

**DRAFT SECOND READING SPEECH**  
**HON GUY BARNETT MP**

*Gas Industry Amendment Bill 2020*

\*check Hansard for delivery\*

Madam Speaker,

I move that the Bill now be read a second time.

The *Gas Industry Act 2019* was passed by Parliament last year, along with its cognate legislation, the *Gas Safety Act 2019*, and the *Gas (Consequential Amendments) Act 2019*.

I would like to remind the House that the creation of these two new Acts separated industry regulation provisions from industry safety provisions from the Gas Act 2000 and Gas Pipelines Act 2000, and eliminated inconsistencies and duplications between them.

The *Gas Industry Act 2019* and *Gas Safety Act 2019* have not yet been proclaimed, because time was needed to review Regulations and Codes made under the Acts, to ensure consistency with the powers and operation of the new primary legislation. It was during this review that two issues were identified in the Gas Industry Act that were not previously identified through the extensive consultation on the 2019 Acts

The Bill before the House provides for amendments to the Gas Industry Act to address these two issues.

The first issue relates to the meaning of 'retailing' of gas.

The way 'retailing' is defined in the Gas Industry Act means that retailers selling only to customers using more than one terajoule of gas per year would not need to be licensed. This is an unintended consequence of the Gas Industry Act, and may have undesirable outcomes for industry, and for customers whose gas use is above one terajoule per year.

One such outcome arises because Codes only apply to participants who are licensed. This means that the Gas Customer Transfer and Reconciliation Code would only apply to licensed

retailers and would not apply to a retailer who supplied exclusively to larger customers. This would potentially create poor outcomes for industrial customers, and larger commercial customers, when switching retailers. This is because the obligations in the Code that require retailers to transfer customer data upon request would not apply. This could adversely impact orderly arrangements when commercial and industrial customers chose to move to a different retailer.

A further undesirable consequence is that it creates an uneven playing field for licensed retailers who retail gas to both small and large customers. These retailers would have a greater compliance burden than retailers who may enter the market and retail gas only to larger customers, without an obligation to be licensed. There is no justification for this competitive disadvantage being imposed on retailers servicing the small customer segment of the gas market.

The Bill before the House amends the 'retail' definition to be consistent with its historical meaning under the *Gas Act 2000*. The threshold for the categorisation of small customers was introduced in the Gas Industry Act, where previously it had only been provided for in the Codes. The threshold of 1 terajoule continues to provide better alignment with national arrangements for customer protections, however this amendment severs the link between the threshold and the requirement to hold a retail licence.

The Office of the Tasmanian Economic Regulator has advised that this is an appropriate way of addressing this issue. Gas industry representatives also agree.

The second issue being addressed by this Bill relates to the ongoing management and administration of the Gas Codes.

After considering the existing Gas Codes, to ensure consistency with the new Act, the Office of the Tasmanian Economic Regulator identified the benefits for providing greater flexibility for the Regulator in administering the Codes, including the ability to review and amend the Codes, and improving ongoing efficiency.

There are currently four Tasmanian Gas Codes. Three of those Codes were issued by previous Ministers for Energy (the Tasmanian Gas Distribution Code, the Tasmanian Gas Retail Code and the Tasmanian Gas Bulk Customer Transfer Code). Only one has been issued by the Regulator (the Gas Customer Transfer and Reconciliation Code).

The Gas Industry Act, as it stands, requires that any review of a Code may only be conducted by the issuing authority, and further, that any amendment of a protected provision must be approved by the Minister for Energy. This has created unnecessary procedural steps, which this Bill intends to remove.

The Bill before the House enables both the Minister for Energy and the Regulator to review or amend any Code, regardless of who issues the Code. In line with this principle, it also removes reference to protected provisions altogether.

The Bill will, however, ensure that both the Minister and the Regulator communicate with each other about administration of the Codes, while still providing greater autonomy for the Regulator to undertake the ongoing routine management of both the current and any future Codes.

The Regulator has the statutory obligation to act in a fair and equitable manner, taking proper account of both the interests of licensees and, importantly, the interests of customers. I know that the Tasmanian Economic Regulator takes the role of protecting the interests of customers very seriously, both in relation to this legislation as well as other legislation under his remit.

This Bill removes procedural steps that do not serve to enhance the ongoing management of the Codes. Accordingly, there are efficiencies in ensuring that the Regulator has an appropriate level of flexibility in the ongoing review and management of the Codes as the market continues to mature.

**Madam Speaker, I commend the Bill to the House.**