

## CLAUSE NOTES

### *Water and Sewerage Tasmania (Consequential and Transitional Provisions) Bill 2017*

#### PART 1 - PRELIMINARY

- Clause 1 Short title.
- Clause 2 This clause provides for the Bill to commence on a day or days to be proclaimed.

#### PART 2 - AUDIT ACT 2008 AMENDED

- Clause 3 Refers to the *Audit Act 2008* as the Principal Act for the purposes of this Part.
- Clause 4 Amends the Principal Act to omit the reference to the Corporation that is formed under section 5 of the *Water and Sewerage Corporation Act 2012* in the definition of State entity.

#### PART 3 - CIVIL LIABILITY ACT 2002 AMENDED

- Clause 5 Refers to the *Civil Liability Act 2002* as the Principal Act for the purposes of this Part.
- Clause 6 Omits the reference to a Regional Corporation, or a Common Services Corporation, within the meaning of the *Water and Sewerage Corporations Act 2008* from the definition of public or other authority.

#### PART 4 - LAND USE PLANNING AND APPROVALS ACT 1993 AMENDED

- Clause 7 Refers to the *Land Use Planning and Approvals Act 1993* as the Principal Act for the purposes of this Part.
- Clause 8 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*.
- Clause 9 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*.
- Clause 10 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*.
- Clause 11 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*.

#### PART 5 - TASMANIAN PLANNING COMMISSION ACT 1997 AMENDED

- Clause 12 Refers to the *Tasmanian Planning Commission Act 1997* as the Principal Act for the purposes of this Part.
- Clause 13 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*.
- Clause 14 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017* in Schedule 2 of the Principal Act.

#### PART 6 - TASMANIAN PUBLIC FINANCE CORPORATION ACT 1985 AMENDED

Clause 15 Refers to the *Tasmanian Public Finance Corporation Act 1985* as the Principal Act for the purposes of this Part.

Clause 16 Omits the reference to the *Water and Sewerage Corporation Act 2012* in the definition of participating authority and substitutes the *Water and Sewerage Tasmania Act 2017*.

#### PART 7 - URBAN DRAINAGE ACT 2013 AMENDED

Clause 17 Refers to the *Urban Drainage Act 2013* as the Principal Act for the purposes of this Part.

Clause 18 Omits the reference to the *Water and Sewerage Corporations Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*. (There is currently a drafting error in the *Urban Drainage Act 2013* as the current reference should be the *Water and Sewerage Corporation Act 2012*).

#### PART 8 - WATER MANAGEMENT (WATERCOURSE AUTHORITY EXEMPTION) ORDER 2009 AMENDED

Clause 19 Refers to the *Water Management (Watercourse Authority Exemption) Order 2009* as the Principal Order for the purposes of this Part.

Clause 20 Omits the reference to the *Water and Sewerage Corporation Act 2012* in the Principal Order and substitutes the *Water and Sewerage Tasmania Act 2017*.

#### PART 9 - WATER MANAGEMENT ACT 1999 AMENDED

Clause 21 Refers to the *Water Management Act 1999* as the Principal Act for the purposes of this Part.

Clause 22 Omits the reference to the Corporation within the meaning of the *Water and Sewerage Corporation Act 2012* from the definition of water entity.

Clause 23 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*.

#### PART 10 - WATER MANAGEMENT REGULATIONS 2009 AMENDED

Clause 24 Refers to the *Water Management Regulations 2009* as the Principal Regulations for the purposes of this Part.

Clause 25 Rescinds regulation 11 of the Principal Regulations. This removes the requirement for the council-owned company to pay fees for a water allocation in respect of a licence that was originally transferred from the State's bulk water authorities.

#### PART 11 - WATER AND SEWERAGE INDUSTRY (COMMUNITY SERVICE OBLIGATION) ACT 2009 AMENDED

Clause 26 Refers to the *Water and Sewerage Industry (Community Service Obligation) Act 2009* as the Principal Act for the purposes of this Part.

Clause 27 Omits the reference to the *Water and Sewerage Corporation Act 2012* and substitutes the *Water and Sewerage Tasmania Act 2017*.

