming licence holder with fixed odds or sports betting endorsements will be able to provide services either over-the-counter or at an approved sporting event.

However, TOTE Tasmania's monopoly in respect of parimutuel wagering will be retained in the new legislation. Given that the retention of this exclusive arrangement is a major restriction, a Regulatory Impact Statement will be prepared before the legislation is introduced, which is expected to be in the Spring 2003 session of Parliament.

The processes and procedures supporting the State Government's gatekeeper role are outlined in detail in the publication *Legislation Review Program: Procedures and Guidelines Manual, February 2003*. A copy of the manual is available at the Department of Treasury and Finance's Internet site at http://www.treasury.tas.gov.au.

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 or a government owned 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 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 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 National Taxation Equivalent Regime (NTER) from 1 July 2001.

Tascorp has continued to operate under the TER whilst Heads of Treasuries examined issues associated with central borrowing authorities and the application of the NTER. At the Heads of Treasuries meeting held in March 2002 it was 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.

Under the terms of the GBE Act, the Treasurer is able to enter into an agreement in respect of the calculation, determination and payment of income tax equivalents by GBEs. A decision was made by the Treasurer that Tascorp will be required to operate under a framework whereby tax equivalent payments are calculated by applying the corporate tax rate to the accounting profit. This decision was made on the basis that there were no competitive neutrality issues associated with the adoption of this framework. Adoption of this framework would also provide uniformity of tax calculations for all central borrowing authorities.

Tascorp was issued with a Treasurer's Instruction in March 2003 giving effect to the accounting profit tax treatment, which is in accordance with the Heads of Treasuries' decision.

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 continued to review and reform a number of government businesses since the signing of the CPA. These more recent reforms are detailed below.

Bulk water suppliers

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 is currently negotiating the transfer of this Scheme to the Glamorgan/Spring Bay Council.

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. In April 2002 the operations and management of the Cressy-Longford Irrigation Scheme were handed over to the Cressy-Longford Irrigation Scheme Limited under an agreement with RWSC. The agreement represents the first of the RWSC's irrigation schemes to be self managed by irrigators and has led to a renewed interest from irrigators in other schemes.

Negotiations for the transfer of the Winnaleah Irrigation Scheme to local management are also progressing. It is anticipated that an agreement will be finalised by mid-2003.

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.

TOTE Tasmania

TOTE Tasmania Pty Ltd (the TOTE) conducts totalizator betting in Tasmania in accordance with the *Racing and Gaming Act 1952* and has responsibility for planning, administering and marketing the Tasmanian racing industry. The TOTE, formally the Totalizator Agency Board, was established as a State-owned Company on 5 March 2001 and is subject to the *Corporations Act 2001*.

Prior to the TOTE's incorporation, the turnover tax applying to the then Totalizator Agency Board was replaced on 1 August 2000 with an annual licence fee (waived for the first three years) and the payment of income tax equivalents and dividends. The tax and governance structure of the TOTE more closely reflects the arrangements in place for Totalizator Agency Boards in other states.

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 was passed by both Houses of Parliament in May-June 2002 which, when it commences, will provide for removal of the EMB from the *Government Business Enterprises Act 1995.*

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 continues to progress 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.

No formal competitive neutrality complaints were received by GPOC in 2002. However, GPOC provided advice to a former complainant, Ambulance Private, regarding an investigation completed in 2001. The Department of Health and Human Services (DHHS) has complied with its Minister's direction that was issued as a result of the investigation.

The Government's policy statement of June 1996, *Application of National Competition Policy to Local Government*, is under revision. The intention of the review is to assist local government bodies in the continued application of competition principles to their activities. Following consultation with the Local Government Association of Tasmania, a revised policy statement is expected to be finalised in mid-2003.

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.

GPOC has completed the second round of investigations into the pricing policies of Metro, the MAIB, and the three bulk water supply authorities, HRWA, EWA and NWRWA. These investigations were reported in the 2001 Progress Report. At the time of publication, the third investigations into the pricing policies of Metro and MAIB had commenced[1]. 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 the pricing policies of the electricity supply industry was undertaken in 1999. In 2002, the Government introduced amendments to the *Electricity Supply Industry (Price Control) Regulations 1998* to extend the Price Determination made at the conclusion of the 1999 Investigation for a period of one year, ie from 31 December 2002 to 31 December 2003. The State's proposed entry to the NEM will give rise to a number of key changes in the regulatory arrangements applying to the State's electricity sector. Although considerable progress has been made, a number of matters had not in early 2001 been finalised. The price regulation arrangements that apply within Tasmania from the date of NEM entry will need to be consistent with the national arrangements and some of the arrangements, such as transmission network pricing, were yet to be settled. One of the objectives of the extension was to allow time for the State to develop transitional arrangements to maximise the scope for a NEM-consistent determination without significant distortions or transitional impacts. The intent was to ensure greater certainty in prices to customers in the lead up to the State's entry to the NEM.

During 2001 and 2002 preliminary work for the third electricity supply industry investigation was undertaken by the Office of the Tasmanian Energy Regulator. In June 2002 the Regulator released an Issues Paper, *Investigation into the Pricing Policies of the Electricity Supply Industry 2002-03: Declaration of Services to be Investigated*. The Regulator sought submissions on his proposal to continue with the existing declarations in relation to the provision of retail electricity on King Island and Flinders Island and on mainland Tasmania, generation of energy for supply to tariff customers, transmission and distribution network services, provision of system control services (including the procurement of ancillary services) and retail tariffs.

Based on the submissions and other information received, the Regulator formed the view that there may be a case for the revocation of the declarations in relation to retail supply on King Island and Flinders Island, system control services (including the procurement of ancillary services) and energy generation on mainland Tasmania. However, no final decision had been made in regard to these services at the time of preparation of this report. The ACCC and the Tasmanian Government have agreed that the ACCC will undertake, as part of the transitional arrangements for Tasmania's entry into the NEM, the investigation and determination of transmission service maximum revenues. Pending finalisation of these arrangements between the Government and the ACCC, a decision on the declaration of transmission network services has also been deferred.

In November 2002, the Regulator, following consideration of submissions in response to the Issues Paper, made a decision to retain the declaration of retail tariffs and distribution and related services on mainland Tasmania and issued Terms of Reference for an investigation into these services. It is anticipated that the Draft Report will be released in late May 2003 with the Final Report and Decision to be made by 31 July 2003. Following this it is expected that the determination will be finalised and published in September 2003 with a commencement date of 1 January 2004.

[1] The third investigation into bulk water pricing is scheduled to commence in 2004.

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 4.5 per cent on existing assets, some 2.5 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, and 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.

Following Tasmania's entry into the NEM and the commissioning of Basslink, Tasmania will have in place the full set of access provisions established in the NEC and relevant NEM legislation.

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*.

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. Duke has now completed the construction and testing of its transmission pipeline from Victoria to Tasmania as well as the southern lateral pipeline to Bridgewater in the State's south and the northern lateral pipeline to Port Latta in the State's northwest. Gas is now flowing to key industrial customers.

The pipeline is not subject to the Code as it is uncovered. However, Duke has adopted a non-discriminatory access policy aimed at achieving pro-competitive outcomes by promoting contestable pipeline-on-pipeline and gas-on-gas competition. Parties who consider that the access arrangements are not equitable have the option of seeking a declaration of the assets by the ACCC under the TPA, which could result in the imposition of an access regime by the ACCC.

In relation to gas distribution and retailing, the Tasmanian Government initially proposed to award limited term exclusive franchises. Based on advice received, and with consideration of its National Competition Policy obligations, the Government launched a tender process in August 2001 under the provisions of the Code to award a five-year exclusive gas distribution franchise. This process was also designed to award a six-year exclusive retail franchise for customers consuming up to 500TJ per annum.

On 7 September 2001, the Government lodged a Tender Approval Request (TAR) with GPOC, in its role as the "local Regulator" for the purposes of National Gas Access Law. Expressions of interest were invited during September 2001 and a number of parties were qualified in October 2001. Separately, the Regulator conducted an assessment of the TAR, including a period of public consultation. The Regulator approved the TAR on 9 November 2001 and the qualified parties were provided the Project Brief and invited to provide a tender bid by 28 February 2002. Upon the request of a number of bidders, the bid date was subsequently extended to 15 April 2002. On 15 April 2002, three bids were received from two parties. Other parties had qualified under the tender process, but did not submit a bid, citing concerns with the application of the national third party access regime under the Code to greenfield areas such as Tasmania.

Of all of the bids received, none complied fully with the TAR and each indicated the need for significant Government financial assistance, combined with the transfer of almost all project risk to the State. Based on these bids, there was a considerable period of negotiation with parties to attempt to reduce the claims upon Government through a redesign of the project scope. However, this process was not successful.

Following a delay caused by the State Election in July 2002, the Government was advised that the bids received during the tender process should not be accepted, due to the need for very significant financial support and acceptance of risk by the State, and that the tender be terminated without result. The Deputy Premier and Minister for Energy, Hon Paul Lennon MHA, made a Parliamentary Statement on 25 September 2002 announcing that the Government had accepted this recommendation and that the tender had been terminated without result.

Following this decision, the Government entered into bi-lateral discussions with a number of parties that had expressed interest in the project. The primary focus was the development of a backbone distribution network to service major industrial and commercial customers, with sufficient capacity for subsequent network rollout to small commercial and residential customers over time. The approach involved more flexibility in relation to the associated regulatory arrangements combined with recognition that some financial assistance from Government would be likely to facilitate the project.

Proposals were received from five parties in late October 2002. On 23 December 2002, following a round of further discussions and negotiations, the Government announced the selection of Powerco Limited as its strategic alliance partner and preferred distribution developer. A Memorandum of Understanding between the Government and Powerco was signed and negotiations have now concluded with a binding Development Agreement, recognising that the project will be progressed in two stages.

Stage 1 will involve a network rollout to up to 23 major industrial and commercial customers in 4-8 urban areas. The backbone network will also have sufficient capacity to service a potential wider network rollout. Stage 2 of the project will involve a potential wide scale rollout to small commercial and residential customers with

maximum network coverage of approximately 100 000 customers. Network coverage and rollout speed will be negotiated with Government following agreement on the level of financial assistance required to support a business case assessment of Stage 2 projects.

Given the importance of large foundation customers to the viability of the network rollout, the Government intends to provide Powerco with a non-renewable exclusive distribution franchise for Stage 1 of the project. The franchise will be limited to the maximum of 23 customers identified for Stage 1. It is expected that the franchise will be awarded in July 2003 following satisfaction of the conditions precedent contained in the Stage 1 Distribution Development Agreement between the State and Powerco.

There will be no franchise arrangements in relation to the subsequent Stage 2 rollout. Further, full retail contestability will be introduced from the commencement of gas market operations.

The proposed distribution franchise arrangements raise three issues under the provisions of the Natural Gas Pipelines Access Agreement (NGPAA), namely:

- the process for the selection of the franchise distributor;
- bypass arrangements; and
- duration of the franchise.

Clause 3(c) of Annexe E of the NGPAA requires that a franchise distributor be selected through a competitive public tender process. Powerco was selected through a competitive process overseen by a probity auditor. While this process was not technically public, as required by the NGPAA, the five parties involved in the subsequent selection process were those that had been originally identified through the failed Code-compliant tender process, which was a fully open and public process. On this basis, the State considers that this requirement has been met.

Clause 1 of Annexe E of the NGPAA requires that bypass be permitted to contestable customers under any franchise arrangements. Bypass will not be permitted to those customers identified as Stage 1 franchise customers. Given the intention to introduce full retail contestability from the commencement of gas market operations, all gas customers in Tasmania will be contestable. Therefore, to comply with the requirement to permit bypass to contestable customers would totally erode the value of the Stage 1 distribution franchise, which is vital to achieving the significant investment required to develop a distribution network in a greenfield environment such as Tasmania.

