HOUSE OF ASSEMBLY

Wednesday 13 May 2009

The SPEAKER (Hon. J.J. Snelling) took the chair at 11:00 and read prayers.

NATURAL RESOURCES COMMITTEE: MURRAY-DARLING BASIN (VOLUME 1)

Mr RAU (Enfield) (11:02): I move:

That the 26th report of the committee, on Murray-Darling Basin (Volume 1)—The Fellowship of the River, be noted.

This is the first of an anticipated three volumes. This volume has a working title of 'The Fellowship of the River'. The working title of the next volume is 'The Two Rivers', we think, but we do not know; and I am not going to let members in on what the last one might be. The Fellowship of the River is by way of a general overview of the activities of the committee, and it also raises a few of the issues we hope to explore in more detail when we get into the later reports.

I have to say that all the members of the committee have been extremely diligent in getting involved with finding out information about these important issues, and they have been diligent in undertaking site visits. We have travelled as a committee as far as the Queensland reaches of the Murray-Darling Basin, and we have been to places such as Cubbie Station. We have been in New South Wales, and we have been to Griffith, Coleambally, Deniliquin and Shepparton. We have been to the Riverland, and we have been down to the lakes.

We have really covered a great deal of the territory, and we have spoken in every one of those towns. Our attitude has always been (and I am sure that other members of the committee who are in the chamber today will agree with this), 'We are here to hear your story. We just want to know what's going on in your community.' Before we can make some intelligent findings of fact and make judgments or recommendations about what South Australia should be doing in regard to River Murray issues, we have to actually hear what people have to say. It is no good if we form our opinion and then hear the evidence. It has to be the other way around: we have to actually hear what people have to say.

I have to say (and this really ties in with the name of the report, The Fellowship of the River) that this misery—and it is misery—that is being experienced involves not only people up and down the river, and not only people in South Australia. It is not limited to the people who live down in the Lakes, and it is not limited to the irrigators in the Riverland: it is spread up and down the length of the Murray-Darling Basin.

It is true that in a given year at a given time a particular section might be a little better off than another, but anyone who suggests that there are some people living in the Murray-Darling Basin who are luxuriating in more water than they know what to do with and are hiding it all from us is unfortunately misguided, because that is simply not the case.

We have discovered that the misery that is going on up and down the length of the river has actually, for the first time probably in the history of Australian European settlement, resulted in people up and down the river starting to understand each other's problems, and that is a very important step forward.

A lot of the people do not like what they are finding out; they do not like what is happening to them and they do not like what they are finding out about what is happening to their brother and sister communities elsewhere along the river and in other states, but at least this fellowship, or common understanding of the scale, breadth and depth of this problem, is starting to permeate everybody up and down the river. The narrow, parochial view of things, which is simply 'what is going on in my town', 'what is going on on my block', 'what is happening in my orchard', is starting to be replaced by a broader, more sophisticated understanding of what is going on.

This report does not attempt to offer solutions to many of the complex problems which are sitting there. Really it is only giving an overview to the parliament of what the committee has already established and the sorts of issues that we will be exploring in greater detail as we go through the process further.

I can say that two things are very clear already to the committee. These two things are operating together and having a compounding effect on one another, and that is why we are having the problem we are having. The first of these things is the fact that we are in a prolonged drought.

This is not one of the years that is not quite as good as another; this is a very bad year following many other very bad years. In fact, if you want to look back at the historical records, you would have to go back to the time of the Second World War and, before that, to what they called the Federation drought to be able to find a period of time during which the inflows into the Murray-Darling system were anywhere near as poor as they are now, and it is quite arguable that this is worse than those two episodes.

Of course, if we are going back as far as 1940 or 1900, the amount of water being taken out of the system by irrigators and other users was considerably less than it is now. That brings us to the second compounding effect: absurd over-allocation across four jurisdictions of water out of the basin. No state is immune from this criticism. We have done probably better than most, but the fact of the matter is that each state has treated the bit of the river that runs through its territory as if it was the whole river and, as long as it was going into its jurisdiction, it did not much matter how much went out of it.

You could pump and pump, you could irrigate and you could open up large areas for irrigated farming like Coleambally, for example, which only came onstream in the 1970s. Some of the Queensland water allocations are as recent as the 1980s. We spoke to the Cubbie Station people. People need to know that Cubbie was originally a cattle property. Cubbie sits in the flood plain of one of the major feeders of the Upper Darling. That part of the world is used to having periods of prolonged dryness and then episodes of intense downpours which result in flooding.

A number of water allocations were made by the Queensland government for that particular tributary of the Darling. Those were then agglomerated by the owners of Cubbie Station. They put about 12 different allocations together at some considerable expense to themselves. They then invested hundreds of millions of dollars in turning what had been a cattle station into a huge, unbelievably sophisticated agricultural factory, which is the only way I can describe it. The physical scale of Cubbie Station is absolutely unbelievable.

The sophistication of the methods they are using, the gravity feed of the water, the retention basins they have for water in that property are absolutely mind-boggling. When we visited that property some months ago we had a look at some thousands of hectares of irrigated wheat. I did not realise there was such a thing, but there is. There is irrigated wheat at Cubbie Station, and they advised us that they expected to harvest 1 per cent of Australia's entire wheat crop on that single property. We saw them with bulldozers and earthmoving equipment moving sufficient dirt from a spot so that they could put up a storage depot. They were not going to put it in silos; there was going to be much too much grain for that to be possible.

Cubbie is a good example of what happens when governments do stupid things. If there is a villain in the Cubbie story it must be the Queensland government. It is not the farmers who were given an allocation (or who bought an allocation), went to the bank on the basis of the allocation, borrowed money and then put a lot of hard work, time and thought into working out how they were going to do this massive project, and then went ahead with the project and made business decisions about what crops they would grow and how they would grow them. It is easy to target those farmers, but they are not the villains. The villains are the people who offered those farmers the opportunity of going grossly into debt using an allocation of water that was unsustainable. They are the villains of the piece, not those farmers.

The other thing I would like to say about this whole business is that, when I came into this chamber, I think in my maiden speech (which all of you, of course, remember very well and which you have read several times), I referred to a number of things, including the River Murray, and I made some remarks then about the stupidity of growing cotton and rice on the Murray-Darling system. I have to say that if there is one thing that has happened to me since I got here it is that I have learnt that I was wrong in making those remarks.

I was wrong in making those remarks for a very important reason, and it is that if you are a farmer there are a couple of variables you work with. One of them is: how much land have you got and what is its productive capacity? The second one is: what crop are you going to put into that land? The third one is: how much water have you got to look after that crop?

Mr Pengilly: The fourth one is: how well do you get on with your bank manager?

Mr RAU: Perhaps. The point is that you can give the farmer two of those things but you cannot give him all three. The point is that if you are a farmer and you have 100 hectares and a given amount of water, and that is enough water to grow turnips, rice, cotton, sorghum, wheat or whatever, you will get onto the internet and work out what the commodities exchange in wherever it

is—Chicago or somewhere—is paying for all those different commodities. You will work out that, for the given amount of land and the given amount of water, the best dollar return you will get is crop X.

In a particular year that might be cotton, it might be rice or it might be turnips, but the point is, again, do not blame the crop. The crop is not the problem. The farmer is doing only what the farmer has to do, which is to combine the resources the farmer has—namely, earth and water—with the best productive crop in terms of a return for his investment—simple. The problem is that because part of that equation includes a completely unsustainable, improperly costed water allocation, that whole process is possible, because if that farmer did not have the water allocation in the first place the option of growing turnips, cotton or rice would not even be there.

The alternative would be: do I graze cattle? Do I graze sheep? Do I put alpacas out there or do I take tourists on camel rides? There will be no question about growing anything. The reason there is a question about it is the water allocation. To come back to the point I am trying to make: first, do not blame crops, as they have nothing to do with it; secondly, do not blame the farmers, as they have nothing to do with it; and, thirdly, do not blame people sequestering or hiding water in special reserves somewhere up and down the river.

Yes, there are bits and pieces of the river better off than others, but overall the river is in a terrible mess everywhere. Just accept the truth and the reality of what is going on. Two things are compounding each other: a prolonged drought and stupid, unsustainable government policies across four jurisdictions going back probably the best part of 100 years. It is only now that the awful truth about that is being rammed down everyone's throat, and communities in every state involved in this whole business are feeling the pain of it. Trust me, they are feeling it everywhere.

So, we are pleased that the commonwealth government is trying to do something about this, but for God's sake, when we are talking to people around the place about what this issue is about, do not blame farmers or crops. Blame the people who should cop it: people like us, legislators or members of governments for the past 100 years in four states who have done things entirely unsustainable in relation to allocation of water out of the Murray-Darling Basin.

I thank all members of the committee for their tremendous support and for the work the committee has done, and I also thank Knut and Patrick, who have always been a tremendous support to the committee. I commend the report to the house.

The Hon. G.M. GUNN (Stuart) (11:16): I rise to support the comments made by the chairperson of the committee. It has been a most educational exercise to visit many of these communities along the river. The chairperson is absolutely right: there have been the most irresponsible government policies from both sides of politics by the states in the administration of the river system. No thought has been given to the long-term effects of some of these allocations. When one looks at the policies, there appears to be a view that there were unlimited sources of water. No-one took the trouble to think that it was a finite resource. This system is unique and needs very careful management.

It is absolutely clear (and I am not one to hand over state powers) that there was no alternative but to have one controlling body to have the overall say in the allocation and management so that long-term, responsible, sustainable policies could be put into effect. The people who are suffering—some in my electorate—through no fault of their own are the victims of what has taken place. Their economic livelihoods have been destroyed. They were given an expectation that they would always have sufficient water so that their crops and plantings could continue to be economically viable, but that has not happened.

The economic effects in the Riverland in South Australia are such that we have not seen anywhere near the long-term result. These hardworking, diligent people seeing their plantings die must face an horrendous problem on a daily basis. When we go right up through the system, the chairperson is absolutely right: if people are given an incentive to grow a crop, they will do it, and the ones to blame are those who gave out the allocations. Instead of having the courage to make some tough political decisions, which should have been made in the past, they went along to buy short-term political gain and have now created long-term political pain—there is absolutely no doubt about that.

The time has long since passed, and we really have to bite the bullet and say that, if we are to protect these industries in future, some tough decisions must be made because insufficient water is coming down the system and insufficient money is available to help these people get out, if

they want to get out. There have been all sorts of problems because people have been prevented by silly planning laws from subdividing their house blocks.

One of the things our inquiry has done is give some of us a far better understanding of the problem. We have not quite finished our inquiry, and it has been a most useful exercise. I sincerely hope that in the future this committee continues its inquiries into the long-term structures which will be needed to be put into effect to protect people in the Riverland because, unless ordinary members of parliament have a proper understanding of these issues, Sir Humphrey will, if we are not careful, pull the wool over our eyes or we will have competing commercial interests that will be given benefits that they should not have.

At the end of the day, this has been a most interesting exercise for me, and the interesting thing is that each group thinks someone else is at fault. That was what I found amazing. The people in Victoria were not wrong: it was those across the river in New South Wales, and so it went on. At the end of the day, someone will need the courage to say, 'This is what we have to do,' otherwise the lakes will never fill with water again, and that will have a detrimental effect on the people of South Australia. That is why we have to reduce our reliance on the River Murray system.

I am in favour of having adequate and effective desalination plants established in South Australia. It can be done efficiently. I know what has happened at Coober Pedy, where the community has lived on desalinated water for a number of years. The council has run it efficiently and it has been very effective. There are very few alternatives and, in my view, the quicker we get on with it, the better, because we cannot continue to pump all that water out of the river. Members should go to Morgan in my constituency and see the amount of water that is pumped out of the river, and when you go a bit further you see the vines are dying. The options are going to be expensive, but they will be absolutely necessary, and we do not have very much time.

At the end of the day, it is not an option, in my view, to do nothing. Action has to be taken, otherwise those remaining producers in the river system will continue to suffer. I am firmly of the view that we have a responsibility to do whatever is possible to ensure that the Riverland has a viable economic future. That is in the interests of the people of this state, and it is our role to participate in a constructive, fair, reasonable and sensible debate.

So, the inquiry of the committee has been most satisfactory, as far as I am concerned, and it has been educational. I want to say in conclusion that it is absolutely essential that the committee continues this sort of work well into the future in the next parliament so that parliament as a whole can be better informed on the difficulties facing the Riverland community. I support the motion.

The Hon. L. STEVENS (Little Para) (11:23): I fully endorse the comments of the two previous speakers: the member for Enfield (the presiding member) and the member for Stuart. As both of them have expressed, this was a highly satisfactory investigation into a very difficult topic. I recommend that all members of parliament read the reports we are going to put out (this is the first of them), because I think it is a very clear overview of the issues.

As the presiding member mentioned, we went into this with open minds. Obviously, we have our roots here in South Australia and are particularly concerned about our own people, but we went in with open minds in terms of what the issues are that affect all the communities right through the river system. What are the options, what should be done, and what is a constructive way forward from what is, in fact, as the presiding member said, a terrible mess?

As the report describes, we met with about 100 different people over that time, from the upper reaches of the Darling River right through to the Murray Mouth. We heard many stories. We saw evidence of the economic and social dislocation and the environmental degradation that has occurred along the river, from top to bottom.

Our title, 'The Fellowship of the River', is interesting. While I agree that there is certainly an increasing degree of understanding by people along the river of the entirety and the interdependence aspect of the problem and any solution, there are still many examples of people feeling under threat, angry and at a loss about their own situation; and this is entirely understandable.

I must say that I was incredibly impressed with many of the witnesses. We met and spoke with many farmers along the way, and I was incredibly impressed with their knowledge, business acumen, planning, ability to problem solve and desire to do the best for themselves, and understand that the best for them had to go hand in hand with the best for the river and the environment. I was very impressed with their understanding. So there was a group of farmers,

generally, with tertiary qualifications and a clear understanding of those sorts of approaches. On the other hand, we had examples of the old style farmers—I guess, the little guys—who were angry, unsure and uncertain of their future, feeling like they were being done over and really not knowing where they could turn. I saw those two extremes.

The committee had the opportunity to hear from some very highly qualified academics. We were lucky to hear from the late Professor Peter Cullen, who died a few months after he had spoken with us. I know some other members of the house attended that session by Peter Cullen, and one of the most interesting things he said which has stuck in my mind from the first evidence he gave to the committee was about the rice farmers.

He raised the issue of the rice farmers and how often people down here were blaming those farmers and saying that they should not grow rice. He said that we would have to come to terms with a new environmental regime and a new climate and that we would have to change our crops to suit the climate. He said, 'Don't blame the crop,' which is what the presiding member said a little while ago. He said, 'Don't blame crop. Farming is a business and people need to be able to grow what they can sell. The issue is getting the water allocations right.' Therein, of course, are the two great problems.

There has been incredible over-allocation, caused by everyone doing their own thing over many years. Of course, those over-allocations occurred at a time of plenty. In the same way we have done this time and again; we have over-allocated in a time of plenty and then there is drought; either a cyclical drought or drought exacerbated (as I think) by climate change, which is heralding a whole new deal in terms of the availability of water and its consequences for our communities.

I just mention, too, that, coming from South Australia—the driest state in the driest continent—I was astounded when travelling through New South Wales and into Queensland at how much water they have. It is just amazing seeing all the other rivers compared to South Australia's only having one river. New South Wales, in particular, has all those other river valleys feeding in—and Victoria, to a degree.

I came away from Cubbie Station really gobsmacked in terms of how you could actually do something to the extent of using technology to create a massive food production factory. I know that the Hon. Caroline Schaefer (being from the Eyre Peninsula) was astounded at the irrigated wheat crop that they had—all the same size, huge paddocks, all evenly growing and beautifully lush because they are irrigating it. She asked them when they were going to be harvesting this wheat and they gave a precise date. They knew exactly when they were going to harvest it. Everything about it was precise, including monitoring the water and its growth.

