

POLICY UPDATE

Purpose:

This policy update is intended to provide a brief and general review of the most recent government policies, strategies and initiatives in major policy areas at both federal and state level.

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IN FOCUS

Competition and Productivity

Australia's competition policy has been a key contributor to national economic performance. However, after nearly 20 years, it was due for an overhaul. The Competition Policy Review (Harper Review) released its Draft Report of this review on 22 September. After 20 years, the framework was still solid but in need of some major changes to ensure future productivity of the Australian economy. Submissions on the Draft are due by 17 November 2014 with the Final Report due to be provided to Government by March 2015. For further details on the Harper Review please go to the Economic and Regulatory Reform section of this update.

Asset Sales

The wave of asset sales looks set to continue as Governments look to reduce debt and also continue to critically assess where and how they operate in the economy. Further announcements of potential asset sales or long-term leases of targeted state assets. The Government is still in negotiations to establish the Asset Recycling Fund to facilitate investment in new infrastructure in the States and Territories. The Asset Recycling Fund would be used to make payments under the Asset Recycling Initiative (which is one component of the Government's planned Infrastructure Growth Package) to the States and Territories to assist in the sale of existing assets in order to fund new infrastructure development.

Support for this policy has been increasing, with a number of the states, including SA, NSW, Victoria and Queensland looking to apply for incentive payments relevant to privatisations that would qualify under the scheme. The fund has been capped at \$5bn and will expire in 2019 which will consequently encourage the states and territories to implement and maximise these asset privatisations as soon as possible before the fund expires.

Taxation

Following the repeal of the Carbon Tax earlier in the financial year, The Mineral Resources Rent Tax (MRRT) was repealed on 2nd September 2014. Aspects of the bill include;

- effective from September, rather than applying retrospectively from 1st July 2014 as previously announced,
- most compensation measures introduced alongside the rent tax were also repealed, however, the removal of low-income super contributions, income-support bonuses, and school-kids bonuses were delayed until 2016-17
- the compulsory super contribution increase will be frozen at 9.5% until 2021, instead of the planned graduated increase to 12% by 2019-20.

Reform of the Federation

The Federal Government released the terms of reference for a White Paper on the Reform of the Federation. The White paper will seek to clarify the roles and responsibilities of the States and Territories, with the objective of reducing overlap and duplication between governments and improving national productivity.

ECONOMIC & REGULATORY REFORM

Harper Review

The Draft Report for the Competition Policy Review (Harper Review) has been released. This review was commissioned by the Government to assess Australia's current competition policy to determine if it is still relevant and effective in the economic environment of today and also of the short to medium term future.

The report identifies three major forces that will affect the Australian economy and impact on whether the competition framework will be fit for purpose;

- change in global market forces with the rise of Asia and other emerging economies,
- Australia's ageing population,
- new technologies.

The recommendations from the Draft Report focus on three main areas;

- Competition Policy
- Competition Law
- Competition Institutions

Competition policy reform recommendations include;

- establishing competition in government provision of human services such as health and aged care services to introduce competition and increase productivity in these areas,
- investment in roads to be made more responsive to consumer needs and preferences by introducing cost-reflective road pricing which is linked to road construction, maintenance and safety,
- reforms in the electricity, gas and water industries that have commenced but have yet to be finalised to continue,
- review of anti-competitive regulations by each jurisdiction, with particular priority given to those covering planning and zoning, retail trading hours, taxis, pharmacy and parallel imports,

Specific reforms to competition law have been recommended with a focus on the simplification, clarification and streamlining of some of the current provisions in order to introduce more flexibility and ease of use and to reduce business compliance costs.

The Draft Report also recommends changes to the regulatory governance framework and structure including;

- replacing the NCC with a new independent, national competition body – the Australian Council for Competition Policy (ACCP),
- the ACCC to retain both competition and consumer functions but the regulation of access and pricing functions to be the responsibility of a newly established regulatory body with the responsibility for the existing regulatory functions undertaken by the NCC and the ACCC, including AER.

Submissions on the Draft are due by 17 November 2014 with the Final Report due to be provided to Government by March 2015.

For more information see [here](#).

Statement of Expectations

The Federal Government issued Statements of Expectations to major regulatory bodies to clarify its expectations of regulators to take into account the wider deregulation agenda put in place by the Government. Regulators have responded by issuing Statements of Intent confirming a willingness to support the Government's commitment to deregulation and red-tape reduction agenda. These Statements form part of the preliminary steps by the Government in meeting its election commitment to issue charter letters to regulatory bodies outlining and clarifying its broad policy intent and expectations.

ECONOMIC & REGULATORY REFORM (CONT.)

ACCC

- The ACCC has released its updated Immunity and Cooperation Policy for Cartel Conduct on 10 September, which incorporates a number of changes into the policy. These changes include a streamlined process for guaranteeing criminal immunity from the Commonwealth Director of Public Prosecution (CDPP), and removing 'clear leader' as a disqualification from civil and criminal immunity. The changes are designed to increase the effectiveness of the ACCC in identifying and prosecuting cartel participants.