Clause 3(d) of Annexe E of the NGPAA requires that all distribution franchises be limited to a period of five years. It is proposed that the Stage 1 distribution franchise will be for a duration of seven years from the signing of the Stage 1 Development Agreement or five years after the completion of the backbone network, whichever is sooner. As the Stage 1 network will take 18 months to two years to complete, the duration of the franchise is designed to give Powerco franchise protection during the construction period, which is vital in terms of contracting with potential customers, and then around five years of franchise protection on the completed network. These arrangements have been necessary to ensure that the project would be undertaken and are, therefore, in the public interest.

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 and discussions have been held with officers of the NCC. It was initially expected that the State would submit its access regime application in 2002. However, this was delayed due to the termination of the Code-compliant tender process and the subsequent process to select a strategic alliance partner as the preferred distribution developer. Further, it also became apparent that additional amendments would be required to the Tasmanian legislative and regulatory framework for natural gas. The State intends to submit its gas access regime application to the NCC before July 2003, following further legislative and regulatory amendments.

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)).

As mentioned in chapter 2, the review of the Electricity Supply Industry Act under Tasmania's LRP has been completed and the recommendations have either been implemented or will become redundant on NEM entry. 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 2002, 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. 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 *Trade Practices Act 1974*, 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 1996*.

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 2002 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 2003.

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 progressing this matter in association with the review of the Application Statement mentioned earlier. Resolution of this matter will encompass a policy approach that ensures Tasmania will continue 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 1994* 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's investigation into the pricing policies of the three bulk water authorities owned by councils, HRWA, NWWA and EWA, 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 component 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.

Under the former *Local Government Act 1962* (1962 Act) all by-laws made under that Act expired on 17 January 1999. An extension of the expiry date to 31 March 1999 was legislated for as some Councils had experienced difficulty in meeting the prior deadline. This resulted in the automatic expiry at the end of March 1999 of the remaining by-laws (approximately 500).

These deadlines ensured that all councils progressively reviewed their need for by-laws, and a number were subsequently repealed. As a result there has been a continued rationalisation in the overall number and content of by-laws.

Since the commencement of the new Local Government Act in January 1994, all 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 by the 8 year maximum life of a by-law under the *Local Government Act 1993* 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 have now ceased to have effect. A council that identifies a need to have a by-law to control standards of highway construction now has to prepare a new by-law under the more rigorous review and consultation provisions of the *Local Government Act 1993*.

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 passed the *Electricity – National Scheme (Tasmania) Act 1999* to allow 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, has gained all necessary approvals and has an expected commissioning date of late 2005.
- The construction and testing of the gas transmission pipeline from Victoria to Tasmania, as well as the southern lateral pipeline to Bridgewater in the State's south and the northern lateral pipeline to Port Latta in the State's northwest north, has been completed. Conversion of one unit of the Bell Bay Power Station to gas is complete and is currently generating gas-fired electricity into the Tasmanian grid. The Government is also continuing to progress the necessary legislative arrangements for gas industry reform.
- 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.
- 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. 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

The Basslink project has now gained all the necessary approvals and reached financial close on 29 November 2002. Basslink has now signed an unconditional contract to design, finance, construct and operate the Basslink interconnector. The three year construction period for the project commenced on 29 November 2002, when Basslink issued a proceed notice to its engineering, procurement and construct contractor.

In accordance with commitments made to the ACCC during the authorisation process, the Tasmanian Government has committed to entering the NEM six months ahead of the expected Basslink commissioning date. It is currently expected that Basslink will be commissioned in November 2005, and that Tasmania will, therefore, enter the NEM in May 2005.

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.

Wind Power Development

The completion of Basslink will enable Tasmania's climactic conditions to be harnessed for the generation of wind power, which will be traded with other states. The first stage of Hydro Tasmania's Woolnorth Wind Farm commenced operation in August 2002. Further stages of Woolnorth, and wind farms at other sites, will be progressed in coming years subject to commercial and Government approvals.

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

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. Previous Progress Reports have detailed these.

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 following milestones have been achieved:

- 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;
- membership of NECA and NEMMCO; and
- proclaiming the legislation required for the adoption of the National Electricity Law and the application of the NEC in Tasmania.

The *Electricity Supply Industry Amendment Bill 2003*, which completed its passage through the Tasmanian Parliament in April 2003, establishes the framework required to facilitate Tasmania's entry to the NEM and provides for the introduction of retail contestability over four years, commencing six months after Basslink is commissioned. The Bill also addresses restrictions identified in the review of the *Electricity Supply Industry Act 1995*, including removing the need for electricity entities to ensure that their sources of electricity are suitable to meet their obligations.

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 submission.

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.

Arrangements between Jurisdictions

Agreements between NEM jurisdictions (NSW, Vic, Qld, SA and the ACT) and Tasmania are now in place. These Agreements 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).

Tasmania's membership of NEMMCO and NECA ensures that the State 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.

At that time, the absence of any natural gas pipeline infrastructure in this State to which third party access could have been provided resulted in Tasmania being 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. In April 2001, Duke entered into a Development Agreement

with the State to supply gas to Tasmanian from Victoria, with onshore transmission pipelines to provide gas to potential customers in the Bell Bay area, the North-West Coast and the South. The project also involved the conversion of the Bell Bay Power Station (BBPS) to gas.

Duke has now completed the construction and testing of its transmission pipeline from Victoria to Tasmania as well as the southern lateral pipeline to Bridgewater in the State's south and the northern lateral pipeline to Port Latta in the State's northwest. Gas is now flowing to some industrial customers. Conversion of the first unit of the BBPS is now complete. The BBPS is currently generating gas-fired electricity into the Tasmanian grid, with its capacity increasing over time.

In addition to Duke's gas transmission project, the Government has been facilitating the development of gas distribution and retailing in Tasmania.

As mentioned above, the Government launched a tender process in August 2001 under the provisions of the National Gas Code to award a five-year exclusive gas distribution franchise. This process was also designed to award a six-year exclusive retail franchise for customers consuming up to 500TJ per annum. However, this process was unable to deliver proposals that were capable of being accepted by the Government. On 25 September 2002, the Government announced that the tender process had been terminated without result.

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 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. In February 2002, GPOC was appointed as the local Regulator under that 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 transmission and pipelines facilities in Tasmania, including licensing provisions and the development and approval of gas safety arrangements. This Act received Royal Assent in December 2001. The *Gas Pipelines Regulations 2002* were proclaimed under this Act in November 2002.

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. This Act also received Royal Assent in December 2000. The *Gas (Safety) Regulations 2002* were made under this Act in June 2002. It is expected that further regulations will be made under this Act in mid-2003, following further discussions with potential distribution and retail market participants. Draft distribution and retail codes and licences have been developed. It is expected that these will be also be finalised by mid-2003, following consultation with key stakeholders.

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*.

In 2002, a number of amendments were made to address planning issues that had arisen in relation to both gas transmission and distribution developments. In relation to transmission issues, amendments to the Gas Pipelines Act were made by the *Gas Pipelines Planning and Safety (Miscellaneous Amendments) Act 2002*. A number of amendments in relation to gas distribution were also contained in the *Gas Infrastructure (Miscellaneous Amendments) Bill 2002*. This Bill passed both Houses of Parliament in December 2002, but has not yet been proclaimed. It is expected that the provisions will be proclaimed by mid-2003, prior to the commencement of the regulations to be created under the amending provisions.

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 submission.

As previously mentioned in Chapter 2, it was initially expected that the State would submit its access regime application in 2002. However, this was delayed due to the termination of the Code-compliant tender process and the subsequent process to select a preferred distribution developer. Further, it is apparent that additional amendments will be required to the Tasmanian legislative and regulatory framework for natural gas. The State intends to submit its gas access regime application to the NCC before July 2003, following further legislative and regulatory amendments.

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 2002 (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 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 (eg. capital cost of new meters and meter replacements, cost of extra meter readings and invoicing) with the resulting expenditure savings (eg. 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.

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. Seventeen of these schemes have now implemented two-part pricing.

The remaining scheme, operated by Derwent Valley Council, was due to commence two-part tariffs in July 2002. However, a revision of the costs of metering the scheme, as a result of practical experience with a trial installation of meters, identified that a further cost-effectiveness study was warranted. This was completed in July 2002 and established that it would no longer be cost-effective for consumption-based pricing to be implemented for the Derwent Valley Council water scheme. The results of the revised cost-effectiveness study were assessed by the Government Prices Oversight Commission as being NCP compliant.

The West Tamar Council introduced two-part tariffs for urban water pricing in July 2001 without undertaking a cost-effectiveness study. Following a petition by electors, an elector poll was held in conjunction with the October 2002 council elections asking electors whether the council should revert to the previous charging regime.

In the lead up to the poll, a cost effectiveness study was completed which found that two-part tariffs were cost-effective. By a very small margin, electors in the municipality voted to retain two-part tariffs. While the poll is not binding on the council, two-part tariffs have been maintained.

Table 5.1: Implementation dates for two-part pricing

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

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[2];
- 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.

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

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*, January 2003.

The Urban Water Pricing Guidelines were revised to more closely align reporting requirements with the existing reporting requirements for significant business activities under section 84(2)(da) of the *Local Government Act 1993*. The inclusion of checklists and other interpretive material will further simplify the reporting process for Councils. The Guidelines also require councils to report environmental costs incurred, to explicitly report Community Service Obligations and to transition to determining asset valuation on a fair value basis in accordance with AASB 1041.

To assist councils with the new Guidelines, workshops for council officers were held in February 2003 in both the north and south of the State to address approaches to asset valuation, appropriate identification of CSOs and identification of externalities.

An annual audit is undertaken by the Government Prices Oversight Commission to determine the extent of compliance of councils in meeting their obligations for full cost recovery under the National Competition Policy agreements for water industry reform.

The 2002 audit of performance for the year ended 30 June 2001 found a generally high level of compliance by Tasmanian councils in both water and wastewater pricing. However, in the case of water pricing, four councils (Central Highlands, Clarence, Glenorchy and Hobart) were assessed as recovering insufficient revenue to meet the minimum requirement for full cost recovery, while the revenue of one council (Latrobe) was found to exceed the Guideline for the maximum allowable return.

Of the under-recovering councils, three have bulk water supplied by HRWA. Part of their under-recovery is the result of an exceptionally dry 2000-01 summer, which resulted in the quantities and costs of water being higher than anticipated, and therefore not recovered through those councils' rates-based charges. It is likely that 2001-02 would be a more normal year for assessing the extent of departure from the Guidelines. The remaining council, Central Highlands, is one of the smallest councils and has several very small schemes totalling less than 700 connections. In addition, the council has been subject to an extended period of drought.

In the case of wastewater pricing, three councils (Central Highlands, Hobart and West Coast) were assessed as recovering insufficient revenue under the Guidelines, and two (Derwent Valley and Glenorchy) were found to have exceeded the maximum allowable return.

Each of the seven councils found to be non-compliant has committed to a program of changes to reach full compliance within two to three years.

Central Highlands

The council has increased rates for 2002-03 by 2.9 per cent in order to commence the process towards a cost recovery regime with a view to a similar increase in water and wastewater rates as for 2002-03. The council has

advised that it aims to achieve a positive real rate of return for both its water and wastewater businesses by 2004-05.

Clarence

In relation to the proposed future rating effort for water, council has a policy of fully funding its infrastructure renewal requirements ("depreciation funding"), with the required amount being phased in over time. The estimated target amount is $6 million per annum for all council assets and, in 2002-03, the council expects to raise $3.3 million.

The return on the council's water assets will continue to improve as its policy of funding infrastructure renewal progresses, both through an increased rating effort and through interest being earned on (and attributed to) funds as they accumulate. The council is conscious of the impact on ratepayers and is therefore managing the cost recovery issue carefully so that increases in the water rate are transitioned over time.