You have to say that, perhaps in the future, that is what farming and global food production will be. I do not blame Cubbie Station either. They have also obeyed the laws; they have followed what was happening in Queensland. The issue is that we have to come to terms with the over-allocation problem and the climate. It will not be easy and it will cause dislocation—it already is. We are already seeing that in our own Riverland and our own lower section of the river.

The problem will not be easily solved but it has to be solved. I think every one of us in this house needs to keep an eye on what is going on. I agree with the member for Stuart that this committee—and it has a brief in its terms of reference on the River Murray—needs to continue this work over the coming years, because it will take 10, 15, I don't know how many years. It will not be fixed in the short term, but it must be fixed.

The final point is that, the year before last on one of my study tours, I went to Europe to look at the clean-up of the River Rhine. I saw what the Europeans have managed to achieve in a huge river system that crosses different languages, different countries, countries with terrible industrial problems at various stages, and flooding. They have made substantial progress in terms of that river. They are doing the same with the Danube.

The one thing they do not have is a problem with drought. They have plenty of water; in fact, too much water sometimes. However, they have managed to overcome a huge number of barriers—different countries, different languages, as I said, different development rates, etc.—and have these schemes working. I think we can do it here.

Mr VENNING (Schubert) (11:34): I will not speak for very long, but I was quite impressed with the contribution from the presiding member of this committee. Listening to him, I think he is a great chair. It was a very good assessment of a very serious problem, and I certainly will be

reading that speech again and also using it. It gives me great confidence knowing that, within the government, there are people with ability, knowledge and the strength to say what needs to be said. Why is he not on the front bench as minister for water and the River Murray? I think that members on this side of the house (and I am looking at the member for Hammond and others) could work with him to achieve a much better outcome for South Australia and make advances in addressing this serious problem.

The Hon. J.D. Hill: Why aren't you on the front bench—

Mr VENNING: It's not the time.

An honourable member interjecting:

Mr VENNING: I will talk about that afterwards, if you wish. There are reasons for that. It may be for similar reasons that the member for Enfield is not. Maybe we have been a bit strong with our criticisms; maybe we have served up a few ministers or two in our time here—and maybe the member for Stuart would also elaborate on that matter. I think it is time that we had a person of his ability. The guy has a lot of ability and he talks a lot of common sense, and I always listen to what he has to say. However, the government does not have the capacity or the wisdom to say, 'We will go across the factions and put him on the front bench.' It really should do so, especially in times of crisis. The fact is that he remains on the back bench, and that is just not right. I also commend the member for Stuart: as a member of the committee, he has made a very good assessment of the situation. I commend him on the work that he has done over many years.

This is a very good committee, and the work it does is excellent. I am a strong believer in the committee system here in parliament. I think we should put a lot more emphasis on our committees, because that is where the groundwork is done. This is the outreach of the parliament. The committees are often the only part of the parliament that people see, away from here out where the action is; at the coalface, so to speak. I say to this committee: well done. If we could serve on multiple committees, I would be on this one as well. However, one cannot be on everything.

I also commend Knut Cudarans, who was mentioned in the speech. When I was the presiding member of the ERD Committee for seven years he was the executive officer, and his professionalism and capacity were certainly noticed and appreciated by me—and that is still the case.

As has been said, this is all about the over-allocation of water and each state not thinking of the other states' part of the river. We all know that, and the member for Enfield expressed it extremely well. Why can we not address this problem? I believe that John Howard, when he was prime minister, knew what he had to do. With the $10 billion that was allocated, he wanted to establish an independent Australian committee. We remember the trumpeting and grandstanding of the Premier. He did not agree with the prime minister: he had a better idea—and I have cut out all the headlines—all the grandstanding—at the time, and I will quote them all back to this house. However, we have achieved nothing: we have a totally unworkable situation. We have not advanced at all.

Here in Adelaide we have been talking about weaning Adelaide off the River Murray. So, what effectively has been done under the Rudd-Rann administration? They have allowed Melbourne to go on the river. What sense does that make? It just defies any common sense at all (and I will leave it to the member for Hammond to elaborate further on that). I think it is a shame.

This issue is above politics, because it really affects all of us. We are all affected by it in one way or another. It is a shame that we sit here and grandstand and carry on and then we hear a speech like that from a member of the government. I do not know why we cannot get together and advance this matter to come up with a solution. As I said, I am very concerned about why we are unable to do so. We all now know what the problem is, but we do not seem to be able to address it. I think it is high time that we forgot the politics and forgot the game. Let us address the real issue and get fairness and equity back into the river. Let us think of the river first and the irrigation allocations second.

Ms CICCARELLO (Norwood) (11:38): I was not going to speak on this motion, but I would like to follow on from what the member for Schubert said about politics. I would like to remind him (and we have the minister, the member for Kaurna, in the house) that, back in November 1999, we formed a select committee on the Murray River. This came from the opposition and, in fact, it was the government of the day that pooh-poohed the idea of having a select committee. We spent

a considerable amount of time preparing a report. At the time, the members of the committee were David Wotton, Dorothy Kotz, Kris Hanna, Karlene Maywald and Mark Brindal. It was an extensive report, and I do not know whether the minister wants to say anything about it.

Back at that time we saw some of the things that were happening up and down the river, and various recommendations were made as to what could be happening. I must say that, as someone who had not travelled much out of Norwood, I was interested to see what was going on up and down the river. Some people had very good practices. In fact, even back in those days, some people were using computer-operated systems to water their crops. We also looked at some of the cotton farms and olive growing, where they had put in drip irrigator systems which were being marketed worldwide as a very good initiative. However, there were also people who still had very bad practices who were still using overhead systems. The sluices were old, and there was no measurement of how much water was being taken out of the system.

As David Wotton said, South Australia was ahead of the other states at the time. We actually had put a cap in place and were doing some very good things. The Murray-Darling Basin Commission was put in place, so some things had happened. However, it is frustrating to think that, nine years down the track, we are still talking about what should be done, what should not be done and what we need to do in the future to save not only the ecology but also the lifeblood of many people within the country. I commend the report, and I commend the chairman for this initiative. I look forward to much more being done so that we do have a viable river in Australia.

Mr PEDERICK (Hammond) (11:41): I rise to make a contribution to this debate on the 26th report of the Natural Resources Board—sorry, the Natural Resources Committee, I should say, not 'board' (I do not think the board could do anything so extensive), entitled 'The Fellowship of the River'. I commend the committee for having looked right throughout the basin. The basin is very diverse, but the management of the basin is also very diverse and therein lies the problem.

I agree with the member for Enfield that allocations have been handed out willy-nilly in the past. I have certainly had feedback from people who were the recipients of some of these allocations in northern New South Wales, and they said that 15 or 20-odd years ago, when this water was being handed out, it was just handed out like lollies and people grabbed it with glee. So, I do agree that it is not the farmers' or the irrigators' fault.

The legislators gave out this water and over-allocated the system. The planning has never been carried out in a fully holistic way throughout the basin. The northern basin is still going forward even after the so-called reforms of the last year. It is still unregulated above the Menindee Lakes, and we have the heavily regulated southern system, which obviously has tributaries that feed the Murray, the Murrumbidgee and the Goulburn.

However, there are many rivers and many tributaries that feed the upper reaches of the Darling: Culgoa, Warrego, the Minor Balonne and a whole host of rivers and creeks that feed through that flood plain country. People talk about climate change and climate variability, but what we have seen in the last couple of years is most of the rain falling in the northern basin up in Queensland, where thousands of gigalitres of water has been captured.

I have mentioned in this place before that, between 1995 and 2002, Queenslanders expanded their capacity up to 3,000 gigalitres of storage. You see it either when you talk to people up there or on programs, and it just goes to show what happens with irrigation and people's attitude. The member for Enfield was right when he said that everyone is very parochial about their water.

A guy in Queensland who was interviewed on a program on the ABC was asked whether he had ever taken any water illegally. He sort of grinned and said, 'I might have borrowed a bit.' That sort of attitude just does not get the system anywhere. Even Nathan Rees, when he was water minister for the state Labor government in New South Wales, went up to the Macquarie Marshes and said, 'We will control any more illegal banks that go in, but what has happened before this we won't worry about.' There were thousands of kilometres of illegal banks and diversions that can divert water out of the system.

I went through the area (and it is on my travel report) in July last year. I went through Bourke, Wilcannia and Tilpa on the way up there, and then flew up to St George and had a look at the vast amount of water that had been captured in that northern basin. Why did they capture it? Because they were allowed to by the government. However, that has accelerated the situation in the Riverland and the Lower Lakes with a lack of water coming down the system.

Previously, before there were so many diversions in the system, we used to get 15 per cent of our water out of the Darling. Now, apart from that, from the over-allocation that happens above the Menindee Lakes, the lakes are heavily manipulated so that we will never get any water past there because of the trigger levels to share the water between states and the parochialism of New South Wales. Once again, we have a state which, yes, is only standing up for its rights, but one has to question why it has to store 285 gigalitres for two years in the Menindee Lakes to make sure that Broken Hill gets 20 gigalitres.

This is where the infrastructure money, from the billions of dollars that were first promised by the Howard government and then taken up by the Rudd government to go into infrastructure spending should be spent: on upgrading infrastructure and installing pipelines where it is more vital. The problem I have seen (and I had a look at some figures this morning) is that only a paltry few million dollars have been allocated over the past few years on the infrastructure spend in the eastern states.

It is interesting to note from conversations with people involved in water locally that they are finding that the cost of lining the big channels and putting some of these channels into pipes sounds as if it is getting prohibitive, but only prohibitive in the eyes of the people who are doing it. I think the problem is that this is where most of the savings can be put back into the river, and that would assist irrigators; it would assist people who rely on the system for stock and domestic water, and also the environment.

I agree with the member for Schubert: if we get enough water down here for the environment everyone will get on. We have a massive problem throughout the whole system where allocations are not even throughout the system. With high security water, the allocations are 100 per cent below the Menindee Lakes, 95 per cent on the Murrumbidgee and 35 per cent around Mildura, and what did we get? Eighteen percent or about 100 gigalitres of water out of all that is available in the Murray-Darling system.

It is said that 4,000 gigalitres have been extracted this season for irrigation, and our irrigators get 100 gigalitres. One has to wonder where is the fairness and equity in that. We have seen Riverland irrigators who have had to spend hundreds of millions of dollars trading in water from the Murrumbidgee and other areas. We have seen people in the Langhorne Creek and Currency Creek area (and I will speak about this later in another motion) who have had to invest millions of dollars to access water which they used to get under their water licence straight out of the river because of the situation of the Lower Lakes being destroyed by the lack of flow and the high salinity that is building up.

I note the comments earlier about Cubbie Station. Cubbie Station is not on its own up there. Yes; it is there only because it is allowed to take the water. Yes; it may have spent a lot of money on infrastructure, but it spends only $3,700 a year to access close to Sydney Harbour's volume of water, which is 500 gigalitres. I think its licence is about 450 gigalitres. That is a vast amount of water.

I note the issues up and down the system. I have seen the devastation around Mildura and Bourke, but I have also seen the thousands of hectares of irrigated wheat. Irrigated wheat, to a dryland farmer (which is my background) just does not quite mix. I can understand why they are growing it, because I believe they are under financial pressure. In fact, a floodplains grazier at Wilcannia indicated to me that with a megalitre of water he could turn out $60,000 worth of organic lamb, but a megalitre of water will only churn out $150 worth of cotton.

As the member for Schubert indicated, we have seen, at the worst time in history, over-allocation exacerbated by drought and governments building a pipeline to Melbourne to take up to 110 gigalitres per annum of extra water from the system. This is one of the fundamental flaws of the new agreement. The tributaries are not taken in as a whole. The northern basin is not taken in for the mighty amounts of water that I believe will come in there and have done in the recent past into storages in the north. With the struggle that our system is having, especially when you think about the needs of the environment and that, apart from carryover water and what they can purchase, our irrigators have been starved to about 100 gigalitres of water, it is just outrageous to put in another city to take more out of the system. This just exposes the whole flaw moving forward.

Time expired.

Mr RAU (Enfield) (11:51): I would like to say thank you to all of the members who made a contribution in relation to today's debate. I am not sure whether I should be thanking the member for Schubert, although he did say some lovely things about me. I appreciate very much what he

had to say, but I have to say to him that, for his wishes to be anywhere near likely to come to fruition, he might need to come across here so that he can either move or second the proposition that he was advancing a little while ago. It was very nice, anyway; thank you for that.

As you can see, though, from the members of the committee who have made contributions, we have all benefited tremendously from this exercise, and we are all genuinely trying to get to the bottom of it, find out what the facts are and get rid of some of the furphies and red herrings that seem to be around this debate.

In their contributions both the member for Schubert and the member for Stuart made it clear that the idea of blaming crops is not an appropriate thing. Of course, coming from two people who are involved in agriculture in an intimate way, as both of them are, that is a very important contribution. I know that the member for Little Para and I said similar things, but we do not have the background that those members do. That is really important.

The blaming of people and the blaming of communities up and down the river is ultimately not productive. We should be big enough as legislators and members of parliament to cop it exactly where it belongs, which is on our shoulders. We are the ones who made the mistakes, we are the ones who did the over-allocation, and we are the ones who have perhaps over-engineered the river system to the point where any similarity between the River Murray and a natural river system is purely accidental. We are the ones who have done all of that and, as the member for Stuart said, we therefore have to take responsibility for digging ourselves out of the mess that we have created. That is going to be expensive and painful, and it is affecting communities up and down the river.

Again, I appreciate the contributions of all who have spoken. The member for Hammond has very strong views about his constituents, and I know he holds them very sincerely. Indeed, he has accompanied us on some of our field trips. I sympathise deeply with the people in the member for Hammond's electorate, because they are having awful trouble at the moment. All of us hope that that can be remedied as soon as possible but, unfortunately, that will be rain. Rain is the thing that we need, and until that comes I guess our remedy will not be there. As I said, thank you to all of you who have contributed to the debate. If you get a chance, at least cast your eye over the report. I think you might find it interesting.

Motion carried.

PUBLIC WORKS COMMITTEE: LOWER LAKES IRRIGATION PIPELINE

Ms CICCARELLO (Norwood) (11:55): I move:

That the 319th report of the committee, on Lower Lakes Irrigation Pipeline—Jervois to Langhorne Creek and Currency Creek, be noted.

The key driver for the Lower Lakes irrigation pipeline is the drought conditions and predicted scarcity of water for the horticultural community from the Lower Lakes. Insufficient quantity and quality of water will adversely affect the horticultural industry in the region, the value of production and regional employment.

The new governance arrangements for the Murray-Darling Basin include $530 million for South Australia's priority project Murray Futures. That is an integrated package to sustain, support and reinvigorate communities and industries within the Murray-Darling Basin in South Australia. A further $80 million has been made available for the purchase of water entitlements from willing sellers.

An important component of Murray Futures is the Integrated Pipeline Project, a network of pipelines to provide potable water and irrigation water to communities and industries that rely on the Lower Lakes for their water supplies. The commonwealth has allocated up to $120 million for the project.

A pipeline will be constructed from the River Murray at Jervois to Langhorne Creek and Currency Creek to provide irrigation water to these areas. It will be constructed by SA Water but owned and operated by Creeks Pipeline Company Limited, a private company. The pipeline will provide irrigation water to a defined group of irrigators who responded to an expression of interest and hold a River Murray licence, as well as users with groundwater licences and riparian rights.

There are a number of key objectives associated with the project. By providing access for irrigation water supply needs it will ensure security and continuity of the water supply and sustain the valuable horticultural industries in this region. The project will also mitigate against the increase

in salinity of water in the Lower Lakes by reducing the reliance of extraction of water from the Lower Lakes for irrigation use.

