

## WATERWORKS (RATES) AMENDMENT BILL – 13 May 2009

Adjourned debate on second reading (resumed on motion).

(Continued from page 2717.)

**Mr PEDERICK (Hammond) (17:00):** I, too, rise to speak to the Waterworks (Rates) Amendment Bill. Our party does support the intent of the bill but we note the amendment put up by the member for MacKillop.

Under the state's current legislation, water meters are read every six months with water use billed within six weeks of each reading and, therefore, the water is priced on a financial year basis. This means that when a person's meter reading period straddles two financial years they are charged the price of the later year for the entire period. The government ran into some public controversy when it failed to appreciate this fact about South Australian water billing in July 2008. The Treasurer (Kevin Foley) announced that the government would move to quarterly meter readings and billing to smooth out water billing throughout the year. To this end, the Minister for Water Security (Karlene Maywald) introduced this bill on 29 April in this place.

As part of the introduction of quarterly billing the bill changes the application of water pricing so that new prices commence at the beginning of a financial year and these prices must be gazetted prior to 1 June each year, according to the government. The bill also contains transitional arrangements for the move to quarterly billing which will require the regazetting of prices. The consumption period becomes the period between meter readings rather than financial years so some customers' consumption periods will still straddle financial years. If this occurs, where the rates are different for the two financial years, SA Water will average the water consumption for that period over a daily basis and charge each day according to the price of the financial year in which it falls.

The government argues that quarterly water billing will deliver several benefits, including enabling customers to better manage their finances by spreading water charges across the year, and assisting households to better manage their water use by charging water clarifying the correlation between water usage and billing.

There are some issues involved, though; there is the transitional impact on customers whereby billing periods will be shortened and some customers will pay for a total of 15 months of water use during the 12 months of the 2009-10 financial year and this results from the concurrence of the six-month component levied under the current billing system and in addition to the three quarterly bills under the new system. This issue is not specifically covered in the bill but the minister has assured us that SA Water will be open to these customers, on an individual basis, making payment arrangements to reduce the impact.

The move to quarterly billing will also incur a net financial impact of \$8 million, including meter reading costs. I will be interested in the minister's round-up of where those costs factor in across SA Water and how much is in regard to reading the meters and what extra is taken up in administration. I note that the 2009-10 water prices were set to recover this impact, so, SA Water is already charging to cover the cost of the new system before it has been passed in parliament.

There is a change in the thresholds: we go from an annual threshold to a quarterly threshold with the tariff blocks. This is in an effort to smooth out the billing. The annual thresholds of 120 kilolitres and 520 kilolitres will be averaged out to quarterly thresholds of 30 kilolitres and 130 kilolitres. This may have a seasonal effect on some customers, but SA Water estimates the result would be a maximum of \$20 per quarter for affected customers. I note in the schedule that the first level of water is 97¢ a kilolitre up to 120 kilolitres on an annual threshold basis and for 120 to 520 kilolitres it is \$1.88 a kilolitre and \$2.26 a kilolitre above 520 kilolitres.

It is interesting that SA Water (until the government finally decided to build a desalination plant) had been heavily reliant on what catchment water it could catch—and there has been very little of that in the past few years. Then, 90 per cent of our water has essentially been pumped from the River Murray, which is in crisis. However, the government

and SA Water are so profit driven, because 95 per cent of their profits have to go into general revenue and the government has extracted about \$2 billion in the past seven years into general revenue, that they are not keen to explore more innovative ways to supply water to the population.

The Liberal Party put up the proposal for desalination but it was almost 12 months later that the Labor Party took it on board. I note the delay because we went over to inspect the original desalination plant in Perth and it only cost \$300 million to build and \$87 million for the infrastructure. That was for a 45 gegalitre or 50 gegalitre plant. Now, a plant of similar size will cost the government \$1.4 billion. If the government had moved earlier, it would have saved this state a lot of money—a vast amount of money, I believe hundreds and hundreds of millions of dollars.

Also, regarding aquifer storage and recovery, we have the Salisbury council and Colin Pitman leading the way in this state, but the government has been very slow to act. It is pleasing to note that our policy on aquifer storage and recovery has been out for over 12 months and will capture 89 gegalitres of stormwater over 13 sites across Adelaide. Yes, that will take time and money, but we have budgeted \$400 million for that proposal because we believe there should be a spread of sources to derive water.

I am also concerned about the effect that increased pricing will have on landholders and whether there will be any relief for farmers—especially farmers with large amounts of cattle that have the ability to drink a lot of water. Also, I mention people with large sheep flocks. I know there has been quite a lot of work done—some people are reinvigorating old bores and some are putting small desalinators on bores to take their own reliance off the river. That is to be commended but you can understand, perhaps, their incentive to do that because, if anyone is going to fall into the higher bracket quickly, it will be graziers who have lots of stock that are reliant on the River Murray.

We must remember that 90 per cent of the state at this stage is reliant on the river. I note that my own area is heavily reliant on the Taillem Bend-Keith pipeline, and I know that, if things get too saline and the water quality issues are not right, the government has proposed a \$75 million desalination plant to go on a river pipe. I just wonder what plans it has if it ever gets that saline at the Murray Bridge or Mannum offtake for Adelaide water, because that would need a mammoth injection of funds.

So there are certainly some great concerns, and I note the member for MacKillop talked about contributed infrastructure. I was talking to a constituent the other day, whose property is one out of 14 on the end of a line near the river. They have been accessing water direct from a channel that feeds from the river, but that is becoming very difficult with the lowering and vandalism of pumps, but they have an opportunity through a developer who has placed a pipe down the road behind them. They only have to add between 100 metres and 200 metres extra piping, but they have been advised that to connect it will cost about \$14,000 a house. I think that is a vast amount of money, and I will be seeking some assistance for these people to get access to potable water. However, I note the developer put the initial extension down that particular road.

What I will say about SA Water supplying water is that, when things did get critical and needed to happen, it took too long for the kick-off period but, when we did need potable water piped to Meningie and Narrung, it happened in a hurry, and I commend the contractors who did that work. I have commended them here previously, and I have commended the people in the community who worked with the contractors to connect those pipes. I note there have been other stock and domestic pipes put in around the Lower Lakes, near Langhorne Creek and Strathalbyn. However, there are still major issues with hooking up people at Point Sturt, and they certainly need some assistance to get stock and domestic water there, and also on Hindmarsh Island.

I also make a brief comment about the Creeks Pipeline Company. It did get some assistance from the government. Some government people worked with it in getting its project underway under the Murray Futures program, and some people think they have been supplied with their water for nothing. They get 90 per cent of the project for nothing but the community has to supply 10 per cent of the \$125 million, so they have to come up with \$12.5 million. I believe if they have not got there they would be very close. I believe work has commenced on that pipeline, but certainly it has made it unviable for other people to access

that pipeline for irrigation water because of the \$1,000 a megalitre infrastructure cost and the \$300 a year, I believe, access cost for that water. Also, if there is very limited allocation, they will have to purchase any water that comes through the pipe. I will certainly commend the contractors once the button gets pushed—and I believe the buttons could have been pushed much sooner on both projects—and they get the job done.

With those words, I indicate that I support the intent of the bill, but with the amendment put up by the member for MacKillop.