Derwent Valley

The administration and overhead costs allocated to water and wastewater services are to be reviewed during the completion of the 2002-03 Financial Statements. In addition, the council's water and wastewater infrastructure assets are to be revalued for 2003-04. The council has advised that it will comply with the cost recovery guidelines for water and wastewater by 2004-05.

Glenorchy

At the time the GPOC audit was conducted, the Glenorchy City Council was in the process of implementing a new asset management policy. It was previously reported that the Council had a real rate of return of 11.3 per cent and following the revaluation, the real rate of return is now 5.2 per cent. GPOC has advised that, for 2000-01, Glenorchy City Council now complies with the cost recovery guidelines for wastewater, based on the new asset valuations.

Hobart

The Hobart City Council's water and wastewater undertakings will operate on a full cost recovery basis from the 2002-03 financial year. This is being achieved by increasing the level of rate revenue raised for these undertakings, together with a review of the level of overheads being attributed to these activities.

Latrobe

The Latrobe Council has budgeted for a reduction in the real rate of return on water assets for the 2002-03 financial year to 17.1 per cent. This budgeted reduction was achieved by decreasing water rates and re-evaluating overhead allocations.

Revaluation of water assets will be completed within the next 6 months. It is expected that an increase of at least 10 per cent will result. The rate of return is forecast to fall to approximately 11 per cent in the 2003-04 financial year. The council confidently expects to achieve the desired rate of 7 per cent by the 2004-05 financial year.

West Coast

The West Coast Council has made two significant rating policy decisions to increase the revenue received for the water and wastewater schemes whilst continuing to control the level of expenditure.

For 2001-02, the council increased rates for water and wastewater services by 15 per cent, while the 2002-03 operating plan delivers a further increase of 6 per cent for water and 9 per cent for wastewater. Additionally, in 2001-02, a separate construction rate for the Strahan wastewater scheme was introduced and is being maintained in 2002-03.

2003 Water Audit

In May 2003, GPOC delivered its report on councils' compliance with NCP water reform obligations as they apply to urban water and wastewater services for the 2001-02 financial year.

The 2003 audit of performance for the year ended 30 June 2002 again found a generally high level of compliance by Tasmanian councils in both water and wastewater pricing. In the case of water pricing 21 councils were found to be in practical compliance with the Guidelines. Of these Central Highlands, Clarence, and Latrobe are in the process of a two year transition to compliance with full cost recovery under agreed strategies following the results of the 2002 audit. The remaining four councils achieved results below the lower limit.

Waratah-Wynyard

The council experienced both an increase in costs and a decrease in revenues for its water business, resulting in a real rate of return of -1.6 per cent. The audit estimated that a revenue increase of 6.8 per cent is needed to reach the lower limit.

Southern Midlands

Southern Midlands achieved a return of –1.0 per cent, as a result of a 12 per cent decrease in revenue from 2000-01. GPOC estimated a need for a revenue increase of 8.9 per cent in order to achieve compliance with the Guidelines.

Launceston

Launceston was deemed to be in practical compliance last year, but is now under-recovering revenue with returns of –2.8 per cent due, in part, to the treatment of bulk water dividends. The council considers these as revenue to the water business whereas the Guidelines state that dividends must be removed from revenues in determining full cost recovery. Launceston has also undertaken an asset revaluation in 2002 which may have impacted upon its return. The audit results suggest an increase in revenue in the order of 18 per cent will be required to reach the lower limit.

Break O'Day

Break O'Day has experienced a shift in its cost recovery, moving from a positive rate of return of 1.4 per cent to a return of -1.0 per cent in one year. An estimated 19.8 per cent increase in revenue would be required in order to achieve compliance with the Guidelines.

In the case of wastewater pricing, only three councils (Sorell, King Island and West Coast) were assessed as recovering outside the limits under the Guidelines.

Sorell

Sorell was within the Guidelines last year but has gone significantly above the upper limit for 2001-02. This would appear to be due to the grant of the Lewisham Sewerage Construction Fees of $125 000. If the effect of the grant were removed, Sorell would achieve a rate of recovery within the Guidelines.

King Island

King Island is also significantly over recovering for wastewater at the rate of 16 per cent. This is due to the council raising funds in advance of construction of a new sewage treatment plant.

West Coast

West Coast has also over recovered with a return of 9.7 per cent representing a significant change for the under recovery recorded for the previous year. This is largely due to receipt of a major grant of $900 000 for Strahan Sewerage. If the grant were removed, West Coast would record a rate of return of 0.3 per cent which would be within the acceptable range. It is expected, that revenues will return to normal levels in 2002-03.

Urban wastewater services

In relation to trade waste charges, the Government has noted the NCC view that wastewater charges should recover the incremental costs of treatment of trade waste. In particular it is noted that metropolitan wastewater charges should reflect the level of services received, measured where practicable through the volume and pollutant load.

The Government is working with councils where the largest trade waste dischargers are located (Devonport, Hobart, Launceston, Circular Head, Central-Coast, Glenorchy and Burnie Councils) to verify the structure and use of trade waste charges in these local government areas and to ensure that they meet the pricing objectives.

There are a number of legislative mechanisms available to councils to enable specific trade waste issues to be addressed where they arise.

The *Local Government Act 1993* provides Tasmanian councils with broad competency powers to carry out their functions in providing services to local communities. These enable councils to enter into trade waste agreements, through contractual agreements with waste dischargers, to recoup the additional costs of treatment of trade waste.

The *Plumbing Regulations 1994* [Section 22 (1)] include provisions prohibiting direct or indirect discharge of trade waste into a sewerage system unless the discharge is authorised in accordance with a special connection permit. Penalties are available to enforce this prohibition.

Councils can also make use of by-law making powers available under the *Local Government Act 1993* to establish by-laws addressing trade waste issues. The Glenorchy City, Hobart City, Launceston City and Devonport City Councils have specific trade waste by-laws that have been used to back up extensive trade waste policies and guidelines established by those councils. Other councils with sewer and/or drain by-laws that provide similar powers are Brighton, Central Highlands, Clarence City, Huon Valley, Kingborough, Sorell and Tasman Councils.

The Department of Primary Industries, Water and Environment (DPIWE) has issued environmental guidelines for the acceptance of liquid wastes to sewer under its Sewerage Management Program and these identify technical limits of acceptance for liquid wastes. Through this program, DPIWE has been working with councils to identify sources of trade waste. DPIWE has also developed a model trade waste agreement to assist councils in establishment of trade waste agreements.

For the purposes of the 2003 assessment of the State's progress in implementation of COAG Water Reform obligations, the NCC has sought information on the structure and use of trade waste charges in local government areas where the largest trade waste dischargers are located. The NCC identified these as Devonport, Hobart, Launceston, Circular Head, Central Coast, Glenorchy and Burnie.

In relation to urban water pricing principles, the NCC has stated that wastewater charges should reflect the level of services received (volume and pollutant load) where practicable (for example, through effective trade waste charges).

The Government has surveyed the identified councils and has been provided with the following information regarding the trade waste charging policies employed by them.

Burnie

The Burnie City Council has a trade waste agreement in place for one identified discharger. One other significant discharger in the region has acceptable self-treatment arrangements in place accompanied by appropriate land disposal licences.

Under the terms of the one trade waste agreement, charges apply in regard to the metered volume of output and rate of biochemical oxygen demand (BOD).

The council will be undertaking further assessments of potential trade waste dischargers in the 2003-04 financial year with a view to developing a policy for smaller commercial dischargers.

Central Coast

One major trade waste discharger is located in the Central Coast Council area. The council has had a trade waste agreement in place with this business since 1980. The agreement stipulates a review every five years with the next review scheduled to occur during 2003.

The agreement requires the discharger to pay the council trade waste charges based on the proportional load and cost of operating the council's wastewater treatment plant. A minimum service charge is determined based on the costs of operation of the Ulverstone wastewater treatment plant. These include inlet works, oxidation ditch and pump station, sludge treatment facilities, pipeworks, siteworks and buildings and electrical services. The minimum service charge also includes elements of the pipeline and pump station ancillary works. An annual operating charge is also applied covering pump station and treatment plant operating costs.

Aside from this one major discharger, the number of industries contributing high volume and pollutant load in the Central Coast Council are limited. The council has monitored these activities by applying the Department of Primary Industries, Water and Environment's *Guidelines for Acceptance of Liquid Wastes to Sewer*. However, because of the relatively small number of trade waste dischargers the council has, hitherto, placed a higher priority on the survey and reduction of stormwater infiltration and illegal drainage connections to the sewer system. The council has indicated that it will review implementation of trade waste charging for minor dischargers in 2004.

Circular Head

The Circular Head Council has trade waste agreements in place with the two largest trade waste dischargers to the Council's sewer system. The agreements are based on volume and pollutant load and reflect the actual cost of service provided by the council.

The total cost distribution is made up of 25 per cent for flow, 65 per cent for biochemical oxygen demand and 10 per cent for suspended solids. These apportionments represent the treatment costs for each division and therefore each contributor pays their proportional costs.

Devonport

The Devonport City Council advises that it employs the pricing principles identified in the paper *A Simplified Approach for Charging Trade Waste Acceptable for Discharge to Sewers*, (M Boake, NSW LGEA Conference

1987). This method apportions the council's costs relating to both transport and treatment of sewage, relative to the quality and quantity of waste discharged by individual industries.

The rate for volume discharge is determined by division of the overall transport costs by the total discharge volume. The trade waste component is apportioned to each industry in the ratio of their measured or deemed discharge volume to the overall volume.

The rate for quality discharge is determined by division of the overall treatment costs by the total discharge quantities for both biochemical oxygen demand and oil and grease. The trade waste component is apportioned to each industry in the ratio of their measured or deemed discharge quantities of BOD and oil and grease to the overall quantity.

Glenorchy

Glenorchy City Council introduced a Trade Waste Policy and charging regime in 1997. All trade waste dischargers have been assessed and categorised according to the volume and toxicity of discharge.

Smaller trade waste dischargers pay an annual fee of $180 calculated based on an average discharge of 400 kilolitres per year and a rate of $0.45 per kilolitre. This rate was developed by consultants and incorporates the cost of receiving and disposing of liquid trade waste and includes all costs associated with management and renewal of the trade waste component of the sewerage system. Larger trade waste dischargers pay a fee based on the cost of treating waste plus an incentive to reduce the volume and pollutant load from their business.

Hobart

The Hobart City Council implemented a liquid trade waste policy in November 1998. Under the policy properties are categorised as:

Category 0	Domestic – normal domestic wastewater
Category 1	Light – low strength and volume
Category 2	Medium – low strength and high volume
Category 3	Heavy - high strength discharge

Implementation of the policy was prioritised, with trade waste agreements being finalised with Category 3 dischargers first and then Category 2 dischargers.

The council has approximately 600 premises that discharge liquid trade waste to the council's sewer system and the majority are managed through trade waste permits that specify acceptance limits.

The council has finalised trade waste agreements with the three premises identified within Category 3 and remote-monitored trade waste telemetry stations are installed at all premises recording flow, temperature and pH. The Agreements contain provisions for the recovery of operating costs and depreciation, relating both to the Council's sewerage treatment facilities, sewer reticulation costs, sludge disposal costs and trade waste administration costs, along with relevant on-costs and overheads.

In 1998, the council initiated a review of the trade waste charges recommended in the original policy. Earth Tech Engineering Pty Ltd (formerly Fisher Stewart), in association with Marsden Jacob, was commissioned to undertake the review, which included as objectives the identification of proposed tariffs that achieve full cost recovery on a current cost basis. The consultants were also asked to evaluate the efficiency of the tariff having regard to the relative costs of collecting, treating and disposing of the trade waste effluent received by the council. The resulting recommendations have been implemented.

Launceston

The Launceston City Council has reported that, at the current time, its trade waste licensing system is used primarily to identify potentially hazardous dischargers and to protect the council's staff and infrastructure from them. Apart from a nominal licence fee, wastewater treatment charges are met from the AAV-based sewerage rate.