The primary economic benefits identified by the benefit cost analysis are:

- the avoided cost of reduced quality and quantity of agricultural output from the impacted areas; and
- the economic contribution of the agricultural industry that flows on to the surrounding areas.

Continued use of Lake Alexandrina as the primary water source has obviously seen an increase in the salinity levels of all water extracted and reduced accessibility.

The commonwealth investing principles for priority projects provide that cost sharing arrangements are on the basis of funding to a maximum proportion of 90 per cent by the commonwealth and state governments and 10 per cent by other sources. Consistent with this, the irrigation communities will provide at least 10 per cent of the capital cost of the project.

The community will own and operate the project and, as such, has formed a new special purpose entity for that purpose. The company is named the Creeks Pipeline Company Limited and will be owned by its customers, who will also become shareholders in the entity. Water will be delivered to the shareholder/customers according to the terms of a common customer contract that will be executed concurrent with the Share Subscription Agreement.

A state government contribution to the project will only be necessary if the total project cost is greater than $125 million, as irrigators have been informed that they will still need to raise $12.5 million for this project to be viable. Based on the current estimated total cost of $127.3 million, this represents a potential budget exposure to the state government of $230,000.

If the subscriptions amount to less than $12.5 million, and this amount reflects less than 10 per cent of the total project cost as confirmed subsequent to the tender process, the project will not proceed without further negotiations by the state government.

Based upon the evidence presented to it, pursuant to section 12C of the Parliamentary Committees Act 1991, the Public Works Committee reports to parliament that it recommends the proposed public works.

Debate adjourned on motion of Mr Pengilly.

STATUTES AMENDMENT (AUSTRALIAN ENERGY MARKET OPERATOR) BILL

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (11:59): Obtained leave and introduced a bill for an act to amend the Australian Energy Market Commission Establishment Act 2004, the Electricity Act 1999 and the Gas Act 1997. Read a first time.

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (12:00): I move:

That this bill be now read a second time.

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

The Government is delivering on a key Council of Australian Government's (COAG) energy commitment through new legislation to improve the governance arrangements for the Australian energy sector, for the benefit of South Australians and all Australians.

In April 2007, COAG agreed to establish a single, industry-funded national energy market operator, to be called the Australian Energy Market Operator (AEMO), for both electricity and gas to strengthen the national character of energy market governance. This Bill supports the amendments to the *National Electricity (South Australia) Act 1996* and *National Gas (South Australia) Act 1997*.

The *Statutes Amendment (Australian Energy Market Operator) Bill 2009* allows minor consequential changes to the *Australian Energy Market Commission Establishment Act 2004*, *Electricity Act 1996* and *Gas Act 1997* so they are consistent with the new arrangements relating to AEMO and its functions.

Changes to the *Australian Energy Market Commission Establishment Act 2004* also include enabling the appointment term of the Australian Energy Market Commission Commissioners for up to 5 years to allow staggered terms to achieve smooth transitions.

Transitional provisions associated with changes to the *Electricity Act 1996* include a scheme to provide for the transfer of the Electricity Supply Industry Planning Council non-jurisdictional specific functions, assets and liabilities to AEMO.

Transitional provisions associated with changes to the *Gas Act 1997* include a scheme to provide for the transfer of the Retail Energy Market Company various functions, assets and liabilities to AEMO.

Explanation of Clauses

Part 1—Preliminary

1—Short title

This clause provides for the short title of the measure.

2—Commencement

The measure will be brought into operation by proclamation.

3—Amendment provisions

This clause is formal.

Part 2—Amendment of *Australian Energy Market Commission Establishment Act 2004*

4—Amendment of section 3—Interpretation

This clause inserts a definition required in connection with the amendments to the relevant Act.

5—Amendment of section 13—Terms and conditions of appointment

It is proposed that the term of office of a member of the Australian Energy Market Commission will now be for a term not exceeding 5 years, rather than a set term of 5 years. This will allow the terms of members to be 'staggered'.

6—Amendment of section 14—Acting Chairperson or Commissioner

It will now be possible to appoint an Acting Commissioner as an Acting Chairperson of the Commission.

7—Amendment of section 32—Membership of Panel

The processes to be followed before a person is recommended for appointment to the Consumer Advocacy Panel will now be determined by policy rather than prescribed by the legislation.

8—Amendment of section 36—Acting appointments as Chairperson or Panel member

The period for which a person may act in an office of a member of the Panel is to be changed from 6 months to 8 months.

9—Amendment of section 41—Budgets

Section 41 of the principal Act currently provides for the preparation of annual budgets by the Panel. It will now be possible for the Minister to require the Panel to prepare and submit other budgets for any period or with respect to any matter determined by the Minister. All budgets will be submitted to the Ministerial Council and furnished to the Australian Energy Market Commission.

10—Amendment of section 42—Funding for administrative costs associated with Panel

11—Amendment of section 43—Grant funding

These amendments are consequential on the change of name of NEMMCO to AEMO.

12—Amendment of section 44—Provision of funding

This amendment reflects the fact that AEMO is now to assume functions in relation to the provision of gas in some participating jurisdictions.

13—Amendment of section 46—Implementation of determinations of Panel

This amendment is consequential on the change of name of NEMMCO to AEMO.

14—Repeal of Schedule 1

Schedule 1 may be deleted as it is no longer required.

Part 3—Amendment of *Electricity Act 1996*

15—Amendment of section 4—Interpretation

This clause inserts a definition required in connection with the amendments to the principal Act.

16—Repeal of Part 2 Division 2

The Electricity Supply Industry Planning Council is to be dissolved.

17—Amendment of section 8—Functions of Technical Regulator

The Technical Regulator is to assume the function of monitoring and investigating major interruptions to the electricity supply in the State.

18—Amendment of section 15—Requirement for licence

This amendment continues the current statutory policy under which NEMMCO—now to be called AEMO—does not require a licence for the purposes of its activities associated with the electricity supply industry.

19—Amendment of section 20—Licence fees and returns

Certain costs of AEMO will be capable of being recovered under the annual licence fee payable under the Act.

20—Amendment of section 22—Licences authorising generation of electricity

21—Amendment of section 23—Licences authorising operation of transmission or distribution network

22—Amendment of section 91—Statutory declarations

These amendments are consequential on the transfer of certain functions from the Planning Council to AEMO.

23—Amendment of section 98—Regulations

This amendment will facilitate the continuation of various functions associated with the operation of the electricity market.

Part 4—Amendment of *Gas Act 1997*

24—Amendment of section 4—Interpretation

These amendments are consequential.

25—Amendment of section 19—Requirement for licence

26—Amendment of section 21—Consideration of application

AEMO, as the retail market administrator for gas, will not require a licence under the *Gas Act 1997*.

27—Amendment of section 26—Licence authorising operation of distribution system

28—Amendment of section 26A—Licences authorising retailing

These amendments are consequential on proposed amendments to the *National Gas Law*.

29—Repeal of section 26B

30—Amendment of section 33—Price regulation by determination of Commission

These amendments are consequential on the decision to discontinue the licence requirement for a retail market administrator.

31—Repeal of section 33A

This clause is no longer appropriate.

32—Amendment of section 93—Evidence

This is a consequential amendment.

Schedule 1—Transitional provisions

The Schedule sets out various provisions consequential on the new arrangements for the management of the electricity market and the management of the gas market. In particular, a number of amendments relate to the arrangements that are to be put in place on the dissolution of the Electricity Supply Industry Planning Council, including so as to provide for the transfer of functions, assets and liabilities to AEMO (or any other relevant entity). Similar arrangements are to be put in place for the transfer of functions relating to the management of the gas market from REMCo to AEMO. These provisions are consistent with arrangements and reforms to be implemented by amendments to the *National Electricity Law* and the *National Gas Law*.

Debate adjourned on motion of Mr Williams.

NATIONAL GAS (SOUTH AUSTRALIA) (NATIONAL GAS LAW—AUSTRALIAN ENERGY MARKET OPERATOR) AMENDMENT BILL

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (12:01): Obtained leave and introduced a bill for an act to amend the National Gas (South Australia) Act 2008. Read a first time.

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (12:02): I move:

That this bill be now read a second time.

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

The Government is again delivering on a key energy commitment through new legislation to improve the governance arrangements for the Australian energy sector, for the benefit of South Australians and all Australians.

In April 2007, the Council of Australian Governments (COAG) agreed to establish a single, industry-funded national energy market operator, to be called the Australian Energy Market Operator (AEMO), for both electricity and gas to strengthen the national character of energy market governance. This Bill and the accompanying amendments to the *National Electricity (South Australia) Act 1996* implement this commitment.

These amendments seek to realise these gains with minimal changes to the existing regulatory frameworks. AEMO will perform a range of new functions which include the publication of the Gas Statement of Opportunities (GSOO).

These amendments deal with the functions currently performed by the Gas Market Company (GMC), Queensland Gas Retail Market Operator (GRMO), the South Australian operations of the Retail Energy Market Company (REMCo) and Victorian Energy Networks Corporation's (VENCorp) gas specific functions along with the new GSOO function. The remaining new functions, common to both electricity and gas, such as Fees and Cost Recovery; Information Gathering; Protected Information; and Immunities are dealt with in the second reading speech on amendments to the *National Electricity (South Australia) Act 1996*.

Gas Statement of Opportunities

A major new AEMO function will be the preparation of the GSOO. The GSOO proposal has been developed by the gas industry through the Ministerial Council on Energy's Gas Market Leaders Group (GMLG). It is intended to perform a similar role for the gas market as the electricity Statement of Opportunities (SOO) performs for the National Electricity Market.

The content of the GSOO is defined in s91D of the National Gas Law (NGL). It is intended that it will provide a 10 year outlook, consistent with the electricity SOO, and a longer term view to a 20 year horizon of the gas sector with a focus on the ability of the sector to meet anticipated demand. It is proposed that AEMO will publish this statement from January 2010.

AEMO will be empowered to use new market information powers to support the preparation of the GSOO. In this regard the information gathering regime for the production of the GSOO will restrict the use of Market Information Orders and Market Information Notices to the classes of people currently required to provide information to the gas Bulletin Board. This will ensure all key market participants are captured and that the GSOO can be produced in a timely manner.

Wholesale and Retail Market Rules and Procedures

Jurisdictional market operators are currently responsible for operating retail gas markets in Queensland, New South Wales, the Australian Capital Territory, Victoria and South Australia. The retail markets are each supported by jurisdictional retail market rules. Additionally VENCorp operates a wholesale gas market in Victoria, supported by the Market System and Operation Rules (MSOR).

The amendments to the NGL transfer these retail market operator functions to AEMO and include broad empowering provisions for the National Gas Rules (NGR) to accommodate the current jurisdictional retail market rules into the new national governance structure by establishing Retail Market Procedures. The current jurisdictional retail market rules provide detailed technical processes to manage the transfer of retail gas customers. They will be transferred to the national framework essentially unchanged, except where necessary to apply the national governance framework, and will be administered by AEMO. The Victorian MSOR will largely be incorporated into the NGR to support the Declared System Function. Existing Western Australian retail gas market operations are not affected by these amendments.

These changes include a national process for amending Procedures, including the Wholesale and Retail Market Procedures, as well as a common dispute resolution mechanism. The new process for amending the gas Procedures will be included in the NGR. It is based on current processes for amending the Bulletin Board Procedures in Part 18, Division 4 of the NGR which will be removed in favour of the common Procedure change provisions. The provisions will require AEMO to conduct appropriate consultation on proposed changes to the Procedures, although to provide flexibility it is not proposed to prescribe the mechanism by which this would occur. Additionally a new provision in the NGR will allow AEMO to make urgent amendments to the Procedures, where failure to make the amendment in a timely manner would prejudice or threaten the operation of the gas markets, the supply of natural gas or the response to a gas emergency. The common Procedure change process recognises the expertise of the market operator at the technical and operational level and is designed to allow the procedures to be amended efficiently by the market operator and to retain industry engagement in the process. Operationally, it is intended that industry advisory bodies, similar to those in jurisdictions, will continue to be an important part of the change processes.

The proposed amendments to the NGR include the new common dispute resolution framework to apply to disputes between gas market participants and AEMO about the application and interpretation of the former MSOR and the Retail Market Procedures and any other matters that are currently subject to dispute processes under existing jurisdictional retail market rules. The proposed framework is based on Chapter 7 of the MSOR, incorporating a number of revisions to that chapter proposed following consultation by VENCorp in the Victorian market. The dispute resolution framework adopts a two stage approach intended to allow parties to resolve disputes informally in

the first instance, with the help of the Adviser on mutual agreement of the parties, prior to assembling an expert dispute resolution panel. It should be noted that a new provision has been inserted into the NGR which requires the Australian Energy Regulator to appoint the Adviser as is currently done under Chapter 8 of the NER.

Declared System Functions

AEMO will take over the functions currently performed by VENCorp, which is a state owned entity within Victoria.

VENCorp's principal gas functions are the operation of the Victorian Wholesale Gas Market and related gas transmission system for the principal gas transmission system in Victoria.

The VENCorp gas functions are described generically in the Law in a manner that facilitates their application by a jurisdiction through its application legislation.

The VENCorp gas transmission system functions are described as 'declared system functions' that will apply only where the jurisdiction has invoked the relevant part of the NGL. Currently it is intended that only Victoria will apply these provisions in its application legislation.

Explanation of Clauses

Part 1—Preliminary

1—Short title

This clause provides for the short title of the measure.

2—Commencement

The measure will be brought into operation by proclamation.

3—Amendment provisions

This clause is formal.

Part 2—Amendment of *National Gas (South Australia) Act 2008*

4—Amendment of section 12—Specific regulation-making power

The regulation-making power under the Act is to be amended so that the regulations may deal with matters of a transitional nature on account of any amendments made from time to time to the *National Gas Law*. A comparable provision may be found in the *National Electricity (South Australia) Act 1996*. Consequential changes must also be made on account of the new functions to be conferred on AEMO.

5—Insertion of sections 20, 21 and 22

Proposed new section 20 is consistent with section 14 of the *National Electricity (South Australia) Act 1996*. Proposed new section 21 is necessary to ensure the smooth transmission of functions between REMCo and AEMO, especially in the period between 2 relevant changeover dates that are to apply for the purposes of the law in South Australia. Proposed new section 22 is necessary in view of the fact that AEMO is not due to assume all of REMCo's functions in South Australia on the day on which the NGL amendments come into operation.

Part 3—Amendment of *National Gas Law*

6—Amendment of section 2—Definitions

This clause provides new definitions for the definition section (section 2) of the National Gas Law.

7—Amendment of section 3—Meaning of civil penalty provision

This clause amends section 3 of the National Gas Law to add to the meaning of civil penalty provision.

8—Amendment of section 4—Meaning of conduct provision

This clause amends section 4 of the National Gas Law to add to the meaning of conduct provision.

9—Amendment of section 8—Meaning of service provider

This clause provides that AEMO is not taken to be a service provider merely because AEMO is controlling or operating all, or part, of a pipeline or scheme pipeline.

10—Amendment of section 22—Ministers of participating jurisdictions

This clause changes the reference to the name of the *National Gas Access (WA) Act 2009*.

11—Amendment of section 27—Functions and powers of the AER

This clause provides AER with additional powers in relation to compliance programs and breaches referred by AEMO.

12—Amendment of section 55—Further provision about manner in which information must be provided to AER or kept

This clause makes technical amendments to the AER's information gathering powers.

13—Amendment of section 74—Subject matter for National Gas Rules

This clause amends section 74, outlining the subject matter for National Gas Rules and including AEMO as a relevant body.

14—Insertion of Chapter 2, Parts 6 and 7

This clause inserts a Chapter into the National Gas Law, relating to the role of AEMO under the National Gas Law.

Part 6—Role of AEMO under National Gas Law

Division 1—General

91A—AEMO's statutory functions

This clause outlines AEMO's functions and provides that AEMO must have regard to the national gas objective in carrying them out.