The new policy document can be found [here](#).

ASIC

- Introduced new regulation for financial advisors providing tax advice, the first phase of a three year transition to a new regulatory scheme. The regulation aims to ensure that individuals who provide these services to consumers meet appropriate standards of fitness and propriety, and have relevant qualifications and experience.

The draft report can be found [here](#).

- Released a consultation paper that identifies possible amendments to the ASIC market integrity rules that could reduce the compliance burden on market participants.

The consultation paper can be found [here](#)

- Published the first of a series of regular reports it plans to release on the regulation of corporate finance issues. The report aims to provide insights into ASIC's regulatory approach, and assist business to understand their legal and compliance obligations.

The report can be found [here](#)

Productivity Commission

- Released an inquiry report on Australia's automotive manufacturing industry, presenting the views of the Commission on the costs and benefits of industry-specific assistance. The report investigates the structural change that will occur in the industry as Ford, Holden and Toyota close their Australian manufacturing plants.

The report can be found [here](#).

- Released a technical supplement to the draft report on Childcare and Early Childhood Learning that provides a model for estimating the potential impacts of policy scenarios proposed in the report. The technical supplement presents the Commission's model in addition to some preliminary results.

The release can be found [here](#)

- The Productivity Commission released the Final Report on Public Infrastructure, which identified a need to overhaul the processes for assessing and developing public infrastructure projects to prevent poor value for money outcomes. The report found that better decision making is required in project selection, funding, financing, and delivery.

The report can be found [here](#)

QUEENSLAND

Energy & Water Supply

- A major review is being undertaken of the Water Act 2000, which governs the allocation and management of water resources across Queensland. The review aims to reduce regulatory impact and boost economic development opportunities for water-using industries.

For more information ctrl click [here](#)

State Development Infrastructure & Planning

- The Coordinator-General has requested final comments from the public regarding the proposed New Acland Coal Mine Expansion environmental impact statement. Submissions on the environmental impact of the \$890 million project will close on the 29 September.

For more information ctrl click [here](#).

- Public consultation has started on major planning reforms in Queensland. The new legislation is intended to simplify the planning process, reduce red tape and encourage development. The consultation process will end 26 September.

For more information ctrl click [here](#)

Natural Resources & Mines

- The Government released a framework for the Next Generation of Onshore Oil and Natural Gas in Queensland in late August. The framework is intended to ensure the industry's future expansion is successful, environmentally responsible and accepted by communities.

For more information ctrl click [here](#)

- The Queensland Government is now accepting uranium mining applications following the removal of the ban on Uranium mining. A uranium mining framework was released and aims to provide regulatory efficiency and investment certainty, whilst maintaining appropriate environmental protections.

For more information ctrl click [here](#).

Regulatory

- The Queensland Government has introduced legislation to reduce the red tape associated with collecting payroll taxes. Businesses with a payroll tax liability under \$20,000 will only be required to lodge payroll tax returns twice per year instead of monthly.

For more information ctrl click [here](#).

- The QCA released a draft report recommending a new approach to regulation of the aquaculture industry in Queensland, with a final report to be provided to the Queensland Government in late-September. The report investigates regulatory reforms designed to increase investment in the industry.

For more information ctrl click [here](#).

- The ACCC issued a draft determination proposing to grant conditional authorisation for the adoption of a pro-forma liquor accord in Queensland. The Queensland Government's accord includes measures to limit extreme discounts and promotions that encourage rapid or excessive drinking.

The draft can be found [here](#).

TASMANIA

State Budget 2014-15

- The Tasmanian Budget forecasts a deficit of \$285m, down from the \$325m estimated in the Budget Risks Report. The measures introduced aim to bring the budget to surplus by 2021.
- \$1.6 billion will be spent on infrastructure in the state including a \$50m upgrade of the Midland Highway. A new body called Infrastructure Tasmania will be established to advise on major asset sales.
- GST revenue has increased 6% to \$1.9 billion
- 700 jobs will be cut from the public sector, and public sector wages will be frozen for 12 months
- \$200m and \$148m reductions to the budget for Health and Human Services and Education Department, respectively
- Police funding to increase by 10% over four years to reach \$225m in 2017-18
- \$33m has been allocated to assist in establishing direct international shipping routes between Tasmania and Asia.
- Overall spending on Education will increase by \$300m to reach \$5.8b over the four year forward estimates period.

More information can be found [here](#) and [here](#)

NEW SOUTH WALES

State Development Infrastructure & Planning

- The NSW Government has released a discussion paper on the Rebuilding NSW infrastructure plan. The Discussion paper covers the state government plan to raise funding for infrastructure by selling long-term leases of network assets to businesses. Public responses to the paper were due by 19 September with the final report due at the end of 2014.

For more information ctrl click [here](#).

- With the confirmation of Sydney's second airport at Badgerys Creek, a proposal to amend the State Environmental Planning Policy (WSEA) 2009 and the Land Application Map in order to expand the boundary of the Western Sydney Employment Area has been submitted to Government. Public submissions on this proposal were due by 19 September with the final decision pending.

