Minister for Energy and Renewables
Minister for Parks and Heritage
Minister for Sport

Tasmanian Government

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Hon Ruth Forrest MLC
Independent Member for Murchison

Dear Ms Forrest

I write regarding your Question on Notice, tabled on 23 June 2026. Please find attached a document provided by Hydro Tasmania.

By way of background, all Government businesses are expected to apply the Government's *Competitive Neutrality Policy* to ensure that they compete on fair and equal terms with businesses in the private and community sectors. I note that competitive neutrality policy is not about preventing competition between government-owned and private businesses. Instead, it aims to remove any inherent advantages that government businesses might have, such as subsidies, tax exemptions, or regulatory benefits, which could distort the market.

The Tasmanian Government is committed to implementing the revitalised National Competition Policy (NCP) and, as part of this process, will conduct a review of the competition framework in the State, including the operation of the *Economic Regulator Act 2009*, to ensure that Government policies and processes meet the updated requirements of the NCP Agreement. Any changes to Tasmania's competitive neutrality framework will be implemented by 31 December 2026 to ensure that Tasmania can meet its NCP commitments.

Hydro Tasmania is subject to national competition policy requirements and pays Government Guarantee Fees, Income Tax Equivalents and Dividends.

For answers to questions 5, 6, and 8, please see below.

> *5) Given that Entura's results are consolidated into Hydro Tasmania's accounts, will the Minister request Hydro Tasmania publish Entura's revenue split between internal and external work, and the competitive neutrality measures it applies?*

The preparation of Hydro Tasmania's financial statements, including decisions about the level of detail disclosed in relation to Entura's operations and performance, is a matter for Hydro Tasmania's Board and management, consistent with applicable financial reporting and disclosure requirements.

However, it is noted Hydro Tasmania already reports on Entura's activities in its Annual Report, including information on the nature of the business and its work supporting both Hydro Tasmania's projects and external clients. Hydro Tasmania has advised in its response that it measures and reports Entura's performance primarily through project delivery and utilisation measures (hours) rather than by separately disclosing internal and external revenue streams.

Additionally, it is important to note that, with the exception of Entura India, Entura is not a separate entity to Hydro Tasmania and therefore it doesn't generate revenue from Hydro Tasmania work. The competitive neutrality measures applied to Hydro Tasmania are outlined in the answer to Question 2, while 1(a) provides information about the projects Entura has supported internally and externally.

6) *Has the Tasmanian Economic Regulator ever assessed Entura for competitive neutrality compliance, and if not, would the shareholder Ministers refer the matter?*

No, the Tasmanian Economic Regulator has never received a competitive neutrality complaint against Entura and has not conducted a competitive neutrality investigation of Entura. Only people who have been adversely affected by a supposed contravention of competitive neutrality principles by a prescribed body can make a competitive neutrality complaint.

The costs incurred by Hydro Tasmania in accordance with the Competitive Neutrality Principles are reviewed through the annual audit of financial statements consistent with all other costs incurred by Hydro Tasmania.

Entura's success rate in tendering indicates that Entura is competing on an even playing field with third parties, sometimes being successful in bids and, at other times, losing to other firms.

Given this and that no specific complaint has been made, there is no need to currently consider referring Hydro Tasmania (as the company) to the Tasmanian Economic Regulator for a review.

(8) Will the shareholder Ministers commit to a competitive neutrality review of Entura's operating model and report the outcome to Parliament?

There is no evidence to suggest that Entura needs to be reviewed for compliance with competitive neutrality policy.

Yours sincerely

Hon Nick Duigan MLC
Minister for Energy and Renewables

Hon Eric Abetz MP
Treasurer

Attachment 1: Answers to Question on Notice, provided by Hydro Tasmania

Note: Entura is the consulting arm of the Hydro Tasmania group and not a separate legal entity.

Question	Response
(1) Hydro Tasmania has stated that Entura directs around 60 per cent of its effort to Hydro Tasmania. (a) What share of Entura's revenue, in both percentage and dollar terms, came from Hydro Tasmania and related State entities in each of the last three financial years; (b) Over the same period, what proportion of Hydro Tasmania's contestable engineering, testing and commissioning work was awarded to Entura without an open competitive tender; and (c) What is the policy basis for directing that work to Entura rather than openly tendering it to the Tasmanian market, and absent competitive tension, how is value for money demonstrated?	(a) With the exception of Entura India, Entura is not a separate legal entity or subsidiary; rather it is a business unit within Hydro Tasmania, sharing the same ABN. This is why Entura's effort for Hydro Tasmania is quantified in Hydro Tasmania's annual report in hours and projects, rather than in dollar terms. In FY25: • Hydro Tasmania projects accounted for 66 per cent of Entura's total resource effort. This equates to approximately 186,000 person-hours of specialised technical work, delivered via 262 packages of work, including the ongoing Tarraleah redevelopment and Cethana pumped hydro services. • Entura also supported the delivery of a number of non-Hydro Tasmania water and renewable energy projects with involvement in 137 projects across Tasmania, 165 across the rest of Australia and 52 projects in the Indo-Pacific region. (b) Hydro Tasmania uses internal resources for its work program where possible and therefore work coming from Hydro Tasmania projects is generally given to its employees in first preference where they have appropriate skill, expertise and availability. This includes Entura employees. When Hydro Tasmania needs to source expertise outside Entura it does this in accordance with its procurement procedures which align with Government procurement guidelines. (c) see answer to (b).