91AB—AEMO's power to carry out statutory functions

This section gives AEMO the power to do all things necessary or convenient for or in connection with its statutory functions.

91AC—Delegation

This clause allows the delegation powers given to AEMO.

Division 2—AEMO's declared system functions

Subdivision 1—Preliminary

91B—Application of this Division

This clause outlines the application of Division 2 of Part 6.

91BA—AEMO's declared system functions

This clause outlines AEMO's declared system functions, the circumstances under which AEMO may trade in natural gas and enables AEMO to suspend a declared wholesale gas market (subject to the Rules).

91BB—AEMO to account to relevant Minister for performance of declared system functions

This clause requires AEMO to provide information about the performance of its declared system functions with respect to a jurisdiction if the Minister of that jurisdiction requests so in writing.

Subdivision 2—Power of direction

91BC—AEMO's power of direction

This clause provides AEMO with the power to make certain directions to participants in relation to reliability of supply, security or public safety, and provides for penalties for non-compliance with a direction.

91BD—Protection from liability

This clause prevents civil liability flowing from good faith compliance or purported compliance with a direction.

Subdivision 3—AEMO's relationship with transmission system service providers and facility owners

91BE—Service envelope agreement between AEMO and transmission pipeline service provider

This clause outlines the need for, and requirements of, transmission pipeline service providers to make a service envelope agreement with AEMO for the control, operation, safety, security and reliability of the declared transmission system, and provides the conditions under which a determination may be made by AER in relation to a dispute over a service envelope agreement.

91BF—Interconnection with facilities

This clause prohibits the connection, to the declared transmission system, of a facility, including; pipelines, gas storage facilities, gas fired electricity generators or other plant or equipment.

91BG—Operating agreement between AEMO and facility owner

This clause enables AEMO to require that an operating agreement be made with an owner of a facility before permitting that facility to be connected to a declared transmission system, and provides the conditions under which a determination may be made by AER in relation to a dispute over an operating agreement.

91BH—General principles governing determinations

This clause provides the general principles governing the nature of a determination by AER under this Division.

Subdivision 4—Declared wholesale gas market

91BI—Market participation

This clause lists the classes of person who participate in a declared wholesale gas market in a registrable capacity.

91BJ—Registration required for market participation

This clause outlines the requirement that, and conditions under which, market participants are to be registered.

91BK—Certificates of registration etc

This clause provides for certificates in relation to the registration or exemption from registration of market participants.

Subdivision 5—Wholesale Market Procedures

91BL—Wholesale Market Procedures

This clause enables AEMO to, in accordance with the Rules, make Wholesale Market Procedures.

91BM—Nature of Wholesale Market Procedures

This clause outlines the requirements around making the Wholesale Market Procedures.

91BN—Compliance with Wholesale Market Procedures

This clause outlines the need for AEMO and applicable parties to comply with a Wholesale Market Procedure.

Subdivision 6—Ownership of gas in declared transmission system

91BO—Ownership of gas

This clause requires AEMO to make rules, as part of the Wholesale Market Procedures, for determining the ownership of gas in the declared transmission system and for resolving disputes about ownership.

91BP—Title to gas

This clause requires anyone injecting, or tendering to inject, gas into the transmission system to have title to that gas and for the gas to be free of encumbrance at the point of injection.

Subdivision 7—Immunity

91BQ—Immunity

This clause grants immunity from civil liability for failures by protected persons to allow or make available injections in, or withdrawals out of, the declared transmission system where as a result of accident or cause beyond the protected person's control. Protected persons are AEMO and service providers for the whole or a part of the declared transmission system.

91BR—Immunity in dealing with an emergency

This clause excludes civil monetary liability from attaching to AEMO or AEMO officers in dealing with an emergency in good faith.

Division 3—Information etc to be provided to Ministers

91C—Ministerial request

This clause enables MCE or Ministers of participating jurisdictions to ask AEMO for information.

91CA—Compliance with request

This clause requires AEMO to comply with a request under this Division, and mandates that protected information may only be disclosed under such a request if authorised under this Law or the Rules.

91CB—Quarterly report

This clause requires AEMO to report quarterly to MCE on requests made under this Division, summarising each request and by whom it was made.

Division 4—Gas statement of opportunities

91D—Object and content of gas statement of opportunities

This clause outlines the object and content of the gas statement of opportunities.

91DA—AEMO's obligation in regard to gas statement of opportunities

This clause provides that AEMO must prepare, periodically review, revise, and publish the gas statement of opportunities in accordance with the Rules.

Division 5—Fees and charges

91E—AEMO fees and charges

This clause enables AEMO to determine and levy fees and charges, on a non-profit basis to enable costs over time to approximate revenue.

Division 6—Information gathering

91F—Information gathering powers

This clause enables AEMO to make orders, either to persons or a class of persons, requiring the provision of certain information in relation to specified functions.

91FA—Making and publication of general market information order

This clause provides the conditions for making a general market information order, including consultation and publication requirements.

91FB—Service of market information notice

This clause provides the conditions for making a market information order to a person, including consultation and publication requirements.

91FC—Compliance with market information instrument

This clause outlines the need for, and conditions surrounding, compliance with a market information order and protects a person for civil liability for compliance.

91FD—Use of information

This clause enables AEMO to use any information obtained for any purpose connected with the exercise of AEMO's statutory functions, subject to this Law, and the Rules, Regulations and Procedures.

91FE—Providing false or misleading information

This clause provides penalties for knowingly providing false or misleading information in response to a market information order.

Division 7—Protected information

Subdivision 1—AEMO's obligation to protect information

91G—Protected information

This clause requires AEMO to prevent information given to it in confidence or in connection with its statutory duties from being used or disclosed in a way contrary to this Law, the Rules, Procedures or Regulations.

Subdivision 2—Disclosure of protected information held by AEMO

91GA—Authorised disclosure of protected information

This clause authorises AEMO to disclose protected information in accordance with this Subdivision.

91GB—Disclosure with prior written consent

This clause authorises AEMO to disclose protected information if it has the written consent of the person from whom the information was obtained.

91GC—Disclosure required or permitted by law etc

This clause authorises AEMO to disclose protected information under certain laws or to certain bodies and the use of that information in connection with the performance of functions or exercise of powers of that body.

91GD—Disclosure for purposes of court and tribunal proceedings

This clause authorises AEMO to disclose protected information for the purposes of court or tribunal proceedings.

91GE—Disclosure of document with omission of protected information

This clause enables AEMO to disclose documentation with both protected and unprotected information by omitting the protected information.

91GF—Disclosure of non-identifying information

This clause enables AEMO to disclose protected information provided the information and its disclosure cannot lead to the identification of the person to whom that information relates.

91GG—Disclosure of protected information for safety, proper operation of the market etc

This clause enables AEMO to disclose protected information when necessary for the safety, reliability, security and supply of gas or a pipeline, for the proper operation of a regulated gas market or where the information is in the public domain.

91GH—Disclosure of protected information authorised if detriment does not outweigh public benefit

This clause enables, and outlines the conditions under which, AEMO to disclose protected information if disclosure would not detriment the person who has given it or a person from whom that person received it, or where the public benefit of disclosure outweighs that detriment.

Division 8—Obligation to make payments

91H—Obligations under Rules or Procedures to make payments

This clause outlines the obligation and timeframes under which a registered participant, or AEMO, must make payments owed under the Rules or Procedures.

Division 9—AEMO's statutory funds

91J—Definitions

This clause defines Rule fund in this Division.

91JA—AEMO's Rule funds

This clause vests existing Rule funds in AEMO and makes AEMO responsible for the administration of Rule funds.

91JB—Payments into and out of Rule funds

This clause requires certain payments under the Rules and Procedures, including income from investment of money in a Rule fund, to be paid into that Rule fund, and requires payments out of a Rule fund to only be made in accordance with the Rules and Procedures or to pay liabilities or expenses of the Rule fund.

91JC—Investment

This clause enables AEMO to invest money held in a Rule fund subject to the exercise of care, diligence and skill.

Division 10—Immunity

91K—Immunity from liability

This clause grants immunity from civil monetary liability to AEMO and its officers and employees for any act or omission in the course of their duties, unless in bad faith or through negligence, and provides for a monetary limit to be set for liability in the event of negligence.

91KA—Supply interruption or disconnection in compliance with AEMO's direction

This clause grants immunity from civil monetary liability to a distributor who interrupts or disconnects the supply of natural gas to an end user in compliance with an AEMO direction, unless in bad faith or through negligence, and provides for a monetary limit to be set for liability in the event of negligence.

91KB—Immunity in relation to use of computer software

This clause grants immunity to AEMO, former gas market operators and their officers, employees and agents for loss suffered as a consequence of the use of computer software to operate a gas market.

91KC—Immunity from liability—dispute resolution

This clause grants immunity from civil monetary liability to arbitrators, mediators, managers and facilitators of dispute resolution processes, unless done in bad faith.

Part 7—Regulation of retail gas markets

Division 1—Registration

91L—Retail gas markets

This clause defines retail gas market and regulated retail gas market.

91LA—Retail market participation

This clause outlines who is a registrable market participant.

91LB—Registration required for market participation

This clause requires, unless exempt, market participants to be registered and exempts AEMO from registration for performing statutory functions.

91LC—Certificates of registration etc

This clause provides for certificates of registration or exemption to be made.

Division 2—Retail Market Procedures

91M—Retail Market Procedures

This clause allows AEMO to make Retail Market Procedures in accordance with the Rules.

91MA—Nature of Retail Market Procedures

This clause outlines the nature of a Retail Market Procedure, directed at the regulation of a retail gas market, and prevents Retail Market Procedures from creating an offence or providing for criminal or civil liability.

91MB—Compliance with Retail Market Procedures

This clause requires, and outlines the conditions for, compliance with Retail Market Procedures.

15—Amendment of section 98—Initial classification decision to be made as part of recommendation

This clause replaces pipeline classification criterion with jurisdictional determination criteria.

16—Substitution of heading to Chapter 7, Part 1

This clause makes consequential amendments as a result of AEMO becoming the Bulletin Board operator.

17—Substitution of sections 217 and 218

217—AEMO to be Bulletin Board operator

This clause gives AEMO responsibility for the operation of the Natural Gas Services Bulletin Board.

218—AEMO's obligation to maintain Bulletin Board

This clause outlines AEMO's obligations in relation to maintaining the Bulletin Board.

18—Amendment of section 219—AEMO's other functions as operator of Natural Gas Services Bulletin Board

This clause makes consequential amendments to section 219 as a result of AEMO becoming the Bulletin Board operator.

19—Repeal of section 220

This clause repeals section 220. It is no longer necessary due to proposed new section 91AB.

20—Repeal of section 221

This clause repeals section 221. It is no longer necessary due to the new arrangements that are to apply by virtue of AEMO assuming responsibility for the operation of the Bulletin Board.

21—Amendment of section 222—Fees for services provided

This clause makes consequential amendments to section 222 as a result of AEMO becoming the Bulletin Board operator.

22—Amendment of section 223—Obligation to give information to AEMO

This clause makes consequential amendments to section 223 as a result of AEMO becoming the Bulletin Board operator.

23—Amendment of section 225—Giving AEMO false or misleading information

This clause makes consequential amendments to section 225 as a result of AEMO becoming the Bulletin Board operator.

24—Amendment of section 226—Immunity of persons giving information to AEMO

This clause makes consequential amendments to section 226 as a result of AEMO becoming the Bulletin Board operator.

25—Substitution of Chapter 7, Part 3

Part 3—BB Procedures

227—BB Procedures

This clause enables AEMO to make BB Procedures.

228—Nature of BB Procedures

This clause outlines the nature of a BB Procedure, directed at the regulation of the Natural Gas Services Bulletin Board, and prevents BB Procedures from creating an offence or providing for criminal or civil liability.

228A—Compliance with BB Procedures

This clause mandates compliance with BB Procedures, provides that an applicable access agreement overrules a BB Procedure and allows AEMO to direct in writing compliance with a BB Procedure.

26—Amendment of section 229—Instituting civil proceedings under this Law

This clause makes consequential amendments to section 229 to include the Procedures.

27—Amendment of section 230—Time limits within which proceedings may be instituted

This clause makes consequential amendments to section 230 to include the Procedures.

28—Amendment of heading to Chapter 8, Part 2

This clause makes consequential amendments to the heading of Chapter 8, Part 2, to include the Procedures.

29—Amendment of section 231—AER proceedings for breaches of this Law, Regulations or the Rules that are not offences

This clause makes consequential amendments to section 231 to include the Procedures.

30—Substitution of section 243

243—Applications for judicial review of AEMO's decisions

This clause allows judicial review of AEMO decisions or determinations under this Law, the Rules or Procedures.

31—Amendment of section 244—Definitions

This clause alters the definitions for this Part to include AEMO's ability to make a decision to disclose information under section 91GH.

32—Amendment of heading to Chapter 8, Part 5, Division 3

This clause makes consequential amendments as a result of AEMO's ability to make a decision to disclose information under section 91GH.

33—Amendment of section 263—Application for review

This clause makes consequential amendments as a result of AEMO's ability to make a decision to disclose information under section 91GH.

34—Amendment of section 265—Determination in the review

This clause makes consequential amendments as a result of AEMO's ability to make a decision to disclose information under section 91GH.

35—Amendment of section 266—Tribunal must be taken to have affirmed decision if decision not made within time

This clause makes consequential amendments as a result of AEMO's ability to make a decision to disclose information under section 91GH.

36—Substitution of section 267

267—Assistance from AER or AEMO

This clause makes consequential amendments as a result of AEMO's ability to make a decision to disclose information under section 91GH.

37—Insertion of Chapter 8, Part 5A

Part 5A—Dispute resolution under the Rules

270A—Interpretation

This clause defines references to procedural Parts or review provisions of jurisdictional commercial arbitration acts according to the jurisdiction in which the Law is applied and a rule dispute is heard and determined.

270B—Commercial Arbitration Acts to apply to proceedings before Dispute resolution panels

This clause provides the manner in which the jurisdictional commercial arbitration acts are to apply to proceedings before dispute resolution panels.

270C—Appeals on questions of law from decisions or determinations of Dispute resolution panels

This clause enables appeals on questions of law from decisions or determinations of dispute resolution panels and decisions that are classified under the Rules as an appealable decision.

38—Amendment of section 290—Definitions

This clause makes consequential amendments as a result of AEMO taking over the role of certain other bodies.

39—Insertion of section 294A

294A—South Australian Minister to make initial Rules and Procedures related to AEMO's functions under this Law

This clause enables, and outlines the conditions on which, the South Australian Minister to make initial Rules and Procedures, upon recommendation by MCE.

40—Amendment of section 295—Initiation of making of a Rule

This clause limits the persons who may initiate the making of a new Rule by the AEMC and outlines limits to the AEMC's rule-making power.

41—Amendment of section 308—Draft Rule determination

This rule specifies that the draft of the Rule to be made need not be the same as the draft of the proposed Rule to which the notice under section 303 relates.

42—Amendment of section 310—Pre-final Rule determination hearing may be held

This clause makes technical amendments to section 310.

43—Substitution of section 312

312—Proposal to make more preferable Rule

This clause enables the AEMC to make a draft or final Rule determination with respect to what it considers to be a more preferable Rule, in view of the response to a draft Rule determination.

44—Insertion of section 328A

328A—Disclosure of information that has entered the public domain

This clause authorises the AER to disclose information given to it in confidence, in compliance with this Law or the Rules or voluntarily, if the information is already in the public domain.

45—Amendment of section 329—Disclosure of confidential information authorised if detriment does not outweigh public benefit

This clause makes consequential amendments as a result of the insertion of section 328A.

