

WATER INDUSTRY BILL – 19 October 2011

Adjourned debate on second reading (resumed on motion).

Mr PEDERICK (Hammond) (19:59): I rise to speak to the Water Industry Bill 2011 which, in the introductory note, says it is:

A bill for an Act to facilitate planning in connection with water demand and supply; to regulate the water industry, including by providing for the establishment of a licensing regime and providing for the regulation of prices, customer service standards, technical standards for water and sewerage infrastructure and installations and plumbing, and by providing performance monitoring of the water industry; to provide for other measures relevant to the use and management of water; to make amendments to various related Acts; to repeal the Sewerage Act 1929, the Water Conservation Act 1936 and the Waterworks Act 1932; and for other purposes.

Currently, the supply of reticulated water in South Australia is regulated under the Water Conservation Act 1936 and it can also be under the Waterworks Act 1932. These acts confer the powers to enable the construction and maintenance of the necessary infrastructure associated with water supply, over both private and public land. They also provide for water rating and, in the case of the Waterworks Act, establishes the Save the River Murray Fund and imposes the levy. The Sewerage Act 1929 provides similar powers in relation to sewerage systems.

The government has published Water for Good in response to the ongoing drought, in June 2009, which proposed a number of reforms for the water industry, including an independent pricing regime and third-party access to water infrastructure.

The bill repeals the above mentioned acts and has established a new regime for the supply of water and sewerage services. The new initiatives include: firstly, water planning, which obliges the minister to prepare and maintain a state water demand and supply statement, which is to be comprehensively reviewed each five years with a progress report being tabled each year.

The regulated industry is part two. The water industry is declared to constitute a regulated industry under the Essential Services Commission Act 2002, thus providing ESCOSA the function of regulating and setting water and sewerage prices.

Part three is the technical regulator, which sets out the requirement of a technical regulator to develop, monitor and regulate technological standards. Part four is about authorised officers, which enables the appointment of authorised officers and establishes their functions and powers.

The bill also transfers many of the powers from the repealed acts relating to land access, the establishment of infrastructure and protection of infrastructure equipment and water supplies, and establishes the Save the River Murray levy and fund.

I note that the government has been promoting the policy of third-party access. The bill simply initiates a process to move towards third-party access. I note that we will be putting forward amendments to oblige SA Water to provide a transport

service to farmers for stock water, where the farmer has acquired their own River Murray water entitlement. This is to reduce costs and to protect livestock production across much of South Australia.

I just want to talk about some of the issues that we have had with accessing water, especially in the previous five or six years with the drought that engulfed the River Murray and Darling River—the River Murray system. It has been shocking, to say the least, for many people the length and breadth of the River Murray, but I do not think more so than for the people who live, reside and try to operate businesses at the lower end of the river and around Lake Albert and Lake Alexandrina.

These fine people of this state took the biggest hit, I believe, in what happened with this drought. The people who live around Goolwa were engulfed in sand blowing off the dry lake bed into their homes, which were devalued by hundreds of thousands of dollars because of the lack of water. The people on dairy farms had to spend up to \$5,000 a week to truck water in to keep stock going.

Many people, especially around the Narrung Peninsula and around both lakes—Lake Albert and Lake Alexandrina—had to lease water in when they could access good water, and then it got to the stage where the water was not useable. There were private desalination plants put in at a cost of many hundreds of thousands of dollars and people were doing what they could to keep their farms going.

Some people simply gave up attempting to irrigate and basically ran their properties as a dryland venture. Some could say it was an opportunity, but what some of these people then had to do was sell their water and perhaps buy or lease some more country so that they could grow their feed and run their dry stock, or their sheep and cattle, on another part of the area.

It has been tough—it has been darn tough. We still have high salinities in Lake Albert, and a lot of this is because of the poor policies that went in place during the drought. I still do not believe that the negotiators we had working for the state government were good enough to negotiate enough water for this state, and I think we could have done a much better job. I have been told that Victoria had a couple of red-hot negotiators that outdid us every time, and we were left partly at the will of nature, partly at the will of upstream people, and partly at the lack of action by the government.

We have seen tens of millions of dollars worth of infrastructure put in with bunds at Narrung, Currency Creek and Clayton. In regard to the Narrung and Clayton bunds, something like 25 per cent of those bunds will be left in the river that the government will not get out. The government said that it would get all of the material out, but it certainly will not get it out. The government has said, in the case of Currency Creek, 'It's underwater; it's too hard to get out.' How do they think the river was dredged? How do they think people dredged channels below Lock 1 when they had to try to get boats through? There are barges on which you can put long-arm excavators to do the job. It has been very, very tough.

This government hired a water commissioner, Robyn McLeod. I note she has not been with the government for quite a while, but I remember going to a meeting on a Thursday night after a sitting week with Mitch Williams (member for MacKillop). The meeting had been going for a while by the time we arrived, and there

was a group of luminaries up the front, including Robyn McLeod, and she stood up in front of the crowd and started to talk about climate change.

When these people have seen the results of over-allocation and over-extraction from the river, and they have some bureaucrat from Victoria come in and start to tell them, 'This is the effect of climate change,' let me say that it caused quite a ruckus in the room. These are people who have suffered and who will not see a lot of the money that they have had to spend to survive. We have seen issues of salinisation right throughout the area and, because of government inaction, it will be a long, long time before Lake Albert is back to what it used to be.

I want to talk about some of the other policies that this state Labor government has had. Several years ago, they came out with a broad policy to increase the Mount Bold dam by 200 gigalitres from the 45 gigalitres it is at present. I remember having a meeting with then minister Maywald, and I asked, 'How are you going to fill it up? Ninety-five per cent of that water will have to be pumped from the River Murray,' and she assured me that it would not, and said, 'I'll get you another briefing.' Sadly, I am still waiting for that briefing, and I will not get it from that minister.