The council has developed a trade waste charging policy comprising multiple level tariffs based on volume and pollutant loads. The council has been trialing the policy on its council business units over the last two years and in December 2002 appointed consultants to review the results, develop proposed charge levels and to advise on application to the broader community.

The council has identified significant cost implications, both to it and the broader community, from implementation of trade waste charges. The council considers that a roll out of a new charging system should be phased in over a three-year period to allow business to adjust to significant cost increases. This will also allow businesses time to choose to minimise waste discharges if they wish to do so, with potential flow on benefit to the council of reduced loads on its treatment plants.

Bulk water authorities

As a result of GPOC's 2001 investigation into the pricing policies of the three bulk water authorities, the Government has determined in relation to water pricing that the maximum allowable revenues (MAR) and maximum volumetric price (MVP) to be charged by the three bulk water pricing authorities for the period beginning 29 September 2001 and ending 29 September 2004 (in real dollars 2000-01) areas listed in Table 5.2.

Table 5.2: MAR and MVP, 29 September 2001 to 29 September 2004

	2001-02	**2002-03**	**2003-04**
	$'000	$'000	$'000
Hobart Regional Water Authority:			
MAR	25 957	26 063	26 049
Further work concerning the Marginal Capacity Cost (MCC)	To review the threshold levels for application of MCC.	To review the threshold levels for application of MCC.	To review the threshold levels for application of MCC.
Esk Water Authority:			
MAR	12 770	12 815	12 773
MVP	40 cents per kilolitre.	40 cents per kilolitre.	40 cents per kilolitre to Jun 04 and 30 cents per kilolitre thereafter.
Cradle Coast Water Authority:			
MAR	9 436	9 454	9 512
MVP	20 cents per kilolitre for treated water.	20 cents per kilolitre for treated water.	20 cents per kilolitre for treated water.

The Government has also advised the bulk water authorities that GPOC's Final Report should be regarded as a prudent guideline for target revenues. The target revenues for each bulk water authority (as in the recommendations contained in the Final Report and in real dollars 2000-01) are listed in Table 5.3.

Table 5.3: Target Revenue

Water Authority	2001-02	2002-03	2003-04
	$'000	$'000	$'000
Hobart Regional Water Authority	22 053	22 265	22 368
Esk Water Authority	10 386	10 483	10 497
Cradle Coast Water Authority	8 052	8 102	8 194

The Government further advised the bulk water authorities that GPOC's Final Report should be regarded as a prudent guideline concerning pricing policies.

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.

There are three Government-owned irrigation schemes in the state: Cressy-Longford, South-East and Winnaleah. The South-East and the Winnaleah Irrigation schemes, are currently 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. Since 1 April 2002 the Cressy-Longford Irrigation Scheme has no longer been managed by the RWSC, with management devolved to the Cressy-Longford Irrigators Association (CLIA).

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.

<u>Cressy/Longford Irrigation Scheme (CLIS)</u>

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 2002-03 financial year based on the same methodology (refer to Table 5.4).

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

- a reduction in CLIS 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); and
- the replacement of the depreciation charge with an asset renewal levy.

Table 5.4: Cressy/Longford Irrigation Scheme water prices

CLIS: Price charged	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Irrigation Rate (per ML Irrigation Right)	$18.70	$18.70	$21.82	$21.82	$21.82	$21.82
Irrigation Charge (per ML for all water used)	$15.70	$15.30	$15.90	$15.90	$15.90	$15.90

It was expected that the prices for 2002-03 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).

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 the previous scheme operator with a contracted employee.

Table 5.5: Winnaleah Irrigation Scheme water prices

WIS: Price charged	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
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 the peak season.

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 2006 (refer to Table 5.6).

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 (defined as 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. 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 5.6: South East Irrigation Scheme water prices

SEIS Price charged	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Stage 1 - Irrigation Right (per ML)	$47.00	$52.50	$59.00	$66.00	$80.00	$83.00	$86.00
Stage 2 - Irrigation Right (per ML)	$47.00	$52.50	$59.00	$66.00	$155.00	$166.00	$176.00
Stage 2 – Pumping charge (per ML used)	$75.57	$62.23	$60.16	$59.60	$0.00	$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) established 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.

DPIWE is proposing a review of water licence fees in 2003-4 to take account of changes in water allocations and in water management costs since the current fees were established.

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 to 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 Glamorgan/Spring Bay Council under contract to the RWSC and serves several small towns on the East Coast. The full transfer of this Scheme is currently being negotiated with the Glamorgan/Spring Bay 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

For many years, the RWSC has fostered the establishment of 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 has sought 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 indicated 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).

The RWSC subsequently entered into negotiations with elected representatives of the Cressy-Longford Irrigators Association (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 scheme 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 was 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 would 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 would 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. CLIA has been operating the scheme since that date.

Negotiations commenced with Winnaleah Scheme Irrigators at a meeting in August 2001 for the handover 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. A draft agreement was discussed with irrigators on 21 March 2003 and it is expected that the handover will occur on 1 July 2003.

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.

Initial discussions on the devolution process for the South-East Irrigation Scheme have commenced.

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 (eg. 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 fire fighting ("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 provided that pre-existing legal entitlements to water were preserved where they were sustainable. 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 rights to water licences under the new Act. This action is now complete and all commissional water rights except those of two of the three large urban water authorities have been converted to licences under the new Act and can now participate in water trading arrangements. The commissional water right of one large urban water authority (Esk Water) has been converted and work is progressing on conversion of the other two.

The conversion of previous prescriptive rights to licences and allocations under the new Act has also been largely completed.

All town water supply rights previously held under the Local Government Act have also been converted to licences and allocations under the new Act apart from one, for Burnie Council, which has been more complicated than for all other councils. Conversion of the water entitlements of the RWSC's irrigation scheme licences is largely complete and will be finalised by the end of May 2003.

On proclamation of the *Water Management Act 1999*, the RWSC's previous water entitlements were preserved by virtue of the cognate *Rivers and Water Supply Commission Act 1999*, as a licence issued under the Water Management Act. The Water Management Act provides that the RWSC is subject to the same statutory framework as other water licensees, including being bound by the provisions of a relevant Water Management Plan and the ability to transfer its licence or part or all of its water allocations.

The Water Management Act also removed the previous powers of the RWSC to grant water entitlements and to manage water resources.

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 and has been continued by DPIWE. The moratorium will only be lifted on particular water resources when appropriate environmental flow regimes have been established.

The Department of Primary Industries, Water and Environment 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 stream flow 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 set out in Tasmania's Resource Management and Planning System (RMPS), which establish 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.

To assist in the assessment of water licence applications for winter flows to fill proposed dams in 2002, DPIWE developed a model, using all reliable stream gauging available for Tasmania, to better estimate water yields available in any subcatchment or catchment for allocation after the environmental flow has been allocated. This model is now used in assessing all water licence applications and has formed the basis of a draft policy document "Guidelines for Assessing Applications for New Allocations of Surface Waters" which has been the subject of stakeholder consultation during early 2003. Following public comment and revision, if required, it is intended that the guidelines will be endorsed by the Minister as a policy document under the *Water Management Act* 1999.

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.

Guidelines for the ACDC to manage cumulative impacts of dams (apart from water allocation) on riverine and estuarine ecosystems and water quality are being considered as part of the project on Conservation of Freshwater Ecosystem Values currently being conducted by the DPIWE.

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. Since the Plan was released in August 2001 a number of investigations have been undertaken to assess a water development proposals around the State. Investigations of water resource development options in the South Esk, Central Highlands, Greater South East, East Coast and Circular Head region were undertaken. More detailed investigations were subsequently undertaken to assess the viability of particular proposals including Meander dam, Christian Marsh dam (Shannon River), Edith Creek dam (Circular Head region), Chimney Hill dam (Elizabeth River), Maloneys Hill dam (Macquarie River), Benham dam (St Pauls River). The next stage is to obtain statutory approval for those dam proposals considered feasible.

A dam permit and environment protection notice were issued on 10 October 2002 giving statutory approval for the Meander Dam project under the Water Management Act 1999 and *Environmental Management and Pollution Control Act 1994*.

The Tasmanian Conservation Trust and a private individual appealed to the Resource Management and Planning Appeal Tribunal (RMPAT) against the approvals under the Water Management Act 1999 and Environmental Management and Pollution Control Act, 1994. On 23 January 2003, RMPAT released its determination on the appeal which was that the appeal was upheld and the previous approvals were overturned.

On 3 February 2003 the Government announced its decision to introduce enabling legislation to Parliament that will reinstate the dam permit and environment protection notice that were set aside by the RMPAT decision of 22 January 2003. The legislation to provide for implementation of the project, subject to existing permits and notices, passed through both Houses of Parliament in April 2003.

Before the dam project can proceed the project must first receive Commonwealth approval under the Commonweath's *Environment Protection and Biodiversity Conservation Act.* The Government expects its case to go to Environment Australia in time for the Commonwealth to reach a decision by July 2003.

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 established 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; and
- 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 (eg. 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. From July 2000 to February 2002, 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.

In the twelve months to February 2003 in unregulated streams in the State 63 permanent water transfers have occurred for a total volume of 7,677 ML made up of 163 allocations. The vast majority of these transfers have been the result of property sales with only about 30 allocations having been absolutely transferred outside property sales. In addition three temporary water transfers have occurred for a total volume of 215 ML.

Section 12 of the *Water Management Act 1999* provides that the Minister must keep a register of water licences. The computerised register, entitled the Water Management Information System (WIMS) is maintained by DPIWE and is publicly accessible through the DPIWE web site.

The register contains information about the licensee, details of the water licence and its allocation(s), whether the licence/allocation is transferred, and of any third party interest in the licence.

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 were 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.

Table 5.7 shows the amount of irrigation right (ML) transferred temporarily and permanently for each of the government irrigation schemes over the past four financial years.

Table 5.7: Irrigation right transferred for government irrigation schemes

	1999-2000	2000-01	2001-02	2002-03 (to 31 January 03)
Cressy/Longford Irrigation Scheme[a]				
Water supplied (ML)	7 505.1	7162.0	5489.1	Not available
Number of trades	13	8	7	Not available
Water traded (ML)	850	373	550	Not available
Percentage water traded	11%	4.8%	10%	Not available
South East Irrigation Scheme				
Water supplied (ML)	3 536.64	4292.5	1831	2522
Number of trades	63	48	15	25
Water traded (ML)	677	394	241	572
Percentage water traded	19%	11%	13%	23%
Winnaleah Irrigation Scheme				
Water supplied (ML)	3 546.2	3 507.3	3523	2611
Number of trades	10	4	15	8
Water traded (ML)	245	74	525	275
Percentage water traded	7%	2.1%	15%	11%

(a) Figures for 2001-02 are till 30 March 2002, on 1 April 2002 the CLIS went to self management

Source: RWSC

Environment and water quality reforms

Environmental allocations

The *State Policy on Water Quality Management 1997* (State 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.

As outlined below, Protected Environmental Values (PEVs) are currently being set for Tasmania's fresh and estuarine surface waters under the policy. 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 has been completed following final consultation with stakeholders. The Strategy sets a framework for water quality monitoring in the State. Under the State 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 stream flow 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, consumptive and non-consumptive use values, recreation values, aesthetic values and physical landscape values.

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

Progress in the identification of water values by the community

Good progress has been made on setting PEVs in Tasmania's fresh and estuarine surface waters. Table 5.8 and Diagram 1 show the progress achieved to date.