46—Amendment of section 332—Failure to make a decision under this Law or the Rules within time does not invalidate the decision

This clause alters the definition of regulatory scheme decision maker to include AEMO.

47—Amendment of Schedule 1—Subject matter for the National Gas Rules

This clause amends the subject matter for the National Gas Rules to include AEMO's new role and powers and dispute resolution processes.

48—Amendment of Schedule 2—Miscellaneous provisions relating to interpretation

This clause makes consequential amendments as a result of AEMO's role as the Bulletin Board operator and ability to issue evidentiary certificates.

49—Amendment of Schedule 3—Savings and transitionals

Part 11—Transitional provisions related to AEMO's new functions and its assumption of role of former gas market operators

Division 1—Preliminary

54—Definitions

This clause provides definitions for Part 11.

Division 2—General provisions

55—Saving operation of superseded jurisdictional rules

This clause provides that, subject to this Schedule, the new rules do not act retrospectively by affecting the previous proper operation of, or penalties or proceedings and acquisition of rights, privileges or liabilities in relation to, the superseded jurisdictional rules.

56—Transitional provisions governing accrued and accruing rights, liabilities etc

This clause provides that references to or actions taken under the superseded rules are to be taken to be a reference to the corresponding current rules, and that rights or liabilities accruing, or liabilities, penalties or obligations incurred, under the superseded rules continue under the corresponding provisions of the current rules.

57—Investigations

This clause enables the AER to commence and continue an investigation into a possible breach of the superseded rules as if it were a breach of this Law and exercise all its corresponding powers.

58—Proceedings for breach of superseded jurisdictional rules

This clause enables the AER to commence and continue proceedings with respect to a breach of the superseded rules, with those proceedings being subject to any conditions provided by the superseded rules.

59—Dispute resolution

This clause provides that disputes arising from circumstances occurring before the changeover date are to be dealt with as a rule dispute, except for disputes arising from circumstances occurring in Queensland or Victoria, which are to be dealt with in accordance with the superseded jurisdictional rules.

60—Registered participants

This clause provides for the automatic registration of certain persons, or persons of a class, specified in the Regulations.

61—Instruments made by former gas market operators

This clause provides for instruments made by former gas market operators in force at the changeover date to continue in force subject to amendment by AEMO and provided the instruments could have been made under the current rules.

62—Rule change proposals

This clause provides for a rule change proposal under the superseded rules to be treated as a request for the making of a Rule or Procedure (as the case requires), and enables AEMO to dispense with particular steps in the process if no equivalent step existed, or has already been taken, under the superseded rules.

63—Incompatibility between request for the making of Rule or Procedure and Minister-initiated Rule or Procedure

This clause enables AEMC or AEMO (as the case requires) to reject a request to make a Rule or Procedure where it is to be revoked under a Minister-initiated Rule or Procedure that has been made but is not yet in operation. This clause also enables AEMC or AEMO to treat a request for an amendment of a Rule or Procedure, that is to be amended by a Minster-initiated Rule or Procedure, as a request relating to that Rule as amended.

64—Natural Gas Services Bulletin Board

This clause provides for the continuation of the Natural Gas Services Bulletin Board, under AEMO, in the same form.

65—Publication of notices etc

This clause provides that notices published by AEMO on the website of a former gas market operator fulfil publication of notice requirements.

66—Rights under change of law provisions not to be triggered by amendments to this Law etc

This clause provides that rights under change of law provisions are not to be triggered by amendments to this Law.

Division 3—Transfer of assets and liabilities of GMC and AEMO T

67—Transfer of assets and liabilities

This clause provides for the transfer, by instrument in writing from the NSW Minister, of any of GMC's assets to AEMO and the ability, where done in error, for the NSW Minister to 'claw back' such assets.

68—Transfer of AEMO T's assets and liabilities

This clause enables the South Australian Minister to transfer the entirety of AEMO T's assets and liabilities to AEMO by Ministerial Gazette notice.

69—Effect of relevant transfer order

This clause outlines the effect of a transfer or claw-back order under section 67 and a Ministerial Gazette notice under section 68.

70—Continued effect of certain acts by GMC or AEMO T

This clause provides that any acts or omissions by GMC or AEMO T in relation to assets or liabilities transferred to AEMO, and still in effect at the time of transfer, are taken to be done by AEMO.

71—Continuation of proceedings

This clause provides for proceedings by or against GMC or AEMO T, which are commenced before 1 July 2009, to be continued and completed by or against AEMO.

72—Validity and effect of things done under this Division

This clause outlines the limits to the validity and effect of things done under this Division, and requires AEMO to keep GMC and AEMO T's books for 7 years and allow access to them by GMC and AEMO T.

73—Evidence of transfer

This clause provides for written notice, by the NSW Minister or South Australian Minister (as the case requires), of the transfer of assets or liabilities to GMC or AEMO T to be conclusive evidence of that transfer.

74—Obsolete references

This clause provides for a reference in a document to GMC or to AEMO T, in connection with an asset or liability transferred to AEMO, to taken to be a reference to AEMO.

Division 4—Acceptance of transfer from former gas market operators and AEMO T

75—Parties to transfer must do anything necessary to perfect transfer

This clause requires AEMO to accept any assets or liabilities to be transferred to it from GMC or AEMO T, and requires AEMO, AEMO T and GMC to take any steps necessary to perfect that transfer.

76—Corporations Act displacement

This clause provides for any provision in this Part that is inconsistent with the Corporations Act 2001 (Cth) to be a Corporations legislation displacement provision, resulting in the Corporations Act 2001 not applying to the extent of any inconsistency.

Division 5—Fees and charges

77—AEMO's fees and charges

This clause requires AEMO, for 2 years, to continue recovering fees and charges on the same bases as was done by the former gas market operator whose functions have been assumed, and for the third year to continue in the same manner subject to a review by AEMO.

78—Establishment expenditure

This clause enables AEMO to recover its establishment costs, over a period of 4 years from the changeover date, as a component of the participant fees payable by users and non-scheme pipeline users.

79—Expenditure on gas statement of opportunities

This clause provides for expenditure on the gas statement of opportunities made before, or within 3 years after, the commencement date to be treated as expenditure on a major gas project, and for costs to be recovered on the same bases as under section 78 of this Schedule.

Division 6—Information

80—Transferred information

This clause provides that AEMO must deal with information acquired from AEMC T and GMC on the same bases as was required by AEMO T or GMC, and must allow AEMO T and GMC representatives access to that information.

81—Calculations

This clause requires calculations made by AEMO T or GMC still in effect at the changeover date to be taken to have made by AEMO.

Division 7—Deferral of relevant legislative innovations in Queensland

82—Queensland Minister's power to defer commencement of relevant legislative innovations

This clause provides for the Queensland Minister to defer the commencement in Queensland of specified parts or provisions of the relevant legislative innovations.

Division 8—Special transitional provisions for South Australia

83—Definitions

This clause provides definitions for this Division of this Schedule.

84—Transitional contracts

This clause provides for contracts prescribed in the appendices to the South Australian Retail Market Rules in force at the changeover date to continue in force under the corresponding provisions of the Retail Market Procedures, with references to REMCo taken as references to AEMO.

85—Contractual provisions for dispute resolution

This clause provides for contractual provisions for dispute resolutions to take precedence over any provisions in this Law or the Rules.

86—Risk allocation

This clause provides for certain clauses of the Retail Market Procedures to take precedence over certain provisions of this Law and the Rules to the extent of any inconsistency.

Debate adjourned on motion of Mr Williams.

NATIONAL ELECTRICITY (SOUTH AUSTRALIA) (NATIONAL ELECTRICITY LAW—AUSTRALIAN ENERGY MARKET OPERATOR) AMENDMENT BILL

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (12:03): Obtained leave and introduced a bill for an act to amend the National Electricity (South Australia) Act 1996. Read a first time.

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (12:03): I move:

That this bill be now read a second time.

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

The Government is again delivering on a key energy commitment through new legislation to improve the governance arrangements of the Australian energy sector, for the benefit of South Australians and all Australians.

In April 2007, the Council of Australian Governments (COAG) agreed to establish a single, industry-funded national energy market operator, to be called the Australian Energy Market Operator (AEMO), for both electricity and gas to strengthen the national character of energy market governance. This Bill and the accompanying amendments to the *National Gas (South Australia) Act 2008* implement this commitment.

In its report to COAG recommending the establishment of AEMO, the Energy Reform Implementation Group considered that the main benefits of establishing AEMO were:

(a) More efficient outcomes for the energy market arising from information sharing leading to an improved understanding of market operations and interactions between the gas and electricity sectors;

(b) Improved emergency management coordination;

(c) Economies of scale arising from common information technology systems for gas and electricity (for market operation, system monitoring and information gathering);

(d) The provision of a single interface for energy market participants reducing red tape and duplication of interactions, thereby lowering costs;

(e) Administrative cost savings in corporate support structures; and

(f) A more substantive organisation able to attract and retain a core mass of appropriate expertise.

In accepting this recommendation, COAG noted that in conjunction with other governance initiatives, the creation of AEMO will provide a solid foundation for the long term development of Australia's energy market.

These amendments seek to realise these gains with minimal changes to the existing regulatory frameworks. While these amendments are only minimal changes to the framework, it is intended that AEMO will serve as a platform for future energy market reforms such as the anticipated gas short term trading market.

AEMO will perform a range of new functions. These amendments confer the new electricity National Transmission Planner (NTP) function on AEMO and amendments to the *National Gas (South Australia) Act 2008* will empower AEMO to prepare the Gas Statement of Opportunities (GSOO).

As well as the new functions AEMO will take over the functions currently performed by the Gas Market Company (GMC) in New South Wales, the National Electricity Market Management Company (NEMMCO), the Victorian Energy Networks Corporation (VENCorp), the Queensland Gas Retail Market Operator (GRMO), the Retail Energy Market Company's (REMCo) South Australian functions and the planning functions currently performed by this State's Electricity Supply Industry Planning Council (ESIPC).

As is currently the case with NEMMCO, AEMO will be a not for profit company limited by guarantee. An important component of the current reform is to provide energy industry participants the opportunity to become members of the company, thereby providing industry stakeholders with a direct role in oversight of the market company in partnership with government members to provide efficient and effective energy markets. Importantly, government members will retain 60 percent of the voting rights while industry members will have the remaining 40 percent of voting rights, with these arrangements subject to review after three years. The initial members of AEMO will include all jurisdictions other than Western Australia and the Northern Territory as well as energy supply side entities.

NEMMCO

These amendments allow AEMO to take over all of the functions currently performed by NEMMCO under the National Electricity Law (NEL) and National Electricity Rules (NER). These functions are principally to operate the wholesale electricity exchange, to manage retail customer transfers and to promote the development of the national electricity market. NEMMCO's market operator functions are not being substantially altered as a result of the establishment of AEMO. This Bill makes minor technical amendments to the Law and Rules to allow AEMO to take over these functions. These principally involve changing references in the legislation from NEMMCO to AEMO.

National Transmission Planner

A major new electricity function of AEMO will be its role as the National Transmission Planner.

On 13 April 2007, COAG agreed to the establishment of an enhanced planning process for the national transmission network to ensure a more strategic and nationally coordinated approach to transmission network development. COAG noted that this would provide guidance to private and public investors to help optimise investment between transmission and generation across the power system and inform transmission companies' investment decisions as well as the Australian Energy Regulator's (AER) regulatory reset processes associated with the economic regulation of transmission assets.

In July 2007, MCE requested the Australian Energy Market Commission (AEMC) to undertake a review to develop the framework for the establishment of the NTP, including developing a detailed implementation plan for a NTP function. The AEMC's final report that included proposed changes to the NEL and the NER was provided to the MCE on 30 June 2008. In November 2008 the MCE published its response to the Report's recommendations, with that policy framework being the basis of these amendments.

The principal task of the NTP will be to ensure the strategic, nationally focussed and efficient development of the grid. Section 49(2) of the amendments to the NEL defines the core elements of AEMO's NTP function, including to:

- prepare, maintain and publish a plan for the development of the national transmission grid (the National Transmission Network Development Plan or NTNDP);
- establish and maintain a public database of information relevant to planning the development of the national transmission grid;
- keep the national transmission grid under review and provide advice on the development of the grid or projects that could affect the grid; and
- provide a national strategic perspective for transmission planning and co-ordination.

As was highlighted in the MCE response, the NTP's independent, strategic view of the network will add value to the regulatory test assessments and the AER's revenue resets for Transmission Network Service Providers (TNSPs). This is because AEMO's ability to make submissions will assist in ensuring that local network investments complement the broader strategic direction of the network. This recognises that even small investments in one section of the network could potentially have significant impacts on the wider grid. It is intended that AEMO will adopt disciplines in this role to ensure submissions are only made on relevant proposals.

The response also recognised that national transmission flow paths is flexible enough to consider both primary and secondary elements of the transmission network and enables it to adapt over time with changing flows on the network and the development of new technologies and usage patterns. Importantly, the response noted that the definition of national transmission flow paths for the purposes of AEMO's national transmission planning function is not constrained by the current interpretation of national transmission flow paths.

Further detail regarding the performance of these functions will be contained in the NER.

The NTNDP must be published no later than 31 December each year (for the coming year), with the requirement for the first publication to be no later than 31 December 2010. The NTNDP will present a broad and deep analysis of different future supply and demand scenarios for National Transmission Flow Paths, taking into account various policy, technology and economic assumptions and forecasting out at least 20 years from the beginning of the year in which the NTNDP applies. Information within the NTNDP, such as current and future congestion and transmission development strategies under a range of scenarios, will enhance the ability of the market to identify and respond to investment issues in an economically efficient and timely fashion.

There will be strong inter-linkages between AEMO's NTP function and TNSP planning. The NTNDP will include a consolidated summary of each TNSP's Annual Planning Report (APR) and additionally have regard to these reports. In preparing the NTNDP that is to be published, AEMO must also have regard to:

(a) the most recent electricity Statement of Opportunities (SOO) that has been published;

(b) the most recent GSOO that has been published; and

(c) the current revenue determination for each TNSP.

This is complemented by amendments to the NER which will require TNSPs to explain in their APRs how their proposals relate to the current NTNDP and current or future development strategies for national transmission flow paths.

The NTNDP provisions define an annual stakeholder consultation process that AEMO will be required to undertake in the production of the NTNDP. This consultation will allow market participants to make written submissions on the proposed NTNDP inputs, the content of the NTNDP as it applies for the current year and on

issues raised in a statement of material issues for the NTNDP to be published by AEMO. Further, AEMO will be required to establish and maintain a publicly available database of key inputs into the NTNDP. To support these functions AEMO will be empowered to issue Market Information Orders (MIO) and Market Information Notices (MIN) to gather information from relevant participants as discussed further under Information Gathering.

Included in the NER draft are a number of amendments to the NER which allow for the transfer of the functions of the Inter-Regional Planning Committee (IRPC) to AEMO. The 13 April 2007 COAG decision required the role of the IRPC to be subsumed by the NTP function. The functions of the IRPC are largely technical in nature and cover a wide range of operational and planning activities. To the extent they are not made redundant by the new NTP arrangements, the functions will be retained and transferred to AEMO.

AEMO's Additional Advisory Functions

The enhanced strategic planning function of the NTP will necessitate the establishment of regional offices of AEMO to ensure there is a comprehensive understanding of regional issues while also providing a critical mass of independent technical expertise in network planning, AEMO will also take responsibility for the planning functions currently performed by the South Australian Electricity Supply Industry Planning Council (ESIPC) under the *Electricity Act 1996*. These functions are included in Subdivision 2 of Division 2 of Part 5 of the NEL and are described as 'Additional Advisory Functions.'

These amendments will allow AEMO to provide the planning services currently provided by ESIPC in South Australia. These provisions allow AEMO to conduct more detailed electricity network planning in South Australia in addition to the work it will undertake nationally as the NTP. AEMO will also have a specific role in providing information to the South Australian Government to assist in the management of the energy sector. ESIPC's functions with regard to emergency management will be retained within the South Australian jurisdiction.