PART 12 - WATER AND SEWERAGE INDUSTRY (PRICING AND RELATED MATTERS) REGULATIONS 2011 AMENDED

- Clause 28** Refers to the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011* as the Principal Regulations for the purposes of this Part.
- Clause 29** This clause omits the definition of price determination investigation and inserts a new definition of price and service plan investigation. Amendments to the *Water and Sewerage Industry Act 2008*, as set out below, include removing the requirement for the Regulator to make a price determination in respect of the period for three years beginning on 1 July 2018. These amendments establish a price and service plan investigation in place of a price determination investigation.
- Clause 30** Omits the heading of Part 2 of the Principal Regulations and inserts a new heading.
- Clause 31** This clause rescinds Division 1 of Part 2 of the Principal Regulations as the Regulator will not be undertaking a price determination investigation or making a price determination for the period from 1 July 2018.
- Clause 32** Amends Part 2 by omitting the heading Division 2 - Charges policies.
- Clause 33** This clause amends regulation 8(1) of the Principal Regulations to remove the reference to a price determination.
- Clause 34** This clause amends regulation 9(1) of the Principal Regulations to remove the reference to a price determination.
- Clause 35** This clause amends regulation 21 of the Principal Regulations to remove the reference to a price determination.
- Clause 36** Amends the heading of Part 4 of the Principal Regulations to refer to price and service plan investigations.
- Clause 37** Rescinds regulations 22 and 23 that relate to price determination investigations.
- Clause 38** This clause amends regulation 24 of the Principal Regulations to remove the references to a price determination investigation and substitute a price and service plan investigation.
- Clause 39** Amends regulation 25(1) to remove the reference to a price determination investigation and substitute a price and service plan investigation.
- Clause 40** Amends regulation 26(1) to remove the reference to a price determination investigation and substitute a price and service plan investigation.
- Clause 41** Amends regulation 27 to remove the reference to a price determination investigation and substitute a price and service plan investigation.
- Clause 42** This clause rescinds regulation 28 of the Principal Regulations as the regulation is no longer necessary as it refers to draft price determination.
- Clause 43** This clause amends regulation 29 of the Principal Regulations to remove the references to a price determination investigation and to substitute a price and service plan investigation.

**Clause 44** Rescinds regulation 32 which sets a date that is 1 July 2020 when the pricing principles in the *Water and Sewerage Industry Act 2008* must apply. The effect of this regulation is that all customers of the same customer class must pay the same water and sewerage prices by 1 July 2020. The revised arrangements for pricing for customers who pay less than the target prices are set out in clause 63.

### PART 13 - WATER AND SEWERAGE INDUSTRY ACT 2008 AMENDED

**Clause 45** Refers to the *Water and Sewerage Industry Act 2008* as the Principal Act for the purposes of this Part.

**Clause 46** This clause omits redundant definitions and inserts new definitions.

A reference to the council-owned company is a reference to the Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater. A reference to the Corporation is a reference to the new Government Business Enterprise established by the Water and Sewerage Tasmania Act 2017.

**Clause 47** Inserts a new section 3B in Part 1 of the Principal Act to define maximum prices. The Regulator, in undertaking a pricing investigation under subdivision 4 of the Act as amended, is required to make a recommendation in relation to the maximum prices chargeable by the Corporation for the relevant regulatory period. The Treasurer, in a pricing order, must specify the maximum prices that are to be charged by the Corporation over the period.

**Clause 48** This clause amends the Regulator's functions in section 12 of the Principal Act to remove the function of the Regulator to make price determinations and to include approving a price and service plan and policies under the Principal Act.

**Clause 49** Provides that the Regulator may issue guidelines for policies of regulated entities.

**Clause 50** This clause omits subsection (d) that refers to pricing impacts as the Regulator will no longer be responsible for setting prices for water and sewerage services.

**Clause 51** This clause provides that the Regulator may impose additional conditions on a regulated entity's licence in regard to the submission of, and compliance with, certain policies required under section 68Y. This includes policies for connections, service charges and service introduction, trade waste charges and sub-metering.

This clause also provides that, as a condition of a regulated entity's licence, a regulated entity must comply with a price and service plan and price control instrument that is in force in relation to that entity.

**Clause 52** This clause provides that a regulated entity's extensions policy, which sets out the circumstances in which it will extend or expand its water and sewerage infrastructure and the terms and conditions that will apply to such an extension or expansion, is to be submitted to the Regulator for approval as part of a price and service plan or under section 68Y, rather than through the price determination process.

**Clause 53** Inserts a new definition of Director for the purposes of subdivision 3A of the Principal Act that relates to a policy of a regulated entity regarding excluded works, namely building work that does not require the consent of that entity.

This clause also defines an excluded works policy as a policy approved by the Director under section 56TF.

