

Ref:SJD772D

20 November 2002

The Hon. Peter Costello MP
Treasurer
Suite MG 47
Parliament House
CANBERRA ACT 2600

Dear Treasurer

2002 Supplementary assessment of progress by Tasmania with implementing the National Competition Policy and related reforms.

I am pleased to submit to you the 2002 supplementary assessment by the National Competition Council concerning asset valuation and full cost recovery issues for urban water service providers in Tasmania. The report completes the Council's 2002 assessment of Tasmania's performance against National Competition Policy and related reform commitments for 2002.

The Council found in the 2002 assessment that Tasmania had not demonstrated that:

- urban water and wastewater businesses were applying appropriate asset valuations on pricing water and wastewater services; and
- Tasmania's strategies for adopting of cost recovery principles by businesses operating outside full cost recovery parameters were unclear.

This supplementary assessment has found that Tasmania has made sufficient progress on these issues to meet obligations for the 2002 assessment. Consequently, the Council recommends that Tasmania receive full competition payments in 2002-03. I have attached a copy of the supplementary assessment, and the letter sent to the Premier of Tasmania informing him of the supplementary assessment findings for your information.

When you announce your decision on this recommendation, the Council will publish this supplementary assessment.

Yours sincerely

Graeme Samuel
President