AEMO will be empowered to use its new information gathering powers to collect information to assist it to perform its additional advisory functions.

The additional advisory functions are described generically in the NEL and NER in a manner that allows them to be operational only when applied by the jurisdiction through application legislation. They are applied in South Australia by a provision of the principal Act to be inserted by this Bill.

Declared Network Functions

AEMO will take over the functions currently performed by VENCorp. VENCorp is a State owned entity within Victoria.

VENCorp's principal electricity functions are the provision of electricity transmission services, electricity transmission planning and direction of augmentations for the privately owned transmission system in Victoria.

The VENCorp electricity functions are described generically in the Law in a manner that facilitates their application by a jurisdiction through its application legislation. They are described as part of AEMO's 'adoptive jurisdiction' functions.

The VENCorp electricity transmission functions are described as 'declared network functions' that will apply only where the jurisdiction has invoked the relevant part of the NEL. Currently it is intended that only Victoria will apply these provisions in its application legislation.

Fees and Cost Recovery

The legislative amendments seek to establish an effective cost recovery regime across electricity and gas that allows AEMO to fund the delivery of the services it is statutorily required to provide. The key features of this regime are that the costs borne by participants should reflect the costs incurred by AEMO in providing services to the participant, and that there should be no cross subsidisation between AEMO's different functions.

To achieve these aims the amendments retain NEMMCO's cost recovery model for electricity and expand it to AEMO's new gas functions. As such, amendments to the NGL will include requirements for AEMO to:

(a) prepare and publish, before the beginning of each financial year, a budget of AEMO revenue requirements for that financial year. The budgeted revenue must take into account and separately identify projected revenue requirements to support forecast expenditure for AEMO's identified lines of business; and

(b) develop and consult on the participant fee structure for its various functions in accordance with various cost recovery principles. There will also be an ability to dispute the participant fee structure.

These amendments also clarify AEMO's capacity to recover costs that are common between the two industries and permits AEMO to spread costs over multiple years to smooth their impact on participants.

These NEL amendments include the ability for AEMO to recover the costs associated with its new NTP function, new GSOO function, as well as the additional advisory function. The mechanism for recovery of the costs of AEMO's declared network functions will continue to be regulated through Chapter 6A of the NER, with relevant modifications to reflect the broader AEMO cost recovery model and the respective roles of AEMO and a relevant TNSP. Those modifications will apply in place of the current Victorian derogations in Chapter 9 of the NER.

Relevant amendments to Chapter 6A of the NER will ensure that AEMO's revenue for its Victorian TNSP function is not subject to approval by the AER. However, AEMO will be required to prepare a revenue methodology which will be subject to public consultation.

To minimise disruption, under the amendments to the NGL, the cost recovery frameworks of the existing market operators will be retained for a minimum of two years with a review no later than three years after AEMO's establishment. The result of this is that for the first two years of operation AEMO's fees and charges will be determined on the same basis as they were by the former market operators.

Information Gathering

The MCE supports broad and clear information gathering powers for AEMO's national transmission planning function. This will allow AEMO to undertake its function effectively, and ensure cooperative working relationships are formed between AEMO and market participants. These amendments introduce a new information gathering framework for AEMO which will be common across its new electricity and gas functions. The common framework will provide AEMO with a flexible, effective and transparent mechanism to gather information required to undertake its new functions.

The MCE notes the stakeholder comments regarding the broader information gathering arrangements the legislation includes to support the development of the NTNDP and a comprehensive gas Statement of Opportunities. MCE is confident that the combination of AEMO's governance arrangements and the protections in the law will ensure the appropriate use of these instruments. The key protections built into the framework are:

(a) the restriction of the use of the instruments to specific functions listed in the Law;

(b) an obligation on AEMO to consult prior to issuing an instrument;

(c) the requirement that the issuing of the instrument is reasonably necessary for the performance of AEMO's functions; and

(d) the requirement to have regard to the reasonable costs of efficient compliance in considering whether to issue a MIO or MIN.

MCE expects that AEMO will use these powers prudently. In this regard, MCE appreciates the cooperative approach between market participants and NEMMCO with respect to information provision for the Statement of Opportunities and the Annual National Transmission Statement to date, and hopes that cooperation will continue to be the basis of the relationship between market participants and AEMO. MCE does not consider that the powers should replace the existing cooperative approach to information gathering.

The amendments to the NEL will allow AEMO to issue MIOs and MINs to support its functions as NTP, operator of the Victorian declared network and planning functions and in its role in providing additional advisory service in South Australia. The corresponding gas amendment allows AEMO to use MIOs and MINs to assist it to prepare the GSOO and to perform its role under the Victorian declared system functions.

The provisions for MIOs and MINs are based upon the regulatory information order and notice provisions that are currently in both the NEL and the National Gas Law (NGL) and apply to the AER. This model was recommended by the AEMC in its NTP Final Report and was supported by the MCE in its response to this report.

The proposed amendments to the NEL allow a MIO or MIN to be issued to any person, including TNSPs, generators and others to support AEMO's planning and advisory functions. This is necessary in view of the type of information that will need to be gathered to support the intention for a broad and deep analysis of future supply/demand scenarios. The accuracy of these scenarios will be dependent on gathering data from existing generators and new entrant generators as well as TNSPs.

As noted, MCE expects that the legislative checks and balances in the information gathering arrangements will continue to facilitate a co-operative approach between industry and AEMO. Governments will, through the MCE, maintain an interest in the implementation of the information gathering arrangements and will take into account industry and regulator feedback on their appropriateness, effectiveness and efficiency over time.

An important benefit of establishing AEMO is that it can improve the exercise of all of its various functions by sharing information gathered in the performance of individual functions. The NEL (and the NGL) allows AEMO to use all information gathered under any of its information gathering powers, including MINs and MIOs for any purpose connected with the performance of its statutory functions.

These amendments also allow AEMO to disclose information to specified energy market institutions. This is because one of the benefits of establishing the national regime is the opportunity to maximise the efficiencies and synergies that may be achieved. It should be noted that passing information to third parties will be subject to judicial review.

To ensure that these information gathering powers are effective these amendments contain provisions that require the recipient of a MIO or MIN to comply with it and failure to do so will be prescribed by regulation as a civil penalty. AEMO may, however, grant persons a general or specific exemption from compliance with a MIO and the issuing of MIOs and MINs will be subject to judicial review.

Consistent with other similar provisions regarding the provision of information to bodies performing statutory functions, providing information that is known to be false or misleading in response to a MIO or MIN will be a criminal offence.

Protected Information

These amendments strengthen confidentiality obligations by elevating these obligations from the Rules into the Law. The proposed Division 6 of Part 5 of the NEL (and included in the NGL) sets out obligations on AEMO in

respect of protected information. Under the proposed legislation, AEMO will have an obligation to take all reasonable measures to protect from unauthorised use or disclose information:

(a) given to it in confidence; or

(b) given to it in connection with the performance of its statutory functions and classified under the Rules as confidential information.

This is consistent with the approach adopted for similar confidentiality obligations imposed on the AER and the AEMC by s44AAF of the *Trade Practices Act 1974* (Cth) and s24 of the *Australian Energy Market Commission Establishment Act 2004 (SA)* respectively. The relevant provisions substantially replicate the current rule 8.6 of the NER.

Consequential amendments to rule 8.6 are being made to remove the obligations imposed by that rule on NEMMCO, while preserving the obligations set out in the rule on Registered Participants. The remaining provisions dealing with confidential information in the NER continue to operate essentially unamended.

An identical regime for the treatment of protected information is proposed for the NGL and National Gas Rules (NGR) and underpinning Procedures. This is intended to replace the principal substantive obligations in relation to confidential information currently operating under the jurisdictional retail market rules and the Victorian wholesale gas Market System Operation Rules (MSOR). Certain variations are proposed to the equivalent of rule 8.6 in the NGR to adapt the rule for the purposes of the gas framework. These are based substantially on VENCorp's retail market rules.

As mentioned, section 54C of the NEL amendments will allow AEMO to share information with energy industry regulatory bodies, including the AER. This provision replicates similar arrangements for the AER and AEMC. The purpose of these provisions is to ensure efficient information transfer between different energy market bodies to ensure the effective operation of the regulatory framework.

Immunities

These amendments retain the existing NEMMCO immunities in Part 9 of the NEL for AEMO, and a new set of provisions in the NGL, so that these provisions will now apply to AEMO when performing any of its functions under the NEL and NGL.

The amendments also elevate two key immunities from the NER into the NEL, these provisions have been moved as it was considered more appropriate to deal with limitation on liability in the NEL than the NER.

The new section 120A replicates the existing rule 3.17.2 (which will be consequentially omitted) and provides immunity for contractors providing software to AEMO. While the existing immunity for arbitrators and mediators has been moved from rule 8.2.12 to the new section 120B for electricity (and replicated for gas).

The NGL amendments also contain additional immunities for specific to AEMO's role in gas. A new provision in the NGL is designed to protect service providers when disconnecting customers in compliance with the NSW user exit rules. The current immunities that apply to VENCorp when operating the Victorian wholesale market have also been replicated. Additionally the transitional provisions preserve existing immunities under the current South Australian retail market rules until the expiry of certain existing contracts.

I commend the Bill to Members.

Explanation of Clauses

Part 1—Preliminary

1—Short title

This clause is formal.

2—Commencement

The measure will be brought into operation by proclamation.

3—Amendment provisions

This clause is formal.

Part 2—Amendment of *National Electricity (South Australia) Act 1996*

4—Amendment of section 12—Specific regulation-making power

5—Amendment of section 14—Freedom of information

These amendments make consequential changes on account of the arrangements around AEMO (previously known as NEMMCO).

6—Insertion of Part 7

This provision is necessary in order for AEMO's advisory functions set out in Part 5 Division 2 Subdivision 2 of the NEL (as enacted by this Act) to apply in South Australia.

Part 3—Amendment of *National Electricity Law*

7—Amendment of section 2—Definitions

This clause provides new definitions for the definition section (section 2) of the National Electricity Law.

8—Amendment of section 11—Electricity market activities in this jurisdiction

This clause makes consequential amendments as a result of NEMMCO's name being changed to AEMO.

9—Amendment of section 12—Registration or exemption of persons participating in national electricity market

This clause makes consequential amendments as a result of NEMMCO's name being changed to AEMO.

10—Substitution of section 14

14—Evidence of registration or exemption

This clause provides that a certificate certifying that a person is a registered participant is conclusive evidence, where signed by an authorised officer (from AEMO or AER, as circumstances require).

11—Amendment of section 15—Functions and powers of AER

This clause places certain restrictions on AER's powers with respect to AEMO.

12—Amendment of section 16—Manner in which AER performs AER economic regulatory functions or powers

This clause makes consequential amendments as a result of the possibility of AEMO being affected by a determination by AER.

13—Amendment of section 28M—Further provision about manner in which information must be provided to AER or kept

This clause makes minor changes to section 28M.

14—Insertion of section 28ZAB

28ZAB—Disclosure of information that has entered the public domain

This clause permits AER to disclose information that is already in the public domain.

15—Amendment of section 28ZB—Disclosure of confidential information authorised if detriment does not outweigh public benefit

This clause makes consequential amendments as a result of the addition of section 28ZAB.

16—Amendment of section 34—Rule making powers

This clause makes consequential amendments as a result of NEMMCO's name being changed to AEMO.

17—Substitution of Part 5

Part 5—Role of AEMO under National Electricity Law

Division 1—General

49—AEMO's statutory functions

This clause outlines AEMO's statutory functions, including as the National Transmission Planner.

49A—AEMO's power to carry out statutory functions

This clause provides that AEMO has the power to do all things necessary or convenient for or in connection with its statutory functions.

49B—Delegation

This clause provides the conditions on which AEMO may delegate its powers or functions to its officers and committees.

Division 2—AEMO's adoptive jurisdiction functions

Subdivision 1—Preliminary

50—Application of this Division

This clause describes the application of this Division.

50A—AEMO to account to relevant Minister for performance of adoptive functions

This clause requires AEMO to provide information about the performance of its adopted functions with respect to a jurisdiction if the Minister of that jurisdiction requests so in writing, it requires AEMO to identify any protected information and prohibits a fee for being charged for this service.

Subdivision 2—AEMO's additional advisory functions

50B—Additional advisory functions

This clause describes AEMO's additional advisory functions to include providing reports on an adoptive jurisdiction's power system or matters relevant to the future capacity and reliability of the declared power system.

Subdivision 3—AEMO's declared network functions

50C—AEMO's declared network functions

This clause outlines AEMO's declared network functions.

50D—Network agreement

This clause outlines the need for, and requirements of, declared transmission system operators to make a network agreement with AEMO for the provision of electricity network services, and provides that a transmission determination prevails to the extent of any inconsistency.

50E—Connection agreements

This clause provides the need for certain agreements to be in place where certain network service providers or users want to connect to a declared shared network but the fault levels would be likely to exceed those fixed under the Rules, and allows AEMO to require the applicant to make a contribution to the cost of network augmentation necessary to reduce the fault levels.

50F—Augmentation

This clause prohibits augmentation of a declared shared network without authorisation from AEMO or the Rules, outlines the conditions on which AEMO may authorise augmentation and requires a declared transmission system operator to do anything necessary to facilitate this.

50G—AEMO to have qualified exemption for performing statutory functions

This clause provides that AEMO need not be a Registered Participant and is not subject to those Rules applying to network service providers, unless they are specifically expressed to apply to AEMO.

50H—Resolution of dispute arising from attempt to negotiate a network agreement or augmentation connection agreement

This clause provides the circumstances under which the AER may determine a dispute relating to negotiation of a network agreement or augmentation connection agreement, which is then binding on interested parties.

50J—General principles governing determinations

This clause provides general principles for the AER making determinations under this Subdivision.

Division 3—Information etc to be provided to Ministers

51—Ministerial request

This clause enables MCE or Ministers of participating jurisdictions to ask AEMO for information, and provide a written statement of the purpose for which this is sought.

51A—Compliance with request

This clause requires AEMO to comply with a request under this Division, and mandates that protected information may only be disclosed under such a request if authorised under this Law or the Rules.

51B—Quarterly report

This clause requires AEMO to report quarterly to MCE on requests made under this Division, summarising each request and by whom it was made.

Division 4—Fees and charges

52—AEMO fees and charges

This clause enables AEMO to determine and levy fees and charges, on a non-profit basis to enable costs over time to approximate revenue.

Division 5—Information gathering

53—Information gathering powers

This clause enables AEMO to make orders, either to persons or a class of persons, requiring the provision of certain information in relation to specified functions.

53A—Making and publication of general market information order

This clause provides the conditions for making a general market information order, including consultation and publication requirements.

53B—Service of market information notice

This clause provides the conditions for making a market information order to a person, including consultation and publication requirements.

53C—Compliance with market information instrument

This clause outlines the need for, and conditions surrounding, compliance with a market information order and protects a person for civil liability for compliance.

53D—Use of information

This clause enables AEMO to use any information obtained for any purpose connected with the exercise of AEMO's statutory functions, subject to this Law, and the Rules, Regulations and Procedures.

53E—Providing false or misleading information

This clause provides penalties for knowingly providing false or misleading information in response to a market information order.

Division 6—Protected information

Subdivision 1—AEMO's obligation to protect information

54—Protected information

This clause requires AEMO to prevent information given to it in confidence or in connection with its statutory duties from being used or disclosed in a way contrary to this Law, the Rules or Regulations.

Subdivision 2—Disclosure of protected information held by AEMO

54A—Authorised disclosure of protected information

This clause authorises AEMO to disclose protected information in accordance with this Subdivision, or as authorised by the Rules or Regulations.