- Clause 54** This clause removes reference to a connections policy under section 56U as the Bill amends the Principal Act to require a connections policy to be approved under section 68Y.
- Clause 55** This clause provides that the Director of Building Control is responsible for approving a regulated entity's excluded works policy.
- As with the approach for other policies requiring approval of the Regulator under the Act, a regulated entity is required to submit its policy to the Director of Building Control for approval. The Director of Building Control may approve it, or require amendments to be made to it, and then approve it.
- The regulated entity must publish, on the entity's website, a copy of any policy approved by the Director of Building Control and the excluded works policy comes into force on the date on which it is first published on the regulated entity's website.
- The Director of Building Control may, by notice to a regulated entity, require the entity to review its excluded works policy by a date. The entity must review the policy by that date and submit a policy, which the Director of Building may approve, or require amendments before it is approved.
- Clause 56** This clause provides that a regulated entity's connections policy, which sets out the circumstances in which the regulated entity will permit an owner of land to connect, or relocate or adjust a connection, to the entity's water and sewerage infrastructure, is to be submitted to the Regulator for approval as part of a price and service plan or under section 68Y and not through the price determination process.
- Clause 57** This clause provides that the reference to the Corporation in section 56ZP of the Principal Act, which refers to the *Waterworks Clauses Act 1952*, is taken to apply to the council-owned company until it ceases to have the functions of providing water and sewerage services in accordance with section 23 of the *Water and Sewerage Tasmania Act 2017*.
- Clause 58** This clause provides that a variation of a customer contract does not have any effect until it has been approved by the Regulator as part of a price and service plan or a price control instrument.
- Clause 59** Inserts a new subdivision 1 heading in Division 5 of Part 4 of the Principal Act.
- Clause 60** Provides that the Regulator may only regulate the prices and terms and conditions of regulated water and sewerage services as authorised under Principal Act. This clause is necessary as the regulation of many prices is transferred to the Treasurer in the Principal Act, as amended by this Bill.
- Clause 61** Inserts a new subdivision 2 heading in Division 5 of Part 4 of the Principal Act.
- Clause 62** This clause amends the price and service plan arrangements prescribed in section 65 of the Principal Act.

This clause amends section 65 to establish a price and service plan investigation by the Regulator. This is to apply to the third price and service plan, which is to be in force from 1 July 2018 to 30 June 2021, and to apply to the new Corporation established under the Water and Sewerage Tasmania Act 2017.

The draft price and service plan submitted by TasWater on 30 June 2017 is taken to be the draft plan submitted under the price and service plan investigation.

The Regulator must approve the plan provided that it complies with: any guidelines issued by the Regulator; the pricing requirements in the Act and in any regulations made under the Act in relation to pricing; any corporate plan of the Corporation, any directions issued to the Corporation, and any requirements of the Regulator's price and service plan investigation final report.

The Regulator is required to investigate the financial sustainability of the Corporation during the period for which the price and service plan will be in force and investigate the operating and capital expenditure requirements of the Corporation.

This clause also sets out the process whereby the Regulator may request amendments to be made to a draft price and service plan prior to it being approved.

Once approved, the third price and service plan must be published and is binding, including the relating to environmental and health and safety compliance, pricing and service standards.

Any guidelines already issued by the Regulator in respect of the preparation of price and service plans will have no effect to the extent that they are inconsistent with the prices specified in section 65B of the Act or the price increases for customers whose prices are below the target prices as specified in section 65B.

This clause also omits provisions of the Principal Act that are no longer necessary as a result of the Regulator not being required to undertake a price determination investigation for the 2018-19 to 2020-21 regulatory period.

## Clause 63

This clause inserts section 65A, 65B and 65C into the Principal Act.

### Section 65A Service charges

This section sets out the requirements, which are currently prescribed in section 68A of the *Water and Sewerage Industry Act 2008*, for a regulated entity to have a policy approved by the Regulator that sets out the circumstances in which the entity will impose, and the amount of, or the method for determining the amount of, a service charge in respect of serviced land. The policy is required to be approved as part of the price and service plan investigation and approval process.

Serviced land is land that a regulated entity may permit to be connected to that entity's infrastructure and includes land for which water and sewerage services are available but are not being provided.

For customers who are charged only a fixed water charge or only a fixed sewerage charge and their charge is less than the target price in 2017-18, the annual price increases will be 7.5 per cent or \$75, whichever is the greater, for that fixed charge for each year of the price and service plan or until their charge is the same as the target price.