Table 5.8. Progress with the setting of PEVs 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
Huon Valley Catchments	Huon Valley, Kingborough, Derwent Valley, Glenorchy
Kingborough Catchments and D'Entrecasteaux Channel	Kingborough, Huon Valley, Hobart
Flinders Municipal area Catchments	Flinders Island

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
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
South East Coast Catchments	Clarence, Sorell, Tasman
Greater Pipers River Catchment	George Town, Launceston

Water bodies with process underway

Water body	Council municipal area
Glamorgan Spring Bay Catchment	Glamorgan Spring Bay, Northern Midlands

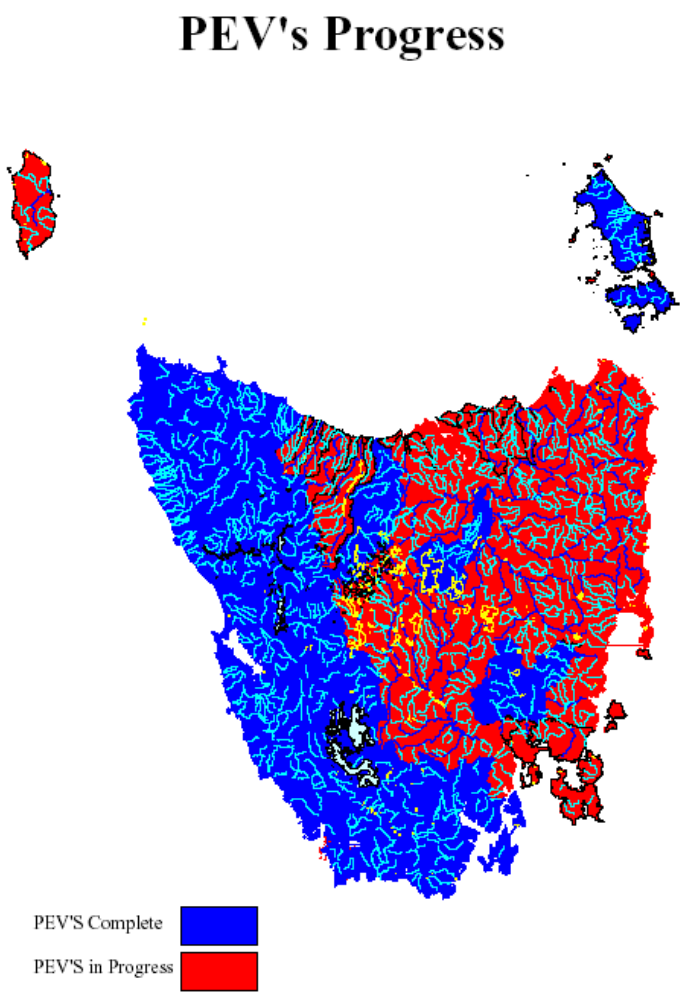


Diagram 1: Progress in setting Protected Environmental Values

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 agencies 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 (eg. 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 summer water allocations would be made from a catchment until the relevant environmental flow had been identified. This policy has continued within DPIWE since January 2000. In addition, in allocating water 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 principles as set out in 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 key river systems as shown in Diagram 2 below. Detailed information on progress has been included at Appendix D.

While determination of environmental water requirements has been completed for the Coal River, delays in determining environmental water requirements have been experienced for three remaining catchments in Appendix D.

The assessment of environmental water requirements for the Coal River has now been completed using a holistic approach. The study focused on the freshwater requirements of ecological values associated with the Ramsar listed wetland, the needs of the associated Pittwater Estuary and flows required to maintain geomorphological and in-stream biotic processes within the river.

Delays in the assessment of environmental water requirements for the Welcome and Montagu catchments in far north-western Tasmania continue for the reasons detailed in the 2002 Progress Report. 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. Substantial progress has been made in relation to determining the environmental water requirements of the Montagu River with all fieldwork being completed. A scoping document is currently being written to address environmental water requirements for riparian, geomorphological and estuarine values of the Welcome River using an holistic approach. It is anticipated that reporting for the Montagu and Welcome catchments will be completed by September 2003.

The Jordan River was listed as targeted for completion in December 2002 under the original timelines. Substantial relevant work has been undertaken for the catchment as part of a major dam investigation. The ecological values associated with the Jordan catchment are significantly degraded, resulting from riparian vegetation clearance and weed infestation, poor water quality and degraded river health. Novel approaches will also be required in relation to determining environmental water requirements for this catchment. In addition, a natural cessation of flow has delayed preliminary environmental flow assessment during the current summer. A revised timeline for this catchment is difficult to give at this stage, given the viability of flow related habitat assessments. However a scoping document to undertake environmental flow studies has recently been completed and it is expected that the study will be carried out over the next six months with reporting completed by September 2003.

As detailed in the 2002 Progress Report, these setbacks have been offset by the completion of significant 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. In addition, substantial work has been completed on the lower Derwent River well ahead of the June 2006 schedule as a result of work carried out under the Water Development Plan.

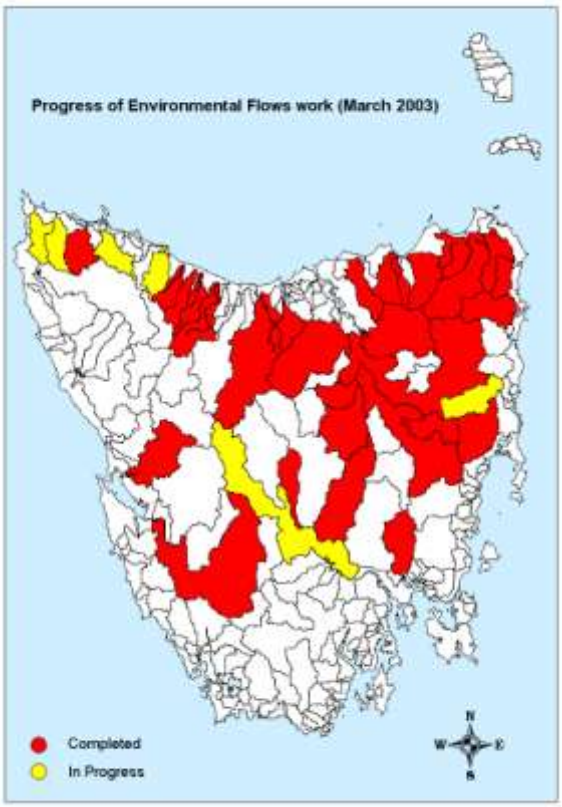


Diagram 2: Progress of Environmental Flows

Special Licences

DPIWE has entered into an agreement with Hydro Tasmania as a special licence holder 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 statutory 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

The public exhibition of the Great Forester Catchment Draft Water Management Plan 2002 has provided an opportunity to better understand issues and processes associated with Tasmania's Water Management Planning program.

The draft Plan was placed on public exhibition for the period 9 January 2002 to 19 April 2002. During the course of its public exhibition 24 written representations were received. This included seven representations that were lodged on behalf of interest groups, professional associations and groups of people.

In addition to the written representations, comments on the draft plan were made at a public meeting as required by Section 25 of Tasmania's *Water Management Act 1999.*

The representations covered a broad range of issues, with the main ones being:

- matters relating to the determination of Environmental Water Requirements;
- the levels set for Environmental Water Provisions;
- the economic impact of the plan on irrigators and the regional economy;
- water management and operational matters;
- the effects on water yield from plantation forestry;
- the establishment of a local consultative committee;
- water usage / licensing / meters;
- water information / gauging / flow monitoring; and
- dams and water development.

In order to make amendments to the draft plan in response to the representations, DPIWE adopted the suggestion from the representations and established a local consultative group to assist with that task. The consultative group is made up of representatives of each of the major stakeholder groups that have an interest in the plan.

The work of the group in its initial task is now nearing completion. In addition, there is community agreement that the group will continue to work in partnership with DPIWE to assist with ongoing water management issues associated with the Water Management Plan.

Key elements that have been included in the current version of the Great Forester Water Management Plan include:

- a water restriction management policy;
- a survey of water usage;
- the capping of water allocations;
- the metering of irrigation water takes; and
- an enhanced monitoring program.

Table 5.9: 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 completed. Socio-economic impact study completed. Ten consultative group meetings held. Statutory endorsement process commencing April 2003.
Lower Ringarooma River	December 2003	Preliminary draft plan in progress. Socio-economic study completed.
North Esk River	December 2005	Data collection progressing.
St Patricks River	December 2005	Data collection progressing.
Upper Ringarooma River	December 2003	As per Lower Ringarooma River.
Liffey River	December 2002	As per Meander River.
South Esk River	December 2004	Data collection progressing.
Meander River	December 2001	Preliminary draft Plan in progress but is on hold pending the outcome of the Meander dam issue.
Elizabeth River	December 2002	Data collection progressing.
Macquarie d/s of Ross	December 2003	Data collection progressing.
Tooms River	December 2002	Data collection progressing.
Lake River and Macquarie below Lake River	December 2004	Data collection progressing.
Coal River	June 2004	Data collection progressing.
Clyde River	June 2005	Consultative Group established. Preliminary draft plan in progress.
Lower Mersey River	December 2001	Consultative Group established. Preliminary draft plan in progress.
Upper Mersey River	December 2001	As for Lower Mersey.
Little Swanport catchment	N/A	Consultative Group established. Preliminary draft plan in progress.

Experience in the developmental stage of the Great Forester Water Management Plan showed a shift was required from a plan which simply implemented a prescriptive environmental flow to a plan which would facilitate a more sustainable water use regime. This has been achieved through the plan's commitments to identify and regulate water use, undertake environmental monitoring to determine the effects of the plan and improve information on stream flows.

Current work status on the relevant Water Management Plans is listed in Table 5.9 above.

As a result of this process DPIWE has established consultative groups of a similar nature and with similar objectives in other catchments.

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

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

The objectives of the RMPS are to:

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

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

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

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

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

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

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

Within the RMPS Framework, the *State Policies and Projects Act 1993* provides for the making of State Policies. A State Policy is binding on any person and on State Government agencies, public authorities and planning authorities. It had previously been proposed to develop a State Policy on Integrated Catchment Management

under this Act. However, the development of a State Policy on Integrated Catchment Management was put on hold in 2000 pending a review of the future direction for State Polices under the State Policies and Projects Act 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 (NRM) Framework. Following extensive consultation with stakeholders. The Framework was completed 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.

The *Natural Resource Management Act 2002* was passed in early November 2002 and the Natural Resource Management Council was appointed in February 2003. The three regional NRM committees (North, South and North-West) have all been appointed by their regions and have begun meeting. They have been declared as regional committees under the Act. Two (North and South) are incorporated associations while the North-West is a joint committee of the Cradle Coast Authority.

The development and accreditation of the regional strategies by the State and the Commonwealth, in accordance with the bilateral agreements for NAP, will require the setting and monitoring of targets on a range of nationally-agreed matters. These are being developed to provide integrated natural resource management outcomes, a process that subsumes and implements "integrated catchment management". Regional strategies are to build where possible on existing work. In Tasmania, a significant number of plans and strategies have been developed specifically on Integrated Catchment Management lines (eg. for the Huon, Mersey and Tamar catchments). Such work will be an important building block in the regional strategies.

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 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 1994*.

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 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 Strategy. 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, eg. 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 committed $500,000 to the establishment of continuous water quality and quantity monitoring sites around Tasmania in the 2001-02 financial year. These sites are based towards the bottom of catchments and provide the basis for regular indicator reporting and on-ground management decisions. Work under this program has now largely been completed.

The establishment of such a system is recommended in the 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, and 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 management planning process, it is clear that priorities for these processes (and environmental flows) will merge.

Progress to Date

Diagram 3 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 close to completion at the time of publication.