54B—Disclosure with prior written consent

This clause authorises AEMO to disclose protected information if it has the written consent of the person from whom the information was obtained.

54C—Disclosure required or permitted by law etc

This clause authorises AEMO to disclose protected information under certain laws or to certain bodies and the use of that information in connection with the performance of functions or exercise of powers of that body.

54D—Disclosure for purposes of court and tribunal proceedings

This clause authorises AEMO to disclose protected information for the purposes of court or tribunal proceedings.

54E—Disclosure of document with omission of protected information

This clause enables AEMO to disclose documentation with both protected and unprotected information by omitting the protected information.

54F—Disclosure of non-identifying information

This clause enables AEMO to disclose protected information provided the information and its disclosure cannot lead to the identification of the person to whom that information relates.

54G—Disclosure of protected information for safety, proper operation of the market etc

This clause enables AEMO to disclose protected information when necessary for the safety, reliability, security and supply of electricity or the national electricity system, for the proper operation of the national electricity market, where the information is customer profiling information for facilitating retail competition, or where the information is in the public domain.

54H—Disclosure of protected information authorised if detriment does not outweigh public benefit

This clause enables, and outlines the conditions under which, AEMO to disclose protected information if disclosure would not detriment the person who has given it or a person from whom that person received it, or where the public benefit of disclosure outweighs that detriment.

Division 7—AEMO's statutory funds

55—Definitions

This clause defines Rule fund in this Division.

55A—AEMO's Rule funds

This clause vests existing Rule funds in AEMO and makes AEMO responsible for the administration of Rule funds.

55B—Payments into and out of Rule funds

This clause requires certain payments under the Rules and Procedures, including income from investment of money in a Rule fund, to be paid into that Rule fund, and requires payments out of a Rule fund to only be made in accordance with the Rules and Procedures or to pay liabilities or expenses of the Rule fund.

55C—Investment

This clause enables AEMO to invest money held in a Rule fund subject to the exercise of care, diligence and skill.

18—Amendment of section 58—Definitions

This clause makes consequential amendments as a result of the amendments to Part 5.

19—Amendment of section 62—Additional Court orders

This clause makes consequential amendments as a result of NEMMCO's name being changed to AEMO.

20—Amendment of section 69A—Commercial Arbitration Acts apply to proceedings before Dispute resolution panels

This clause amends section 69A. The amendment makes it clear that a referral of a Dispute which is to be dealt with under the procedural parts of a Commercial Arbitration Act will be subject to the operation of the relevant Act as if the matter were a referral to arbitration under an arbitration agreement.

21—Amendment of section 70—Applications for judicial review

This clause makes consequential amendments as a result of NEMMCO's name being changed to AEMO.

22—Amendment of section 71A—Definitions

This clause makes consequential amendments as a result of AEMO's power to make decisions to disclose information.

23—Amendment of heading to Part 6, Division 3A, Subdivision 3

This clause makes consequential amendments as a result of the amendment to section 71A.

24—Amendment of section 71S—Application for review

This clause makes consequential amendments to section 71S.

25—Amendment of section 71U—Determination in the review

This clause outlines the requirements of any determinations made under section 71U.

26—Amendment of section 71V—Tribunal must be taken to have affirmed decision if decision not made within time

This clause makes consequential amendments as a result of the cessation of AER.

27—Substitution of 71W

71W—Assistance from AER or AEMO

This clause makes consequential amendments as a result of AEMO's powers.

28—Amendment of section 72—Obligations under Rules to make payments

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

29—Amendment of section 87—Definitions

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

30—Insertion of section 90B

90B—South Australian Minister to make initial Rules related to AEMO's functions under this Law

This clause enables, and outlines the conditions on which, the South Australian Minister to make initial Rules and Procedures, upon recommendation by MCE.

31—Amendment of section 91—Initiation of making of a Rule

This clause limits the persons whose request may initiate the making of a new Rule by the AEMC and outlines limits to the AEMC's rule-making power.

32—Amendment of section 94—Initial consideration of request for Rule

This clause makes amendments to section 94.

33—Amendment of section 100—Right to make written submissions and comments in relation to draft Rule determination

This section makes consequential amendments as a result of changes in this Bill.

34—Amendment of section 101—Pre-final Rule determination hearings

This section makes consequential amendments as a result of changes in this Bill.

35—Substitution of section 102A

102A—Proposal to make more preferable Rule

This clause enables the AEMC to make a draft or final Rule determination with respect to what it considers to be a more preferable Rule, in view of the response to a draft Rule determination.

36—Amendment of section 109—Definitions

This clause makes consequential amendments as a result of AEMO taking over NEMMCO's powers.

37—Amendment of section 110—Appointment of jurisdictional system security coordinator

This clause enables AEMO to be appointed as a jurisdictional system security coordinator, subject to direction by the Minister of the relevant jurisdiction with respect to certain matters.

38—Amendment of section 111—Jurisdictional system security coordinator to prepare jurisdictional load shedding guidelines

This clause requires a jurisdictional system security coordinator to give to AEMO a copy of the jurisdictional load shedding guidelines, if AEMO does not have that role.

39—Amendment of section 112—NEMMCO to develop load shedding procedures for each participating jurisdiction

This clause makes consequential amendments to section 112 and requires AEMO to give to the jurisdictional system security coordinator a copy of the AEMO load shedding procedures.

40—Substitution of section 113

113—Exchange of information

This clause enables AEMO or the jurisdictional system security coordinator to share information about loads and load shedding with Ministers from participating jurisdictions, and other Ministers or officials responsible for public safety, or power system or gas system safety or security, to enable AEMO to maintain power system security.

41—Amendment of section 114—AEMO to ensure maintenance of supply of sensitive loads

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

42—Amendment of section 115—Shedding and restoring of loads

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

43—Insertion of section 115A

115A—Determination of customer load shedding arrangement

This clause empowers and outlines the conditions on which the Minister of a participating jurisdiction to determine arrangements between a Registered participant and AEMO, for customer load shedding, should they be unable to come to an agreement within 6 months.

44—Amendment of section 116—Actions that may be taken to ensure safety and security of national electricity system

This clause makes consequential amendments as a result of the insertion of section 115A.

45—Amendment of section 117—AEMO to liaise with Minister of this jurisdiction and others during an emergency

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

46—Amendment of section 118—Obstruction and non-compliance

This clause mandates and provides penalties for the failure to comply with a direction under section 116.

47—Amendment of section 119—Immunity of AEMO and network service providers

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

48—Amendment of section 120—Immunity in relation to failure to supply electricity

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

49—Insertion of sections 120A and 120B

120A—Immunity in relation to use of computer software

This clause grants immunity to AEMO, former gas market operators and their officers, employees and agents for loss suffered as a consequence of the use of computer software to operate a gas market.

120B—Immunity from liability—dispute resolution

This clause grants immunity from civil monetary liability to arbitrators, mediators, managers and facilitators of dispute resolution processes, unless done in bad faith.

50—Amendment of section 158—Failure to make a decision under this Law or the Rules within time does not invalidate the decision

This clause makes consequential amendments as a result of NEMMCO's change of name to AEMO.

51—Amendment of Schedule 1—Subject matter for the National Electricity Rules

This clause makes amendments to Schedule 1, relating to the subject matter for the National Electricity Rules, including defining the subject matter relating to AEMO and its role as the National Transmission Planner.

52—Amendment of Schedule 2—Miscellaneous provisions relating to interpretation

2A—Changes of drafting practice not to affect meaning

This clause provides that differences of language between provisions of this Law or the Rules may be explicable by reference to changes of legislative drafting practice and do not necessarily imply a difference of meaning.

31AF—Evidentiary certificates—AEMO

This clause enables authorised AEMO officers to issue a certificate as evidence that certain decisions or documents issued.

53—Amendment of Schedule 3—Savings and transitionals

Part 10—Transitional provisions related to AEMO amendments

19—Definitions

This clause amends the definitions under Schedule 3.

20—Interaction between this Part and jurisdictional transitional arrangements

This clause provides that this Part and any Regulations or Rules of a saving or transitional nature apply in a participating jurisdiction subject to any exclusions or qualifications made by or under an Act of the participating jurisdiction.

21—Recovery of costs of transition

This clause enables AEMO to recover the costs of transition through participant fees over a period of 4 years.

22—Transitional special project expenditure

This clause enables AEMO to recover the costs of transitional special project expenditure through participant fees over a period of 4 years.

23—Interpretation of obsolete references

This clause provides for references in instruments (including legislative instruments), to the former operator of a market that AEMO takes over, to be regarded as references to AEMO.

Debate adjourned on motion of Mr Williams.

STATUTES AMENDMENT (RECIDIVIST YOUNG OFFENDERS AND YOUTH PAROLE BOARD) BILL

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (12:04): Obtained leave and introduced a bill for an act to amend the Criminal Law Consolidation Act 1935, the Criminal Law (Sentencing) Act 1988 and the Young Offenders Act 1993. Read a first time.

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (12:05): I move:

That this bill be now read a second time.

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

This Bill arises from the Government's concern about the harm done by a small number of young offenders who persist in serious crime despite our best attempts at diversion and rehabilitation. They are few in number but cause disproportionate harm.

Members will recall the amendments made in 2003 to the Criminal Law (Sentencing) Act 1988, providing for the courts to declare an adult offender to be a 'serious repeat offender'. If a declaration is made, then the principle of proportionality in sentencing no longer applies and any non-parole period must be at least four-fifths the length of the sentence of imprisonment. A declaration can only be made against a person who has, on three separate occasions, committed a serious offence as defined, resulting in imprisonment (or, in the case of the most recent offence, the prospect of imprisonment). In the case of sexual offending against a child under 14, only two separate offences are needed. A declaration is in the discretion of the sentencing court.

The Government believes that we should apply this same principle to recidivist young offenders and this Bill would do that. The Bill proposes that a court sentencing a youth for a serious offence, where the required criminal history exists, would have to consider whether the youth ought to be declared a 'recidivist young offender'. If a declaration were made, then, in sentencing the youth, proportionality would not apply and a sentence of detention could be imposed without a finding that a non-custodial sentence would be inadequate. Further, the present rule permitting conditional release after the youth has served two-thirds of the sentence would be varied for these offenders. The youth would have to serve at least four-fifths of the sentence of detention before becoming eligible for release.

The Bill also proposes that the work of reviewing the progress of a recidivist young offender, and the decision about his or her conditional release, would fall to the Training Centre Review Board constituted as the Youth Parole Board. That is, the Board would be so constituted as to include a police officer or former police officer and a person with skills and experience in matters relating to the effect of crime on victims. The Bill proposes to spell out the factors that the Youth Parole Board must consider in deciding about conditional release without limiting consideration of any other relevant factor. Public safety is to be the paramount consideration, over and above all else. The Board must also consider the youth's behaviour on any previous release from detention, given that the youth will have been previously detained, as well as any reports that have been written about the youth and the circumstances into which the youth is being released. Further, the Bill directs the Board to consider the effect of conditional release on any registered victim and his or her close relatives.

Accordingly, the Bill also proposes to establish a Victims' Register, by analogy with that already operating in the adult jurisdiction under the Correctional Services Act 1982. If an offender is sentenced to detention, then anyone who has been injured, whether mentally or physically, as a result of that offence will be entitled to have his or her details added to the register. If the Board is to consider the conditional release of the youth, it will notify the registered victim, who may make submissions. Those submissions will be weighed in deciding whether to release the youth or not.

The Bill recasts the provisions of the *Young Offenders Act* dealing with the work of the Training Centre Review Board. In most cases, these changes are for clarity, but I point out a change of substance. Where a youth is believed to have breached the conditions of release, and is brought back before the Board for it to consider whether the youth should be returned to detention, the Bill proposes that the Board will be entitled to consider any breach of a condition of release, not only the particular breach that led to the application. For instance, a youth who is served with a breach application might abscond, which could constitute a further breach. The Board should be able to take into account any breach of the release conditions.

The Bill makes other, more minor changes to the law. It clarifies the operation of section 32(5a) of the *Criminal Law (Sentencing) Act 1988* to remove a possible ambiguity. That is, it makes quite clear that, if there is a global sentence under section 18A, and no one or more of the offences encompassed in the global sentence is an offence that attracts a mandatory minimum non-parole period, then the non-parole period that is applied to the global sentence must be at least the minimum non-parole period that the court would impose for the relevant offence (that is, the one that attracts the mandatory minimum non-parole period). This is in response to a comment made by the Supreme Court in the 2008 case of *R. v Dundovic* indicating that to interpret the provision otherwise would work hardship to the offender.

The Bill also, incidentally, makes a technical amendment to these provisions, which are, at some points, cast in terms of offences against particular Acts, Parts of Acts or sections. In some cases, the behaviours prohibited by those named provisions may have been unlawful also under predecessor laws. Accordingly, the amendments make clear that corresponding offences under previous enactments can also be taken into account as serious offences.

Further, the Bill would amend section 6(3) of the *Young Offenders Act 1993*, which is about the recording of informal cautions. It is clear that, when Parliament passed that section, it did not intend that nobody, anywhere in government, could write down anything about an informal caution. Rather, it intended that the informal caution should not become part of a youth's criminal record and could not be taken into account in any future sentencing. It was not to count against him. The Bill proposes to amend the Act to make clear that routine records can be made and kept within government showing that a youth has been informally cautioned, but that such a record is not to be disclosed as part of a criminal-record check (that is, a police clearance such as might be required, for example, for work or volunteering purposes) and cannot be used in any court proceedings about the youth without his or her consent. For avoidance of doubt, the provision is retrospective.

There is also an amendment to the *Criminal Law Consolidation Act 1935* to make clear that the supervisory powers of the Minister and the Parole Board over a mentally-incompetent person can be delegated. This will permit, in particular, the delegation of supervisory powers over a youth who is unfit to stand trial or who has been found mentally incompetent to have committed an offence, to an appropriate officer of the Department for Families and Communities, or some other suitable person or body to exercise supervision over youths.

Finally, the Bill provides for a review by the Attorney-General, in consultation with the Commissioner for Social Inclusion, after three years of operation and requires that the report of the review be laid before the Parliament.

This Bill is directed at the small number of young offenders who refuse to learn from experience. Those few present a danger to the public that the Parliament cannot ignore. They require longer detention, both so that they understand how seriously society views their conduct and also to keep the public safe. That is not to say that these youths cannot be rehabilitated. We hope they can, and we are carrying out the recommendations of the 'To Break the Cycle' report to that end. We cannot, however, jeopardize the public for the sake of the individual.

I commend the Bill to the House.

Explanation of Clauses

Part 1—Preliminary

1—Short title

2—Commencement

3—Amendment provisions

These clauses are formal.

Part 2—Amendment of *Criminal Law Consolidation Act 1935*

4—Amendment of section 269V—Custody, supervision and care

It is proposed to insert 2 additional subsections after subsection (3) of section 269V. Those subsections will allow for the Minister responsible for the administration of the *Mental Health Act 1993* or the Parole Board (as the case may be) to delegate a power or function under the section—

- to a person for the time being performing particular duties or holding or acting in a particular position; or
- to any other person or body that, in the delegator's opinion, is competent to perform or exercise the relevant functions or powers.

Any such delegation—

- must be by instrument in writing; and
- may be absolute or conditional; and
- does not derogate from the ability of the delegator to act in any matter; and
- is revocable at will by the delegator.

Part 3—Amendment of *Criminal Law (Sentencing) Act 1988*

5—Amendment of heading to Part 2 Division 2A

The heading to Division 2A will be amended to reflect the proposed inclusion in this Division of provisions dealing with both adult offenders and recidivist young offenders.

6—Amendment of section 20A—Interpretation and application

The current definitions of *serious drug offence*, *serious offence* and *serious sexual offence* are to be amended so as to include similar offences committed in other jurisdictions and offences against corresponding previous enactments that are substantially similar. Current subsection (2) is to be deleted as a consequence of the inclusion in this Division of provisions relating to recidivist young offenders. Substituted subsections (2) and (3) provide for the application of this Division.