Section 65B Prices to be included in price and service plan

This section sets out the rate of increase of prices for certain water and sewerage services for the 2018-19 to 2020-21 regulatory period. These comprise fixed water and sewerage charges, variable charges for water use and other fees and charges that are listed in the schedule of fees and charges in the price and service plan for the period 2015-16 to 2017-18 approved by the Regulator.

Except as set out below, for the first year of the price and service plan, the prices for water and sewerage services are to increase by 2.75 per cent from the prices that applied in 2017-18. For each subsequent year, these prices increase by 3.50 per cent from the prices in the previous year.

The clause provides that these price increases apply to customers who are paying the target prices in 2017-18 and the target prices, as increased as set out above, are the target prices over the period of the plan.

For customers who have fixed water and sewerage charges and their charges are less than the target prices in 2017-18, the annual price increases will be 7.5 per cent or \$75, whichever is the greater, for their combined fixed charge for each year of the price and service plan or until their charges are the same as the target prices.

Section 65C Amendments of price and service plan

This clause allows the Treasurer to amend the rate of price increases for the second and third years of the price and service plan, once it has been approved, if the Treasurer requests an inquiry by the Regulator under the *Economic Regulator Act 2009*. After receiving an inquiry report, the Treasurer may, by gazette notice, set a rate of increase of prices for the water and sewerage services in the price and service plan for the second and/or the third year of the plan.

The Corporation must then submit to the Regulator an amendment to its price and service plan consistent with the rate of increase specified in the notice.

The clause allows the Corporation to propose, or the Regulator to require, amendments to the price and service plan if there are new obligations on the Corporation, such as in the Corporation's corporate plan, infrastructure investment plan or in directions from the Treasurer and Minister.

The Regulator may require amendments to be made to the proposed changes to the price and service plan prior to approving it.

**Clause 64** This clause omits provisions of the Principal Act that are no longer necessary as a result of the Regulator not being required to undertake a price determination investigation for the 2018-19 to 2020-21 regulatory period.

This clause also confirms that the price determination in force in respect of the council-owned company continues in force until 1 July 2018.

**Clause 65** This clause provides that the price determination in relation to the council-owned company, which continues in force until 1 July 2018, is binding on the Corporation. This clause would apply if the new Corporation commences providing water and sewerage services in the 2017-18 financial year.

**Clause 66** Repeals section 67A of the Principal Act as the provisions are redundant as they refer to price determinations that applied to the three regional corporations.

- Clause 67** Inserts a new subdivision heading in Division 5 of Part 4 of the Principal Act.
- Clause 68** Omits those subsections that relate to the price for water and sewerage services incorporating a return on assets as the pricing of water and sewerage services by the Corporation is not required to include a commercial rate of return on the Corporation's assets.
- Clause 69** This clause repeals section 68AA as the arrangements for the pricing for customers whose charges are below the target prices are provided under the new section 65B.
- Clause 70** Inserts a new heading for subdivision 4 in Division 5 of Part 4 of the Principal Act to provide for pricing investigations. The provisions in subdivision 4 set out the process for pricing investigations and the setting of maximum prices under a pricing order.
- Division 5 applies to each regulatory period from 2021-22 to water and sewerage services provided by the Corporation.
- Clause 71** This clause repeals section 68A of the Principal Act that provides for service charges, as the relevant provisions are now contained in sections 65A and 68T, and inserts new sections to provide for the conduct of pricing investigations by the Regulator.

*Section 68A Requirement to conduct pricing investigation*

In this section, the Treasurer must require the Regulator to conduct a first pricing investigation in respect of the prices for water and sewerage services before 1 May 2020, which is 14 months prior to the expiration of the third price and service plan. All future requirements must be at least 14 months prior to the expiration of the current pricing order.

The section allows the Treasurer to amend a written notice if the Regulator has not issued his or her final report in respect of the investigation.

The Treasurer must consult with, and obtain agreement from, the Minister before issuing or amending a requirement to commence an investigation.

*Section 68B Terms of reference for pricing investigation*

This section specifies the matters that must be included in the terms of reference for a pricing investigation.

*Section 68C Regulator to give notice of pricing investigation*

Sets out how the Regulator is to give notice of a requirement to conduct a pricing investigation.

*Section 68D Conduct of pricing investigation*

This section requires the Regulator to conduct a pricing investigation in accordance with the Treasurer's requirement and the terms of reference and provides that the Regulator is not bound by the rules of evidence.