Thankfully, someone saw some sense and killed that policy. I remember it went halfway back in the previous budget, and then it just disappeared off the stream. I believe it certainly would have been \$850 million of wasted infrastructure. Why build another storage into which you are only going to pump water from a resource that is climate reliant? It just did not add up. And, don't get me wrong, I have got no problem if dams are built and people can say to me that 95 per cent of SA Water will be caught in the catchment and stored in a dam. We certainly did not get that assurance with that proposal.

I note that many members on this side have talked about desalination. Certainly, after many of us visited the first desalination plant in Perth where for under \$400 million they built a 50 gigalitre plant in a very good location at Kwinana. It basically had a hydraulic inflow. The water essentially fell into the plant. Only 250 metres down the way the outflow pipe went about another 250 metres out into the sea, and then it went quite a way in with a lot of diffusers, so that the brine was controlled. That was monitored 24 hours a day to monitor the effects on local sea life and that kind of thing.

What they found there was that, essentially, water diffused back to normal seawater counts of salt within 50 metres. So it shows that it can be done, and it shows that it can be done cheaply. We said in our water policy (I think it was early 2007) that we would build a 50 gigalitre plant. It would have cost, yes, more than \$400 million, but I would assume somewhere in the scope of \$100 million to \$200 million more.

What we see in this state now is a \$1.8 billion monolith, a 100 gigalitre plant, which is 50 gigalitres oversize, built south of the city so that water has to be piped through the city to the north. They have not even spread the risk by having two locations where, if another plant had to be built, it could have been built north of the city and just piped around those northern suburbs and areas. On top of that we see an over \$400 million expenditure in the piping for this work to deliver this water.

There is always talk about something in the order of \$130 million of commonwealth money that was going to come in, and we have been told that it is

coming in to help fund it; but there was supposed to be some exchange of River Murray licence, but that has not happened. What will happen when there is plenty of water in the River Murray, as there is now? Maybe in the next decade the plant will get up to full steam. It is taking a while; it is certainly well over time. They will just turn it down and they will just turn it off. We will have this massive infrastructure, which, if the states can ever agree and Craig Knowles gets the appropriate water plan in place, we may never have to use at full capacity. I would be very surprised if we ever have to. Like I said, we have to wait for it to reach full capacity.

I certainly want to speak about the River Murray levy, which affects constituents right throughout my electorate. We have seen in former budgets many millions of dollars of this levy not even expended for the River Murray works like salt interception schemes and other ways that can improve the health of the river. This is just another levy that impacts on all of my constituents. I have a large retirement sector right throughout my electorate, especially down at Goolwa and throughout Murray Bridge and other towns. It is just another cost that these people have to pay. They have had to put up with the drought and put up with the worst quality water in the system.

We also need to look at agricultural viability in this state and the water delivery to producers. We now have River Murray water piped across to the Far West Coast of Eyre Peninsula, right over to Ceduna and, yes, that helps those producers with water supply but why could the proposals of the former member for Flinders to build local desalination plants, which were all rejected by the government, not have happened? No, we will just pipe a bit more water from the stressed River Murray.

People who live on the Keith pipeline that my farms feeds from have to pay ever-increasing costs for water. Water from that pipe also goes to the emergency pipe to Meningie and the Narrung Peninsula. Time and time again, whenever I am at the football or a local event, people say to me, 'Adrian, how are we going to survive? How are we going to water our sheep? How are we going to water our cattle?' It is costing people with large feedlot operations, or even a few hundred head of beef or dairy cattle out in the paddock, tens and tens of thousands of dollars extra to run their operations. We run the very real risk of turning a large part of South Australia into a desert because there are far more areas than those I have indicated near the Keith pipeline—it is right around the state. About 90 per cent of the state is reliant on River Murray water and these people, apart from the Barossa Infrastructure Ltd Scheme, all pay the top industrial rate to get access to that water.

Piggeries with thousands of pigs in eco shelters are suffering this cost. It is true, and I have mentioned it here before, that farmers are price takers, not price makers. A lot of this extra cost has to be absorbed into their production, and it makes it ever harder for these people to produce good quality pastures and good quality stock for market. Last year we saw how this government denigrates agriculture when it announced an \$80 million cut in spending over four years. At least 300 department staff disappeared to fund up to \$9 billion of infrastructure projects in the city.

What help is that for people in regional areas, who are working in the one sector that provided the biggest individual boost for this state, still well above mining, and that was the agricultural sector? Part of that was because we had good rains, but we must remember that South Australian cropping families have not had good returns from cropping for nearly a decade. Most of them have scraped through pretty

well but they have been tough times. It is nice to see that a lot of them had good returns last year albeit I believe a lot of people did not get more money because of poor classification at a lot of sites throughout the state but, thankfully, due to some late rains, most people throughout the state will get a reasonable harvest.

In closing, I would like to applaud the people of this state, the people of my electorate and the ones down at the bottom end of the river system, around Lake Albert and Lake Alexandrina, who really had to fight to get their case heard, and who took to the government proposals to get water delivered in the potable pipeline that went to Meningie and Narrung, and also The Creeks Pipeline Company that worked with the government. It took the government a long time to get there, and the bureaucracy took a long time to get through. However, they got these projects away, and most of it was federally funded, but I must admit that the state government helped to control these operations. When Leighton Contractors, I think it was, and someone will correct me if I am wrong, got in there to get these projects in place, they did it in record time and I commend them for their work.