(2) When Entura tenders against private firms, how is full cost attribution applied so that no advantage arises from Hydro Tasmania ownership, including cost of capital, tax equivalent payments, guarantees and shared overhead?	As contemplated by the Competitive Neutrality Principles: - Hydro Tasmania is subject to all state taxes and charges including land tax, payroll tax; local government rates and stamp duties as well as income tax and sales tax through the tax equivalent regime. - It also pays government guarantee fees and dividends - Hydro Tasmania is also subject to regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment, and planning and approval processes, on an equivalent basis to private sector competitors. As noted above, the Entura business unit provides significant support to Hydro Tasmania's work requirements. Where capacity exists, Hydro Tasmania also takes on work in the external market through the Entura business unit. When doing so Entura's market rates incorporate typical on-costs and profit margins.
(3) (a) Does Entura's external pricing include a competitive neutrality adjustment as contemplated by the national competition policy principles; and (b) if so, how is it calculated, and who verifies it?	(a) see answer to (2). (b) Hydro Tasmania's financial statements report on all its costs and these are reviewed by the auditor general each year as required under the GBE Act and the Audit Act 2008 (Tas).
(4) What is Entura's published operating model, and how does it define the niche it was established to serve versus services already supplied by Tasmanian private firms?	Entura's niche is specialised power and water services, backed by operational and asset management exposure as a key differentiator in the renewables sector. Its focus areas and capabilities are originally derived from the skills and expertise developed through hydro industrialisation and the early development of wind farms. This has evolved as the renewables market and technology have changed. Entura continues to add value to a renewables transition in Tasmania, and targeted external assignments that build on that capability and bring returns. Refer: https://entura.com.au/about/about-us/

(7) Given Marinus Link and the broader transmission pipeline, what steps is Hydro Tasmania taking to maximise contestable participation by Tasmanian private firms rather than directing work to Entura?	As stated in the response to question 1 (b) above, Hydro Tasmania currently optimises the use of its Entura employees to meet its engineering needs, as appropriate to skill levels and capacity and seeks services from third parties where necessary in accordance with its usual procurement procedures. As a significant employer of over 170 Tasmanian smart jobs that have been retained in the State, Entura (Hydro Tasmania) not only adds value to scheduled business-as-usual projects, but to major projects as well as acting as an important risk management insurance for when there are emergency matters. Hydro Tasmania's external procurement activities contributed over $195m into the Tasmanian economy in the 2024-25 financial year.
(9) What share of Entura's revenue comes from clients other than Hydro Tasmania, and what share from interstate and overseas work?	Entura's work program differs year on year and based on Hydro Tasmania's work program. Information about FY25 work activities has been provided in the response to question 1(a).
(10) (a) Is Entura's national and international commercial expansion within the charter Hydro Tasmania was established under, and have the shareholder Ministers and the Board sanctioned it; and (b) if so, please provide an explanation?	(a) As noted in the Charter, Hydro Tasmania has received approval from the Shareholding Ministers to undertake the provision of consultancy services in respect of electricity, environmental science and engineering services or any other area of expertise as consistent with its functions. Entura provides services in the Indo-Pacific and has maintained relatively stable participation in national and international commercial work over the last 10 years. There have been fluctuations depending on market (GFC, COVID), level of capacity required for Hydro Tasmania and organic changes in FTEs. The Shareholding Ministers and Board are informed about and support Entura's planned activities and approve targets as contemplated by the Ministerial Charter.

	(b) Entura's work in national and international segments of renewable energy and water markets aims to contribute value back to Tasmania through increased dividends and greater knowledge and expertise among its people.
(11) What public capital and commercial risk are committed to that interstate and overseas activity, and is Entura's performance reported to Parliament separately from Hydro Tasmania's core results?	Entura's performance is not reported separately beyond what is in the annual report. Entura undertakes an annual capital review and budgets in accordance with Hydro Tasmania's budgeting process, and its risk assessment is reported annually to the Risk Management Committee of the Board. Capital expenditure for equipment, software, and any specialised hardware is recovered through commercial contracts and depreciated/accounted for in accordance with normal accounting procedures. Entura capital expenditure is very limited. Entura India returns profits on a stand-alone basis and has not received any capital from Hydro Tasmania since 2010.