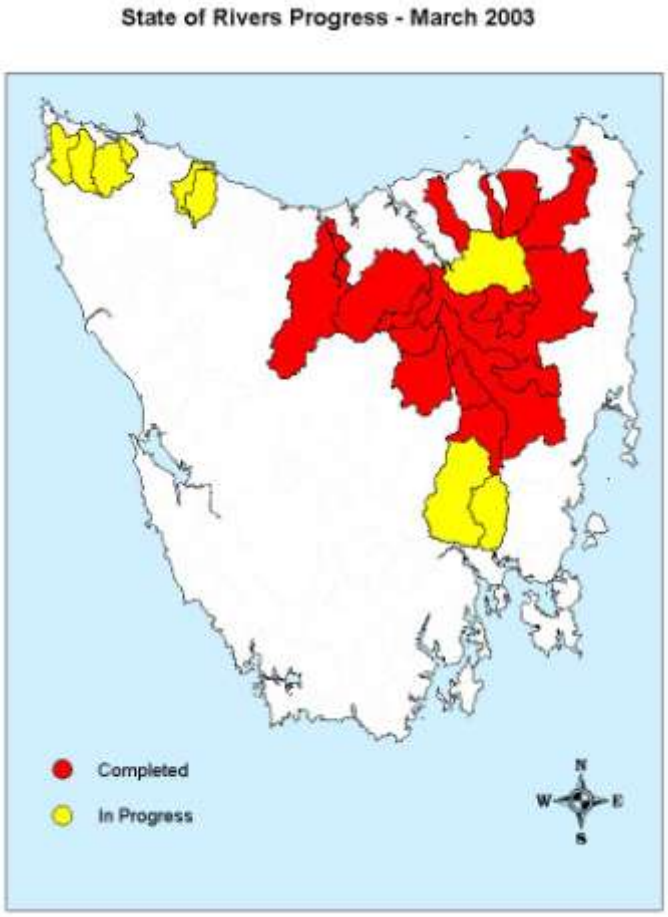


Diagram 3: State of Rivers Progress – March 2003

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 28 catchment management and sub-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. Through the *Natural Resource Management Framework*, there is a shift to natural resource management planning on a regional basis rather than on a catchment basis.

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.

Landcare practices

The State Water Quality Management 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 (TFGA), has commenced a Natural Heritage Trust funded project, titled Guidelines for Good Agricultural Land Practice in Tasmania. The aim of the project is to develop a set of guidelines for good agricultural land practice to assist in improving soil, water and vegetation management and in reducing the impact of agriculture on Tasmania's land and water resources. The guidelines will be produced in modular form with the first module being "Guidelines for Good Soil Management". The guidelines have been completed and distributed to TFGA members and other interested farmers.

Whilst the project has a broader focus than simply meeting the requirements of the State Policy, the guidelines 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 Quality Management 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 1999-2003, 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 called the Clean Quality Water Program 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 2003, a further 11 projects were funded, totalling $3,173,500. 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 for the Derwent Estuary Program have recently been completed. It has been agreed with local government that it will be implemented in accordance with council catchment priorities. The stormwater management model will be of use to regional NRM committees in the planning and implementation of NRM regional strategies.

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. Further consultation will be undertaken during 2003 on a proposal to revise these fees in line with changes in the costs of providing water management services.

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 2003, more than 40 public and stakeholder meetings have been held around the State in these processes.

Community Access to Water Information

DPIWE initiated a new project, known as Community Access to Water Information, which commenced in May 1999 and is due for completion in June 2003. 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 series of Water Fact Sheets has been completed covering a wide range of topics. Fact sheets are now also available in electronic format and hardcopy.

During 2002, significant progress has continued to be made with underlying database development and automation tools which has now allowed semi-automatic creation of regular reports on the status of the resource. In addition, a current project will further improve access to water information by allowing daily streamflow information to be uploaded on the web on a more regular (daily) basis. 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://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).

Currently Hobart City Council is leading the development of curriculum material for Tasmanian schools on the State's water resources in conjunction with DPIWE, Department of Education and Hobart Water.

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

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.

Waterwatch has funded 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 was 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, eg. 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.

'Healthy River Flows – A Balancing Act*' Video*

As an initiative of the Water Development Plan for Tasmania, DPIWE has produced an educational video production 'Healthy River Flows – *a balancing act*' which focuses on the importance of balancing Tasmania's agricultural, industrial and domestic water use while maintaining adequate and sustainable flows for the health of the plants and animals living in our rivers, wetlands and estuaries.

The video discusses the water flows needed to sustain the native plants and animals living in rivers and the challenges water managers face in trying to simultaneously meet human needs. It also presents some approaches for managing water in an ecologically sustainable fashion. The video is being circulated to interest groups including schools and community groups such as Water Management Planning groups.

Education programs for water services

The *Local Government Act 1993* 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 2002 a number of councils in the State prepared and released educational material on water conservation and two part pricing.

The Local Government Division of the Department of Premier and Cabinet has also facilitated Workshops to assist Councils with completion of cost recovery reporting for water and wastewater services. Workshops were held in Hobart and Devonport in February 2003.

The Division also established a website to consolidate information relating to urban water pricing principles and to outline the objectives of water reform.

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:

- dangerous goods;
- national heavy vehicle registration scheme;
- national driver licensing scheme;
- vehicle operations;
- heavy vehicle standards;
- truck driving hours;
- bus driving hours;

- common mass and loading rules;
- one driver/one licence;
- improved network access;
- common pre-registration standards (for heavy vehicles);
- common roadworthiness standards;
- enhanced safe carriage and restraint of loads;
- adoption of national bus driving hours;
- interstate conversion of driver licence;
- alternative compliance;
- short term registration;
- driver offences/licence status; and
- 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:

- Combined Vehicle Standards;
- Australian Road Rules;
- Combined Truck and Bus Driving Hours;
- Consistent On-Road Enforcement for Roadworthiness;
- Second Heavy Vehicle Charges Determination; and
- 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 2002 Progress Report

Tasmania has successfully implemented all reforms contained in the third tranche assessment and has been assessed accordingly by the National Competition Council. Details of reform activity are provided in previous Progress Reports.

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:

- industry sector reforms;
- performance-based standards;
- driver health and fatigue;
- load restraint guide;
- heavy vehicle noise and emissions;
- compliance and enforcement;
- bus productivity and safety;
- local road access; and
- code of practice for operators and drivers.

Considerable progress has been made on the following Third Heavy Vehicle Package reforms.

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 nearing completion and is expected to be submitted to the ATC for approval in the second half of 2003.

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 final draft for submission to the Australian Transport Council for endorsement is expected by July 2003.

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 nearing completion, with draft legislation expected to be submitted to the Australian Transport Council (ATC) for approval in the second half of 2003.

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 2003 include the finalisation of the Legislation Review Program, the continued implementation of the water industry reforms, completion of the revised Application Statement for Local Government and ensuring that all competitive neutrality complaints involving local government SBAs can be considered by GPOC.

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.
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- *National Competition Policy Progress Report, May 2001*, Government of Tasmania, May 2001.
- *National Competition Policy Progress Report, May 2002*, Government of Tasmania, May 2002.
- *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 and Wastewater Pricing Guidelines Consistent with the COAG Water Reforms for Local Government in Tasmania*, Department of Premier and Cabinet, January 2003.
- *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:

Mr Jason O'Neill
Assistant Director
Economic Policy Branch
Department of Treasury and Finance

Ph: 03 6233 5418
Fax: 03 6233 5690
Email: jason.o'neill@treasury.tas.gov.au

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
BOD	Biochemical Oxygen Demand
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

In April 1995, the Commonwealth and the States concluded the *Agreement to Implement the National Competition Policy and Related Reforms*, which set out the details relating to the Commonwealth's undertaking to provide additional financial assistance to the states and territories, contingent on satisfactory progress being made with the implementation of NCP and related reforms. The Agreement provided for a sharing of the benefits flowing from the Commonwealth as a result of the states agreeing to implement NCP and related reforms.

Under that Agreement, the Commonwealth committed to maintaining the existing real per capita guarantee on Financial Assistance Grants (FAGs), which had been introduced at the 1994 Premiers' Conference and also applied to Commonwealth general-purpose payments to local government. In addition, three tranches of ongoing NCP payments (NCPPs) were provided for, commencing in July 1997 at an annual level of $200 million, and increasing to $400 million in July 1999 and $600 million from July 2001. The NCPP tranches were originally specified in 1994/95 currency terms, and are indexed in subsequent years to reflect movements in the ANTS[3] inclusive national Consumer Price Index between successive March quarters.

Payment of the per capita guarantee component of the FAG pool and the NCPs was linked to the progress made by each state and territory towards implementation of the agreed reforms. The National Competition Council (NCC) was charged with the task of assessing compliance by each jurisdiction with the conditions governing competition payments, with states or territories that failed to undertake the required actions within the time frames specified forfeiting their share of the per capita guarantee of FAGs and NCP payments to the Commonwealth.

As a result of national tax reform measures from 2000-01 onwards, the per capita guaranteed FAG component of NCP related payments was replaced by the allocation of GST revenues between the States by the Commonwealth.

[3] A New Tax System

Table A1 outlines NCP payments to Tasmania since the commencement of the NCP Agreements, including the breakdown between the per capita guaranteed FAG and NCP components of payments received by the State up until 1999-00.

Tasmania has received all of its competition payments to date, with payments to the State from the third tranche of NCPP funds estimated to be $17.4 million in 2002-03, subject to NCC assessment of Tasmania's progress toward NCP reform.

Table A1: Competition Payments (2002-03 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.	448.0	11.2
2001-02 estimate	n.a.	n.a.	733.3	17.4
2002-03	n.a.	n.a.	739.8	17.4
2003-04	n.a.	n.a.	758.2	17.6
2004-05	n.a.	n.a.	777.1	18.2
2005-06	n.a.	n.a.	796.5	18.5
2006-07[4]	n.a.	n.a.	796.5	18.5

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.
4. No estimates of either the 2006-07 NCPP pool or Tasmania's share of that pool have ever been provided by the Commonwealth.

APPENDIX B

Legislation Review Program – Progress Report as at April 2003

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 2003

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	The recommendations from the national NCP review of the Agricultural and Veterinary Chemicals (Control of Use) Act 1995 were incorporated into the Agricultural and Veterinary Chemicals (Control of Use) Amendment Bill 2002. This Bill passed the Lower House on 26 November 2002, but has yet to be considered by the Legislative Council. The Bill removes the requirement for a permit for low risk off-label use of agricultural chemicals and limits the exemption available to pharmaceutical chemists to situations where they are acting under the instructions of a veterinary surgeon.
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. The Agricultural and Veterinary Chemicals (Tasmania) Amendment Act 2001 ensures that the Agvet Code is uniformly administered across jurisdictions. Amendments to the Agvet Code at Commonwealth level incorporating the major recommendations of the review will automatically be adopted in Tasmania.
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.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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.
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. The insurance scheme was abolished on 30 June 2000 and the remaining provisions repealed in March 2001 upon satisfaction of all claims.
Architects Act 1929	DIER	A national review was conducted by the Productivity Commission and was completed in August 2000 (publicly released November 2000). A state and territories working group which was developing a national response to the review referred it to the Australian Procurement and Construction Council (APCC). The APCC has formulated a position on behalf of all state and territory governments on the content of the Act. The majority of the recommendations arising from the review of the Act were dealt with in the *Building Act 2000* which is expected to commence in 2003. It is expected that the Architects Act will be amended during 2003-04 to account for the remaining recommendations.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Auctioneers and Real Estate Agents Act 1991	DOJIR – OCAFT	A review of this Act has been completed and the Government will consider its recommendations.
Australia and New Zealand Banking Group Act 1970	DOJIR	This Act was repealed by the *Legislation Repeal Act 2000.*
Australian Titan Products Act 1945	DIER	This Act was repealed by the *Legislation Repeal Act 1998.*
Bank Holidays Act 1919	DIER	This Act has been substantially amended to remove all anti-competitive provisions and those that impact on business. On this basis it has been removed from the LRP timetable.
Bank of Adelaide (Merger) Act 1980	DOJIR	This Act was repealed by the *Legislation Repeal Act 2000.*
Ben Lomond Skifield Management Authority Act 1995	DPIWE	A 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. Among other things, the review recommended maintaining a central fund to provide for training in the industry as this restriction is justified as being in the public benefit. Cabinet endorsed the review's recommendations and a working group was established to provide further advice on a number of the recommendations. The working group is presently working through the issues involved and will propose specific legislative changes to Cabinet on the conclusion of its work.
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 has received advice that third party access is guaranteed and the Act contains no provisions restricting competition.
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.*