*Section 68E Hearings*

Sets out the arrangements for hearings held as part of a pricing investigation, if the Regulator chooses to hold a hearing.

This clause excludes evidence subject to a direction by the Regulator from the operation of the *Right to Information Act 2009*.



Section 68F Requiring person to give evidence or produce document

This section sets out the information gathering powers of the Regulator. They include requiring a person to answer questions and provide documents and other information as required by the Regulator.

This section also provides that such a person may be reimbursed for certain costs incurred in providing this information.

This section does not allow a person to provide to the Regulator a Cabinet record.

Section 68G Use of documents or other information

Governs the use of documents or other information required by the Regulator, including making certain information available to a person who would be entitled to inspect it, if the Regulator did not possess it.

The clause allows the Regulator to give directions prohibiting or restricting the publication of information provided under clause 68F and creates an offence if the directions are contravened.

Section 68H Matters to be considered in pricing investigation

Specifies the minimum range of matters that the Regulator must take into consideration when conducting a pricing investigation. These include: the matters referred to in the terms of reference; any relevant Ministerial direction; relevant health and environmental obligations of the Corporation; the financial sustainability of the Corporation; and the Ministerial Charter, corporate plan and infrastructure investment plan of the Corporation.

Section 68I Limitations on pricing investigations and reporting

Prohibits the Regulator from investigating the terms of certain contracts if prohibited by the requirement to investigate under section 68A.

This section also prohibits the Regulator from releasing information that relates to contracts or any information that could damage the commercial interests of the Corporation.

Such information, which includes information obtained under the Regulator's information gathering powers, are excluded from the operation of the *Right to Information Act 2009*.

Section 68J Offences

This section specifies the offences in relation to an investigation under this subdivision.

Section 68K Draft Report

Sets out the Regulator's obligations regarding a draft report of a pricing investigation. The Regulator must provide a copy of a draft report to the Treasurer, the Minister and the Corporation at least eight months before the pricing order arising from the investigation is to come into force.

This section requires the Regulator to allow persons or bodies who have received the draft report to make submissions and to take those submissions into consideration before making a final report.

Section 68L Final report

Sets out the Regulator's obligations regarding the preparation of a final report of a pricing investigation, including the requirement for the report to contain a recommendation in relation to the maximum prices chargeable by the Corporation for the period that any price control instrument that may result from the investigation would be in force.

The clause sets out the arrangements for the Treasurer to table the final report in each House of Parliament and to make the final report available free of charge to the public.

Section 68M Costs of conducting pricing investigation

This section provides that the Treasurer may determine that the Corporation is liable for all or part of the reasonable costs incurred by the Regulator in undertaking a pricing investigation.

**Clause 72** Inserts a new heading for subdivision 5 of Division 5 of Part 4 of the Principal Act.

**Clause 73** This clause inserts sections in the Principal Act to provide for the making and amendment of pricing orders and price control instruments.

Section 68N Pricing order

This section sets out the arrangements for a pricing order arising from a pricing investigation.

After a final report is provided to the Treasurer, the Treasurer is required to make a pricing order. The Regulator is to take into consideration the recommendations of the Regulator and any comments received from the Minister. The order must be consistent with the pricing principles prescribed in the Act and regulations. The pricing order is to specify the maximum prices that are to be charged by the Corporation for the period that the order will be in force.

A pricing order is not a statutory rule and is, therefore, not disallowable by Parliament.

Section 68O Duration of pricing order

A pricing order commences 61 days after it is published in the *Gazette*. The order remains in force for the period specified in the order which, in the case of the first pricing order made under the Act is four years, is to be a period of up to five years. The Treasurer, when giving notice to the Regulator to conduct a pricing investigation, must specify the period for which the pricing order will be in effect.

Section 68P Amendment of pricing order

This section provides that the Treasurer may amend a pricing order at any time if the Treasurer is satisfied that there has been a material change in the costs of the Corporation as a direct result of complying with a new legislative requirement or if there has been a tax event following the making of the order.

Section 68Q Price control instrument

This section outlines the action that must be taken by the Corporation following the making of a pricing order by the Treasurer.

The Corporation must, within 30 days of a pricing order being made, prepare a price control instrument that sets out the prices that are to be charged when the order takes effect. The section requires the Corporation to lodge the price control instrument, and any supporting information, with the Treasurer for approval.

The section prohibits the Corporation from amending the price control instrument unless it has the Treasurer's written approval.