For more information ctrl click [here](#).

Energy & Water Supply

- The NSW Office of Water has introduced a new Water Monitoring Framework to help protect the State's water resources. The new framework will be introduced to map the Gunnedah, Gloucester and Clarence Moreton basins. Once complete, the data will be used to support an 'early warning system' to quickly identify and tackle potential threats to water

resources. The framework aims to further strengthen the regulations for mining and gas companies that use water in NSW.

For more information ctrl click [here](#).

Regulatory

- The NSW Parliament has passed a new Disability Inclusion Act. The Act has two main roles. It commits the NSW Government to making communities more inclusive and accessible for people with a disability, and it regulates specialist disability supports and services to the disabled and introduces better safeguards for these services until change over to the National Disability Insurance Scheme.

For more information see [here](#).

- IPART is calling for public submissions on how best to set fares for seven regular private ferry services, after a 2013 review showed that some ferry operators were not recovering their costs.

For more information ctrl click [here](#).

VICTORIA

Taxation

- Victoria's stamp duty concession for first home buyers rose to 50% on 1 September 2014. Since 1 July 2014, the Victorian Government has also introduced a 4.85% reduction to Payroll Tax, a 2% reduction to WorkCover Premiums, and has reduced the Fire Services Property Levy rates.

For more information ctrl click [here](#).

Regulatory

- The Victorian Government announced a number of amendments to the Occupational Health and Safety Regulations 2007, aimed at removing unnecessary regulation that had no impact on improving safety. These measures are estimated to reduce compliance costs for Victorian workplaces by around \$31 million a year.

For more information ctrl click [here](#).

- Legislation passed in parliament in August will reduce the red tape associated with purchas-

ing motor cars in Victoria, with expected savings estimated at \$1 million annually.

For more information ctrl click [here](#).

- The ESC released a final report on Victorian Ports regulation, which found that the Port of Melbourne (PoM) was not misusing its market power. The Commission made several recommendations for minor changes to PoM's regulatory framework.

To read the report ctrl click [here](#).

- The ESC released its final decision on the feed-in tariff minimum rates to apply to small renewable energy generators from 1 January 2015.

For more information ctrl click [here](#).

SOUTH AUSTRALIA

Water & Energy

- A review by the Australian Energy Market Commission on the deregulation of SA's electricity and gas markets found the reforms had produced consumers savings of around \$160 per year and had promoted competition.

For more information see [here](#)

- The SA Government introduced new legislation which would make it easier for businesses to establish renewable energy projects on Crown Lands that were subject to pastoral leases.

For more information ctrl click [here](#).

- Commercial water licenses will be introduced in the lower South East for commercial forestry operations. Commercial forest managers will be required to obtain a water licence in the same way as other commercial water users in the region.

For more information ctrl click [here](#).

- ESCOSA published a Ministerial Pricing Report on energy prices in South Australia.

The report can be found [here](#).

- ESCOSA has released a draft decision on the introduction of a water metering code, and has found that further regulation is not required for retail water services. The commission is seeking submissions and will release a final decision in November

The draft decision can be found [here](#).

Regulatory

- New Return to Work legislation has been introduced to the SA Parliament to replace the old WorkCover scheme. The new system is designed to be more financially sustainable, and will reduce red tape for businesses.

For more information ctrl click [here](#)

WESTERN AUSTRALIA

Infrastructure

- The WA State Government has announced an initial round of asset sales as part of a plan to reduce State debt and regain a triple-A credit rating. Two port facilities and the Perth Market Authority will be sold, with the port facilities planned to be sold as long-term leases.

For more information ctrl click [here](#).

- The Government has also announced that it will be selling off 20 government-owned properties, which is expected to raise \$250m for the state.

For more information ctrl click [here](#).

- The second phase of the State Government's Planning Reform has introduced new rules designed to deliver significant savings in the cost and time taken to develop land in WA. The reforms will reduce regulatory duplication and create a more streamlined planning system with simplified statutory processes

For more information ctrl click [here](#).

Regulatory

- The WA State Government released the Economic Regulation Authority's final report on the inquiry into microeconomic reform in Western Australia, which high-

lighted compliance cost and red tape reductions as key priorities. Synergies assisted the ERA in the Inquiry through preparing two reports—*Cost of Red Tape to the WA Economy* and *State Tax Reform*. These reports are available for download on the ERA website

For more information ctrl click [here](#).

- The ERA is seeking public comment on proposed amendments to the Compendium of Gas Customer Licence Obligations, which sets service standards for the supply of gas to residences and small businesses. The amendments extend consumer protections provided under the Electricity Code to gas customers.

For more information ctrl click [here](#).

Water & Energy

- The State Government has released a discussion paper on possible ways to reform the electricity market in the south west of WA.

For more information ctrl click [here](#).

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- Regulatory and network economics
- Regulatory compliance and strategy
- Modeling
- Economic impact analysis
- Public policy
- Competition policy analysis
- Expert testimony
- Commercial advisory

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