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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.
Christ College Act 1926	DE	This Act will now not be repealed.. The Department of Education has recently provided information on the reasons why this Act does not have any restrictions on competition. This information is currently being assessed with a view to removing the Act from the review program.
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 this Act has been repealed and replaced by the *Security and Investigations Agents Act 2002*, which was assessed under the LRP gatekeeper requirements and proclaimed on 1 January 2003.
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.*

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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*.
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 of the Consumer Credit Code was completed in 2002. In March 2003, Cabinet agreed to the drafting of amendments to the Consumer Credit (Tasmania) Act to implement the findings of this review. The amendments will remove doubt about the application of the Code to conditional sale agreements and to prohibit the charging of valuation fees for household goods.
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 and is listed for repeal in the *Legislation Repeal Bill 2003*.
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 Act 2002* was proclaimed on 21 June 2002.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Dairy Industry Act 1994	TDIA	A major review of this Act was completed in 1999 recommending that staged deregulation of milk production and prices commence in 5 years time or upon deregulation occurring nationally or in Victoria. The review also recommended that milk quality standards continue to be determined by the Tasmanian Dairy Industry Authority until such time as a national system for food safety is implemented. Licensing of producers, processors and manufacturers was retained to facilitate regulation of quality standards. Legislation implementing deregulation in line with the national agreement was passed in July 2000.
Dangerous Goods Act 1976	DIER	This Act has been repealed and replaced by new dangerous goods legislation. The new legislation is based on the National Road Transport Commission's legislative model for transport of dangerous goods by road, which has been expanded to include the use, storage and handling of dangerous goods. The new legislation has been assessed under the LRP gatekeeper requirements.
Dental Act 1982	DHHS	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.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Egg Industry Act 1988	DPIWE - EMB	A major review of this Act has been completed. Subsequently, the Parliament passed the *Egg Industry Act 2002*. However, the legislation has not yet been proclaimed. While the new legislation repeals the former Act, it also invokes a mandatory quality assurance scheme for producers. A regulatory impact statement of the scheme is being prepared. In the interim, those provisions of the new legislation which repeal the former Act are to commence and the remaining provisions of the new Act will not commence until such time as the Regulatory Impact Statement is assessed as satisfactory in accordance with the gatekeeper 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	A review of this Act has been completed. The review recommendations which proposed legislative change have either become been redundant following Basslink and the subsequent legislation for Tasmania's entry to the National Electricity Market, or were specifically addressed in the *Electricity Supply Industry Amendment Bill 2003*. See page 9 for further information.
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*.
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 upon making of the new Noise Protection Policy (public consultation has recently been completed) when the 1977 regulations are rescinded.
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 was proclaimed on 1 July 2002.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Fair Trading Act 1990	DOJIR - OCAFT	A minor review of this Act has been completed and the restrictive provisions, namely the requirement for manufacturers to provide warranties for motor vehicles and to establish a system for dealing with customer complaints, have been justified as being in the public benefit.
Fertilizers Act 1993	DPIWE	A minor review of this Act has been completed. The restrictions on competition contained in the Act including labelling requirements, warnings to be placed on labels and adherence to standards have been justified as being in the public benefit.
Financial Management and Audit Act 1990	T&F	A minor review of this Act has been completed. The restrictions on competition arise from the Auditor General's power to audit all Government Departments and majority government-owned entities. No legislative changes were required. However, administrative separation has been put in place between the Auditor General and the Tasmanian Audit Office, competitive tendering with the private sector has been increased to 27% of total audit expenditure and tender panels are formed to assess tender bids.
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.
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.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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 1993 Deed between the Crown and Australian National Hotels.
Gas Franchises Act 1973	DIER	This Act was repealed by the *Gas Pipelines Access (Tasmania) Act 2000*, which was assessed under the LRP gatekeeper requirements.
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	This Act was repealed following an internal review.
Henry Jones Limited (Huon Pine) Agreement Act 1978	FT	This Act was repealed by the *Legislation Repeal Act 1998.*

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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 currently being drafted and it is expected to be introduced into Parliament later in 2003.
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 was repealed by the *Gas Act 2000*, which was assessed as complying with the LRP gatekeeper requirements.
Hobart Town Gas Company's Act 1857	DOJIR	This Act was repealed by the *Gas Act 2000*, which was assessed under the LRP gatekeeper requirements.
Hospitals Act 1918	DHHS	The review of the *Hospitals Act 1918* has been completed and the Government is considering the recommendations. The review recommends licensing private hospitals and day surgery facilities but not nursing homes.
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*.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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 was completed in December 2000 and the recommendations have been implemented. These include abolition of the assistant fisher's licence, creation of a generic registration process for fish dealers and importers and provision of IFS permission for the possession of fertilised ova as a licence condition for fish farmers or owners of private fisheries, as necessary.
Iron Ore (Savage River) Agreement Act 1965	DIER	This Act has been repealed.
Iron Ore (Savage River) Arrangements Act 1996	DED	The Act has not been repealed 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	This Act was repealed by the *Legislation Repeal Act 2001*.
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. The *Surveyors Act 2002* repealed the former legislation. The relevant provisions of the new legislation are less restrictive than the recommendations of the 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 commenced in 2002.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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 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 was completed in 2002. The Government has considered the recommendations and amending legislation in response to the recommendations is expected to be tabled in the Budget sittings of 2003. Several restrictions will be removed, but some will be retained following assessment of their public benefit, including the retention of the prohibition on supermarkets and non-liquor retailers selling liquor and a restricted tourist accommodation licensing scheme.
Living Marine Resources Management Act 1995	DPIWE	A major review of this Act has was completed in January 2000. The restrictions on competition contained in the Act have been justified as being in the public benefit and no changes were recommended.
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	Once proclaimed, the *Building Act 2000* will 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, and proclaimed on 1 June 2002. The by-law making power of councils has been removed from this Act.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Local Government Act 1993	P&C - LGO	A review of this Act was delayed pending the outcome of the former Government's intention to pursue council amalgamations. The review has been completed and minor restrictions regarding the operation of a pound and council land certificates have been justified as being in the public benefit.
Marine Act 1976	DIER	This Act was repealed on 30 July 1997 and 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 was completed in April 2000 which found that the restrictions on competition contained in the Act were justified as being in the public benefit.
Meat Hygiene Act 1985	DPIWE	A major review of this Act was completed in 1999 and legislation to implement the recommendations of the review was passed in April 2001. The amended legislation provides for a simplified licensing system, acknowledges Australian Meat Standards and removes overlap with building regulations. The Act remains the primary regulatory tool for meat processors but does incorporate provisions of the Model Food Act.
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. The Government has considered the recommendations and draft legislation is currently undergoing consultation. The review recommended that the registration of medical practitioners is justified as being in the public benefit. The review also recommended the removal of restrictions on the ownership of medical practices and the removal of controls on advertising.
Mental Health Act 1963	DHHS	This Act was repealed by the *Mental Health Act 1996.*
Merchant Seamen Act 1935	DIER	This Act was repealed by the *Legislation Repeal Act 1998.*
Metropolitan Transport Act 1954	DIER	This Act has been replaced by the *Metro Tasmania Act 1997* and *Metro Tasmania (Transitional and Consequential Provisions) Act 1997*. The new legislation 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 assessed as being in the public benefit.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Mining Act 1929	DIER	This Act was repealed on 1 July 1996. The repealing Act, the *Mineral Resources Development Act 1995*, was reviewed and all restrictions assessed as being in the public benefit.
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. The Government has decided that following an examination of the results of the Victorian review of its compulsory third party legislation, which is similar to Tasmania's, no further amendments to the Act are required.
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*.
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.*

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
North West Regional Water Act 1987	DPIWE	This Act was repealed by the *North West Regional Water (Arrangements) Act 1997*, which commenced in 1999 and which was assessed under the LRP gatekeeper requirements.
Noxious Insects and Molluscs Act 1951	DPIWE	This Act was repealed and replaced by the *Plant Quarantine Act 1997* which was assessed under the LRP gatekeeper requirements.
Noxious Weeds Act 1964	DPIWE	The *Noxious Weeds Act 1964* has been repealed and replaced by the *Weed Management Act 1999*, which 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 public 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 was 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.
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 is necessary.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Pharmacy Act 1908	DHHS	The Commonwealth has completed a national review, in conjunction with a review of the Commonwealth's Community Pharmacy Agreement. This Act has been replaced by the *Pharmacists Registration Act 2001,* which governs the registration of pharmacists and the ownership of pharmacies. Some further change to this Act is expected, following the Government's consideration of the outcome of the national review.
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. Proposed new occupational licensing legislation is currently being considered by the Government to provide for the licensing and registration arrangements for plumbers, gas fitters and electricians. A discussion paper was released seeking submissions from industry, local government and other interested parties.
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 2003 (continued)

Primary Act	Agency	Status
Poisons Act 1971	DHHS	A national review has been completed and the DHHS is drafting legislation to replace the *Poisons Act 1971* that will be progressed under the LRP gatekeeper requirements. It is expected that the legislation will be tabled in Spring 2003.
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 has consulted 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. As a result, the Food Act 1998 will be replaced by the yet to be proclaimed *Food Act 2003*, which is based on the Model Food Act.
Pulpwood Products Industry (Eastern and Central Tasmania) Act 1968	FT	This Act was repealed by the *Legislation Repeal Act 1995*.
Racing Act 1983	DIER	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 2003.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Racing and Gaming Act 1952 (except minor gaming)	DIER	This Act is now called the *Racing Regulation Act 1952*. 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 2003.
Racing and Gaming Act 1952 (in so far as it relates to minor gaming)	T&F	A minor review of this Act was completed as part of a review of the State's gaming legislation. In 2001, the gaming components of this Act were transferred to the *Gaming Control Act 1993* and were assessed under the LRP gatekeeper requirements..
Radiation Control Act 1977	DHHS	A national review has been completed and the Government is considering the recommendations. The review recommended the continuation of a regulatory approach but with a move to an outcome based rather than prescriptive controls over the possession or use of radiation sources.
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	This Act has been repealed.
Railways (Transfer to Commonwealth) Act 1975	DIER	This Act was repealed by the *Legislation Repeal Act 1998.*
Railways Clauses Consolidation Act 1901	DIER	This Act was repealed by the *Legislation Repeal Act 2000.*
Renison Limited (Zeehan Lands) Act 1970	DPIWE	This Act was repealed by the *Legislation Repeal Act 1998.*
Roads and Jetties Act 1935	DIER	A minor review of this Act has been completed 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.
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.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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.
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 Act 2002,* which commenced operation on 1 December 2002, removed the restrictive provisions.
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.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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 provision of this Act will be repealed by amending legislation to be introduced in the 2003 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. At the time of publication, the Government was about to consider the Review Group's recommendations.
The Mount Lyell Mining and Railway Company Limited (Continuation of Operations) Act 1985	T&F	This Act was repealed by the *Legislation Repeal Act 1996*.
The Mount Lyell Mining and Railway Company Limited (Continuation of Operations) Act 1987	T&F	This Act was repealed by the *Legislation Repeal Act 1996*.
The Mount Lyell Mining and Railway Company Limited (Continuation of Operations) Act 1992	T&F	This Act was repealed by the *Legislation Repeal Act 1998.*
Therapeutic Goods and Cosmetics Act 1976	DHHS	This Act 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.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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 of the Act has been completed and a final report released. National working parties have been appointed to assess the report's findings and to provide recommendations concerning their implementation.
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.
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 is currently being finalised. Further negotiations in relation to an appropriate regulatory model are being progressed through the Ministerial Council of Corporations.
TT-Line Gaming 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 restrictions provide for the overall integrity of the State's gaming industry and maintain the State's highly reputable probity environment.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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, which was assessed through gatekeeper provisions.
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 has received advice from the Solicitor-General that third party access is guaranteed and the Act contains no provisions restricting competition.
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 has received advice from the Solicitor-General that third party access is guaranteed and the Act contains no provisions restricting competition.
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 has received advice from the Solicitor-General that third party access is guaranteed and the Act contains no provisions restricting competition.
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.
Veterinary Surgeons Act 1987	DPIWE	A minor review of this Act was completed in February 2000. The review recommended that the Veterinary Board of Tasmania continue to approve educational qualifications and training courses, regulate practice. Mandatory registration for veterinary surgeons and specialists and a requirement to keep records were retained. A number of restrictions on bodies corporate providing veterinary services were removed by the *Veterinary Surgeons Amendment Act 2002* which came into effect on 1 September 2002.
Vocational Education and Training Act 1994	DE	A major review of this Act has been completed and Cabinet has endorsed its recommendations. It is intended that the required amendments arising from the review of the Act will be introduced in the Spring 2003 session.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
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. The restrictions in the 1999 legislation were assessed as being in the public benefit. A national review of trade measurement legislation is nearing completion with stakeholder consultation currently taking place.
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.
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.