The section also sets out the process by which the Corporation may submit an amendment of the price control instrument to the Treasurer. The Treasurer must consult with the Minister before approving an amendment to a price control instrument under this section.

Section 68R Price control instrument does not authorise breach of contract

This section clarifies that nothing in a price control instrument is taken to amend the terms or conditions or prices in any contract entered into by the Corporation.

**Clause 74**

Inserts Divisions 5A and 5B in Part 4 of the Principal Act.

These divisions contain provisions that enable the Regulator to regulate certain charges and policies of the Corporation. These powers are currently exercised by the Regulator through the price determination process and all provisions in these divisions are currently in Principal Act or in the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011*. As the Bill provides that there are to be no further price determinations, it is necessary to transfer these provisions to these new divisions.

**Division 5A - Charges**

Section 68S Interpretation of Division 5A

This section provides the definitions relevant to Division 5A of the Act.

Section 68T Service charges

This section allows a regulated entity to determine, in accordance with its service charges policy and a pricing order, a service charge applicable to water and sewerage services to serviced land.

A land owner is liable to pay the service charge provided that the regulated entity has provided notice to the owner and has published a notice in a newspaper generally circulating in the area that is the subject of the notice.

Section 68U Service introduction charges

This section allows a regulated entity to determine, in accordance with its service introduction charges policy and a pricing order, a service introduction charge applicable to water and sewerage services to serviced land, which may be imposed in addition to a fixed charge.

A land owner is liable to pay the service introduction charge, provided that the regulated entity has provided notice to the owner and has published the notice in a newspaper generally circulating in the area that is the subject of the notice.

Section 68V Developer charges

This section provides that a regulated entity may determine, in accordance with its developer charges policy, the amount of a developer charge applicable to a property in a proposed new development.

Section 68W Trade waste charges

This section allows a regulated entity to determine, in accordance with its trade waste charges policy, that a trade waste charge applies to serviced land, which may be imposed in addition to a fixed charge. If a pricing order specifies a trade waste charge in respect of a category of trade waste, the charge that applies to the served land must be calculated in accordance with the order.

Section 68X Strata title bodies corporate to give notice of creation of, or change in, entitlements

This section requires a body corporate to give notice to a regulated entity of a change in the general unit entitlement of a strata scheme or if a special unit entitlement has been created in respect of a scheme for the purposes of ensuring the correct charges for water use are applied to the unit holders of the scheme.

**Division 5B - Policies of regulated entities**

This division provides for the approval, review and amendment of policies. Policies that form part of the third price and service plan that is approved by the Regulator are taken to be policies that are approved under this division. For each subsequent period, all policies that are in force on the last day of the third price and service plan will be deemed to continue to apply thereafter, until they are reviewed or amended, as required by the Regulator, under the division.

Section 68Y Policies to be submitted to the Regulator for approval

This section sets out the policies of a regulated entity that are required to be submitted to the Regulator for approval. The Regulator may request a regulated entity to make amendments to a policy by giving notice to that entity. A regulated entity is bound to comply with policies approved under this section and must publish its approved policies on its website.

Section 68Z Review and amendment of policies

This section sets out the process whereby the Regulator may request a regulated entity to undertake a review of any of its approved policies.

Section 68ZA Guidelines for preparation of proposed policies

Provides that the Regulator may issue guidelines to assist a regulated entity to prepare policies.

Section 68ZB Contents of policies

This clause sets out the matters that must be included in policies that are required to be approved under section 68Y.

Section 68ZC Transitional provisions in relation to policies

Deems policies approved as part of a price and service plan to be taken to be approved under section 68Y.

- Clause 75** Amends section 70 of the Principal Act to require the Regulator to prepare the state of the industry report not more than 18 months before the day on which the first pricing order takes effect and not more than 18 months before any subsequent pricing order is due to expire.
- The provision that allows a state of the industry report to be prepared at any other time, if required by the Minister and the Treasurer, remains in the Principal Act.
- Clause 76** Amend the definition of reviewable decision to remove the reference to a price determination made by the Regulator.
- Clause 77** Repeals Part 6 of the Principal Act as the provisions are transitional provisions that are no longer required.
- Clause 78** This clause amends the offences provisions to provide that they apply to all entities licensed under the Act.

**Clause 79** Ensures that the Regulator can recover costs incurred from approving policies in accordance with the Act.

**PART 14 - CONCLUDING PROVISION**

**Clause 80** This clause provides that this Act is repealed one year from the day on which all of the provisions of the Act commence.