Table A2: LRP Progress Report as at April 2003 (continued)

Primary Act	Agency	Status
Workplace Health and Safety Act 1995	DIER	The Labour Ministers' Council has undertaken a review of the National Occupational Health and Safety Commission (NOHSC). On 30 May 1997, the Labour Ministers' Council agreed on a new direction for the NOHSC and a new role for the Council in approving any new occupational health and safety standards. 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 2002

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.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2002 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	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.
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) charged on the basis of a negotiated fee taking account of FCA and prevailing market prices.
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.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2002 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	Motor Registry Business	
	• Drivers licences and registration	Delivered by *Service* Tasmania.
	• Motor cycle rider training and testing	Fully outsourced to the private sector.
	• Registration payments	Over-the-counter payments outsourced to *Service* Tasmania and Westpac.
	• Manufacture of number plates	Fully outsourced to the private sector.
	• Management of mail delivery	Fully outsourced to the private sector.
	• Production of driver licences	Fully outsourced to the private sector.
	• Programming requirements	Fully outsourced to the private sector.
	• Storage and distribution of forms	Fully outsourced to the private sector.
	Roads and Public Transport	
	• Delivery of Roads Program	Operated fully under competitive neutrality principles for all service and works tenders.
	• Collection of Asset Information for Roads	Fully outsourced to the private sector.
	• 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	Outsourced to the private sector.
	• Traffic signal maintenance and operational control	Service provided in-house with FCA applied.
	Workplace Standards	
	• Inspection of Hazardous Plant in workplaces	Outsourced to the private sector.
Tasmanian Audit Office	Financial Audits	Competitive neutrality principles have been fully implemented since 1 July 1997.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2002 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
Department of State Development	No SBAs identified.	
Department of Tourism, Parks, Heritage and the Arts	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	A full cost attribution study of Tasmania's Temptations Holidays (TTH) has been completed. An appropriate structure for a public benefit test to determine whether the corporatisation of TTH is in the public interest is currently being researched and drafted,
Department of Justice and Industrial Relations	Correctional Enterprises	Tasmanian Prison Industries operates 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 operation of Tasmanian Prison Industries was considered in the context of a funding review of the Department of Justice and Industrial Relations in early 2002. As a result of decisions made following that review, it will continue to operate in accordance with the above general framework. Over 2003, there will be a renewed focus on ensuring that the industries meet the needs of the prison service.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2002 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
Department of Police and Public Safety	No SBAs identified	
Department of Health and Human Services	*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.
	North West Regional Hospital	The NWRH is investigating providing supply functions to the private sector and is currently embarking on a full cost attribution process. The proposal is currently under consideration.
	Ambulances	The Government has decided: • not to pursue the introduction of ambulance fees for the general public; • not to outsource ambulance service provision; and • to charge fully cost attributed fees for routine patient transport services (PTS) for the few areas where there is a contestable market with a commercial provider of PTS services. The Tasmanian Ambulance Service (TAS) completed a Full Cost Attribution (FCA) model for all classifications of ambulance transport with involvement of KPMG and Treasury in the FCA study. New fees for compensable ambulance transports have been implemented in accordance with the FCA analysis and following new fee regulations. The Subordinate Legislation Committee has endorsed the fee regulations. A public benefit assessment has been completed on the routine PTS in southern Tasmania with external involvement of KPMG. The PTS service will continue to operate as a ring fenced service providing free services to the general public and to all DHHS facilities, and will charge FCA costs for that small area of the market which is contestable (private hospital routine patient transfers).

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2002 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	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.
	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.

Table A3: Status of implementation of competitive neutrality principles across Government agencies as at 31 December 2002 (continued)

Agency	Significant Business Activity	Status of implementation of competitive neutrality principles
	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 identified.	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	Mar 2003 Work Status
Brid River	H	3	H	5	Degraded	IRRIGATION	1	Aug-99	Completed.
Elizabeth River	H	1	H	5	Critical	HEC	1	Jul-99	Completed.
Esperance River	L	4	H	3	Moderate	INDUSTRY	1		Completed.
Gt Forester River	H	3	H	5	Degraded	IRRIGATION	1	Nov-99	Completed.
Liffey River	H	1	H	5	Critical	HEC	1	Aug-99	Completed.
Macquarie River	H	1	H	5	Critical	HEC	1	Dec-99	Completed.
Meander River	H		H	5	Critical	HEC	1		Completed.
North Esk River	H	1	H	5	Critical	WSUPPLY	1	Aug-99	Completed.
Pipers River	H	3	H	5	Moderate	IRRIGATION	1	Aug-99	Completed.
St Patricks River	H	1	H	5	Critical		1	Aug-99	Completed.
Tooms River	H	1	H	5	Critical	HEC	1	Jul-99	Completed.
Upper Mersey River	H	5	H	5	Badly Degraded	HEC	1		Completed.
Upper Ringarooma River	H	4	M	6	High	IRRIGATION	1	Aug-99	Completed.
South Esk River	H	1	H	5	Critical	HEC	1		Completed.
Ansons River	L		L	5	Moderate	IRRIGATION	2	Mar-00	Completed.
Boobyalla River	H		L	5	High	IRRIGATION	2	Mar-00	Completed.
Clyde River	H	6	H	1	Moderate	INDUSTRY	2	Jun-00	Completed.

Catchment	Water Development Priority	Water Quality Priority	Water Use Priority	Instream Ecology Priority	Estuary Conservation Status	Industry Priorities	NCC Priority	NCC TIMELINE	Mar 2003 Work Status
Duck River	H	2	M	1	Degraded	IRRIGATION	2	Dec-00	Completed.
George River	L	3	L	5	Degraded / Moderate		2	Mar-00	Completed.
Gt Musselroe River	H		L	5	Moderate	IRRIGATION	2	Mar-00	Completed.
Lower Mersey River	H	5	H	5	Badly Degraded	HEC	2	Mar-00	Completed.
Lower Ringarooma River	H	3	M	5	High	IRRIGATION	2	Jun-00	Completed.
Lt Forester River	M		M	5	Moderate		2	Jun-00	Completed.
Lt Musselroe River	H		L	5	High		2	Aug-00	Completed.
Mountain River	H	4	H	1	Moderate	IRRIGATION	2	Mar-00	Completed.
Nichols Rivulet	H	4	H	5	Degraded	WSUPPLY	2	Sep-00	Completed.
Tomahawk River	H		L	5	Moderate		2	Jun-00	Completed.
Blythe River	H	2	M	2	Degraded	INDUSTRY	3	Dec-01	Completed.
Browns River	L	4	M	5	Moderate		3	Dec-01	Completed.
Cam River	H	2	M	1	Badly Degraded	WSUPPLY	3	Dec-01	Completed
Coal River	H	6	H	1	Degraded	INDUSTRY	3	Jun-01	Completed.
Emu River	H	2	M	1	Badly Degraded	INDUSTRY	3	Dec-01	Completed.
Leven River	H	5	L	1	Badly Degraded	IRRIGATION	3	Dec-01	Completed.
Lt Swanport River	H	6	M	2	Moderate	IRRIGATION	3	Jun-01	Completed.
Montagu River	H	2	M	1	Moderate	IRRIGATION	3	Dec-01	Part complete.
NW Bay Rivulet	H		H	2	Badly Degraded	IRRIGATION	3	Mar-01	Completed.
Rubicon River	H	5	H	5	Degraded	IRRIGATION	3	Dec-01	Completed
Swan River	H		H	5	High		3	Jun-01	Completed.
Welcome River	H	2	M	1	Moderate		3	Dec-01	Some field work completed.
Derwent River	M	6	H	5	Moderate	HEC	4	Jun-06	Some field work completed.
Forth River	H	5	L	5	Degraded	HEC	4	Jun-06	

Catchment	Water Development Priority	Water Quality Priority	Water Use Priority	Instream Ecology Priority	Estuary Conservation Status	Industry Priorities	NCC Priority	NCC TIMELINE	Mar 2003 Work Status
Gordon River	L	8	H	5	Moderate	BASSLINK	4	Jun-03	Completed.
Jordan River	H		H	1	Moderate	IRRIGATION	4	Dec-02	Novel approach required.
Lake River	H		H	1	Critical	HEC	4	Jun-04	Completed.
Ouse River	H	6	H	5	Moderate	HEC	4	Jun-06	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	
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	WSUPPLY	n/a	n/a	
Davey River	L	8	L	5	Critical	n/a WHA	n/a	n/a	
Dee River	L		L	5	Moderate	HEC	n/a	n/a	Field work completed
Denison River	L	8	L	5	Moderate	n/a WHA	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	HEC	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 WHA	n/a	n/a	
Hellyer River	H	7	L	5	High	INDUSTRY	n/a	n/a	
Henty River	L	7	L	5	High	HEC	n/a	n/a	
Huon R 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		

Catchment	Water Development Priority	Water Quality Priority	Water Use Priority	Instream Ecology Priority	Estuary Conservation Status	Industry Priorities	NCC Priority	NCC TIMELINE	Mar 2003 Work Status
King River	L		L	5	Degraded	BASSLINK	n/a	N/a	Completed.
Lt 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	WSUPPLY	n/a	n/a	
MacIntosh River	L		L	5	Moderate	HEC	n/a	n/a	
Meredith River	M	6	M	3	Degraded	IRRIGATION	n/a	n/a	
Murchison River	L		L	5	Moderate	HEC	n/a	n/a	
New River	L		L	5	Critical		n/a	n/a	
Nile River	H		M	2	Critical	HEC	n/a	n/a	
Nive River	L		L	5	Moderate	HEC	n/a	n/a	
Orielton Rivulet	M		M	3	Degraded	IRRIGATION	n/a	n/a	
Picton River	L	4	L	4	Moderate	n/a WHA	n/a	n/a	
Pieman River	L	7	L	5	Moderate	HEC	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	WSUPPLY	n/a	n/a	
Quamby Brook	H		M	5	Critical	HEC	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		n/a	n/a	
Shannon River	H		M	5	Moderate	HEC	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	Mar 2003 Work Status
Snug	L	4	L	5	Moderate		n/a	n/a	
South East	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	HEC	n/a	n/a	Part complete.
Stanley River	L		L	5	Moderate	n/a WHA	n/a	n/a	
SW Rivers	L		L	5	Mulcahy High, Giblin High, Lewis High, Mainwaring High, Spero High, Hibbs Lagoon High	n/a WHA	n/a	n/a	

Source: DPIWE