7—Amendment of section 20B—Declaration that person is serious repeat offender

These proposed amendments are related to the inclusion in this Division of provisions relating to recidivist young offenders and the amendments proposed by clause 6 to the definitions used in this Division.

8—Insertion of section 20C

New section 20C is to be inserted after section 20B.

20C—Declaration that youth is recidivist young offender

This new section is substantially similar to section 20C with minor changes to accommodate limitations imposed by the *Young Offenders Act 1993* on the sentencing powers of the Youth Court.

9—Amendment of section 23—Offenders incapable of controlling, or unwilling to control, sexual instincts

This amendment proposes to insert a paragraph in the definition of *relevant offence* that will include in the definition a substantially similar offence against a corresponding previous enactment.

10—Amendment of section 32—Duty of court to fix or extend non-parole periods

This proposed amendment clarifies the position in respect of the fixing of a non-parole period where a court sentences a person under section 18A to the 1 penalty for a number of offences and a mandatory minimum non-parole period is prescribed in respect of any of those offences. In that situation, any non-parole period that is to be fixed by the court must be a period not less than the mandatory minimum non-parole period prescribed in respect of the relevant offence.

11—Amendment of section 33—Interpretation

This amendment proposes to insert a paragraph in the definition of *serious sexual offence* that will include in the definition a substantially similar offence against a corresponding previous enactment.

Part 4—Amendment of *Young Offenders Act 1993*

12—Amendment of section 4—Interpretation

The amendments proposed to this section will insert a number of definitions required as a result of inserting provisions relating recidivist young offenders and constituting the Training Centre Review Board from time to time as the *Youth Parole Board* to deal with any such young offender. In particular, a *recidivist young offender* is defined as a youth who is declared under Part 2 Division 2A of the *Criminal Law (Sentencing) Act 1988* to be a recidivist young offender.

13—Insertion of section 5A

It is proposed to insert this section after section 5.

5A—Victims Register

New section 5A provides for the keeping of a Victims Register for the purposes of the *Young Offenders Act 1993*. This provision is based on a similar provision in the *Correctional Services Act 1982* and its purpose is to enable victims to be notified about and make representations before relevant proceedings of the Training Centre Review Board. Provision is also made for the confidentiality of information in the Register.

14—Amendment of section 6—Informal cautions

Subsection (3) of this section currently provides that no official record may be kept of an informal caution. That subsection is to be repealed and 2 new subsections are to be inserted. The effect of the first amendment will be that a record (made or kept before or after the commencement of this proposed subsection) of an informal caution given to a youth will not constitute a criminal record of the youth and may not be referred to for the purposes of a criminal record check or in judicial proceedings. The second proposed subsection will provide that any record of an informal caution made and kept before the commencement of these amendments will be taken to have been legally made and kept.

15—Amendment of section 23—Limitation on power to impose custodial sentence

The amendment proposed to this section is consequential on the proposal to have a power for a court to declare that a youth is a recidivist young offender. Currently, a sentence of detention must not be imposed for an offence unless the court is satisfied that a sentence of a non-custodial nature would be inadequate because of the gravity or circumstances of the offence or the offence is part of a pattern of repeated offending. The amendment would also allow for a custodial sentence where the youth is a recidivist young offender.

16—Amendment of section 37—Release on licence of youths convicted of murder

The first amendment proposed to this section will insert a new subsection (1a) after current subsection (1). New subsection (1a) makes provision for the matters which the Supreme Court must consider when determining an application for the release on licence of a youth serving a life sentence for murder. The paramount consideration of the Court in the case of a recidivist young offender should be the safety of the community. With regard to any other youth, the Court should have regard to the balance to be achieved between the protection of the community and the rehabilitation of the youth. In all matters, the Court should also take into consideration—

- any relevant remarks made by the court in passing sentence;
- the impact that the release of the youth on licence is likely to have on any registered victim and the registered victim's family;
- the behaviour of the youth while in detention;
- any reports provided to the Court as required by the Court;
- the probable circumstances of the youth after release from detention;
- any other matters that the Court thinks are relevant.

Other proposed amendments to this section will substitute references to a justice of the peace with references to the Youth Court for the purposes of warrant procedures.

17—Insertion of heading to Part 5 Division 3 Subdivision 1

Division 3 of Part 5 makes provision for the release of youths from detention. It is proposed to divide the Division into Subdivisions, the first to be entitled 'Training Centre Review Board'.

18—Amendment of section 38—Establishment of Training Centre Review Board

It is proposed to vary the constitution of the Training Centre Review Board (the *Board*) by adding 2 persons with appropriate skills and experience in victimology and, instead of the present requirement for 2 currently serving police officers, allow for these persons to be currently serving or retired police officers. It is also proposed to delete current subsections (9) and (10) (see clause 19).

19—Substitution of section 39

Current section 39 provides for reviews of detention by the Board. It is proposed to repeal that section and substitute a new section that will clarify the procedures of the Board.

39—Reviews, etc and proceedings of Training Centre Review Board

The Training Centre Review Board has the following functions in respect of a youth who has been sentenced to detention in a training centre:

- to conduct a review of the progress and circumstances of the youth while in the training centre—
  - (1) at intervals of not more than 6 months; and
  - (2) at any other time on the request of the Chief Executive;
- to hear and determine any other matter relating to the youth assigned to the Board under this Act.

The section then makes provisions relating to proceedings before the Board, including the constitution of the Board, notification of proceedings and representation.

The section also provides that if a period of detention to which a youth has been sentenced will extend past the youth's 18th birthday, the Board must, at the last periodical review before that birthday, consider whether the youth should be transferred to complete the period of detention in a prison (and, if the Board does so determine, the youth will be transferred to prison on or after his or her birthday in accordance with the Board's determination).

20—Insertion of heading to Part 5 Division 3 Subdivision 2

The second subdivision is to be headed 'Leave of absence'

21—Substitution of section 41

It is proposed to repeal section 41 and substitute it with a new Subdivision 3 headed 'Conditional release from detention' (comprising new sections 41 to 41C inclusive).

41—Application and interpretation of Subdivision

New section 41 provides that Subdivision 3 does not apply to a youth—

- who has been dealt with as an adult and is serving a sentence or part of a sentence of imprisonment in a training centre; or
- to whom Division 2 applies; or
- who is serving a sentence of detention of less than 2 months.

It is also proposed that in this Subdivision, if a reference to the *Training Centre Review Board*, or the *Board*, is made in relation to a youth who is a recidivist young offender—

- the reference will be taken to be a reference to the Youth Parole Board; and
- in carrying out any function assigned to the Training Centre Review Board under this Subdivision, the Board must be constituted as the Youth Parole Board in accordance with section 39(2)(b).

41A—Conditional release from detention

New section 41A makes provision for the release of a youth from detention in a training centre.

Before releasing a youth (other than a recidivist young offender) from detention, the youth must have completed at least two-thirds of the period of detention in a training centre and the Board must be satisfied that the youth behaved satisfactorily while detained and there is no undue risk of re-offending if released. The release will be subject to the following conditions:

- a condition that he or she not commit any offence;
- a condition that he or she be under the supervision of an officer of the Department and that the youth obey the directions of that officer;
- any other condition that the Board thinks fit.

The following particular matters apply to the release from detention of a youth who is a recidivist young offender:

- the recidivist young offender must have completed at least four-fifths of the period of detention in a training centre;
- in determining whether the recidivist young offender should be released from detention—
  - (i) despite any other provision of this Act, the paramount consideration of the Youth Parole Board must be the safety of the community; and
  - (ii) the Youth Parole Board must also take the following matters into consideration:
    - (A) the likelihood of the recidivist young offender re-offending if released from detention;
    - (B) the likelihood of the recidivist young offender complying with the conditions of release;

(C) if, in relation to an offence for which the recidivist young offender was sentenced to a period of detention in a training centre, there is a registered victim—the impact that the release of the recidivist young offender is likely to have on the registered victim and the registered victim's family;

(D) the behaviour of the recidivist young offender while in detention;

(E) the behaviour of the recidivist young offender during any previous release from detention;

(F) any reports provided to the Board as required by the Board;

(G) the probable circumstances of the recidivist young offender after release from detention;

(H) any other matters that the Board thinks are relevant;

- the release of the recidivist young offender must be subject to the following conditions:

(i) a condition that he or she not commit any offence;

(ii) a condition that he or she be under the supervision of an officer of the Department and that he or she obey the directions of that officer;

(iii) any other condition that the Board thinks fit.

41B—Release on condition of home detention

This new section substantially re-enacts what is contained in current section 41(5a) and (5b).

41C—What happens if youth fails to observe condition of release

New section 41C provides that if a police office or the Minister considers that a youth has failed to observe any condition imposed by the Board, the police officer or Minister (the *applicant*) may apply to the Board for an order that the youth be returned to a training centre. The section then sets out the procedure for bringing the youth back before the Board and the powers that the Board may then exercise in relation to the youth.

22—Insertion of heading to Part 5 Division 3 Subdivision 4

A new Subdivision 4 heading ('Absolute release from detention by Court') is proposed to be inserted immediately before section 42 of the principal Act.

Part 5—Review of *Statutes Amendment (Recidivist Young Offenders and Youth Parole Board) Act 2009*

23—Review of Act

This clause provides that the Attorney-General must, within 3 years after the commencement of this measure, in consultation with the Commissioner for Social Inclusion, cause a review of the Act to be undertaken, with a report of the outcome of the review being tabled in Parliament.

Debate adjourned on motion of Mr Williams.

WATERWORKS (RATES) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 29 April 2009. Page 2463.)

Mr WILLIAMS (MacKillop) (12:06): I indicate to the house that I am the lead speaker on behalf of the opposition. The bill before us is, in itself, quite small. It runs to only a few pages and does not have many clauses; however, it is most significant in terms of where we in South Australia find ourselves at the moment. Indeed, I will put the case, on behalf of the opposition, that it goes to the very heart of the significant problems that South Australians have been suffering recently in regard to the availability of water. Before I address the history of the bill, I would like to say that it has been in the government's mind for almost 12 months; it had to happen, and the government has known about it for a very long time. It is a very important piece of legislation.

I had a very brief and casual conversation with an employee of SA Water late last year as we were leaving a function—it was well before Christmas, probably sometime in November. I made a casual observation about the legislative changes needed to go to quarterly billing. The person said casually to me that it was in hand and that they were working on some changes to the legislation. I observed then that I was aware that the new price had to be gazetted by 7 December and that that time was fast approaching, and I suggested to this person that it would be ideal if the legislation were introduced before then.

I must say that the employee of SA Water did not reveal any internal secrets and was quite circumspect in the way he responded to my comments, but at the same time we did have a

reasonable conversation. The employee said, 'No, no; we've been using some regulations. There are some things we can get around. It's a bit clumsy, it's not ideal, but we are working on the legislation. It probably won't be available until sometime in the new year.' I expressed my surprise and disappointment at that, given the amount of time that the government had already had, and I think I suggested that the government would, in any case, be anxious to get the legislation through the parliament before the end of the current financial year. I believe that was probably acknowledged in the conversation.

I make these comments because this bill was introduced in the last sitting week, less than a fortnight ago. As I said in my opening remarks, it is a very important bill, and I intend to speak extensively about its background and about the implications of water pricing in South Australia to illustrate the importance of how we go about the process of pricing water in this state. There has been considerable failure in at least the last seven years.

I want to point out that I think it is poor governance when we have a bill of such importance dropped on the parliament and the government wants to progress it at the very next opportunity, just a week later. I think it is more important than that. The government has possibly argued that it has been out consulting and it is possibly even arguing that all of the stakeholders have been involved. I believe that it leads to poor legislation and poor consideration of legislation when the government spends six, eight or almost 12 months considering its legislative response to a problem that it has and gives the opposition less than a fortnight to consider the government's response. I think that leads to poor legislation.

That is one of the reasons the opposition vehemently opposes the Premier's idea that we should get rid of the other place. Without the other place, this would be a regular occurrence with all sorts of legislation, and there would be very little opportunity for the opposition and minor parties to have time to scrutinise legislation, and history has shown that under those circumstances we are all the losers. I think that is quite clear.

Having said that, I will talk a little about where this came from. As I mentioned a moment ago, section 68, I think it is, of the Waterworks Act stipulates that the minister needs to gazette the price for the ensuing water year (post 1 July) before 7 December in the preceding year.

The government fell into a trap last year. I accept that the current minister was probably genuinely unaware that people receiving their bills immediately after 1 July in the next water year were being billed at that new price, notwithstanding that the consumption of the water that was being billed at that price may have occurred way back in January. I accept that the current minister was probably genuinely unaware of that, and I know the government was severely embarrassed when what was happening came to light. The embarrassment was created because the government was increasing the price of water so substantially that it became a sensitive issue.

When the government announced the price increase, it was at pains to say that this would not occur until 1 July of the following water year—and I think it was probably 5 or 6 December of the previous year (2007) when the government announced the price increase. When it was exposed that they were charging that price from January, it created severe embarrassment to the government.

I think it was very obvious that the previous minister responsible for SA Water (I think he is now the Minister for Police and Minister for Recreation, Sport and Racing and other things) was aware. He might have overlooked the matter at the time it went through cabinet, and I suspect that is what happened, but it was pretty obvious from his body language that he was aware that that was the way in which the system worked. I cannot comment on whether other members of the government were aware—some of them are very good actors—but they certainly feigned that they were unaware, and I guess we have to take that at face value.

Notwithstanding that, what we found was that the government was severely embarrassed, because it had set a substantial increase in the price of water, and it affected consumers within weeks of the announcement rather than six months later.

The government's reaction to that was quite amusing at the time, but I commend the government for then announcing that it would immediately go to quarterly billing. The government was going to change the billing system substantially, and that announcement in itself I suspect was part of the salvage operation of the government to take the heat off its significant bungle. I think the Treasurer had announced previously that the government was considering quarterly billing; then suddenly we had a rash of announcements bringing this on with urgency.

The opposition supports in every way the move to quarterly billing. In fact, the opposition has been calling for a system for a significant time now where consumers have a better understanding of the impact of their water use on their water bills. We have significant restrictions in place, and the opposition has also argued that the restrictions that we have are a bit of a nonsense in that there is a restriction on the water that you use outside the house but no restriction on the water you use inside the house. Therein lies a problem because, in round terms, about half the water consumed in metropolitan Adelaide, at least, is consumed inside the house and the other half outside the house. It is of that order.

We have this very strange restriction regime where some householders can use substantial amounts of water because there is no impetus for them to reduce the amount of water they are using inside the house, and that all comes back to the way that we price water and the pricing signals that are sent. That is one of the reasons why the opposition supports the move to quarterly billing, so that we can more readily make the connection between water use and the amount of money that the consumer is paying for that water.

More importantly, it highlights that fact to the consumer four times a year rather than only twice a year as to that connection between their water use and what they are paying. The old axiom 'out of sight, out of mind' I am sure comes into play when teenage children are in the shower. I am told that teenage daughters, in particular, think nothing of spending 20 minutes in the shower.

The Hon. R.B. Such: It's more like 40.

Mr WILLIAMS: The member for Fisher suggests that I am being very generous to them and it could be double that. Having been raised on a farm (and I currently live on a farm) where the household water is supplied from rainwater tanks, spending 20 minutes in the shower is quite foreign to me. There was a very strict regime in my mother's house when I was a little boy.

The Hon. R.B. Such: That was a long time ago.

Mr WILLIAMS: It was a fair while ago, Bob, but I have not forgotten it. In the home my wife and I raised four children in, we have a 5,000 gallon tank (I think that is a bit over 20,000 litres) connected to our roof and that provides all the water for household use apart from the toilet flushing, and we have never looked like running out of water. In fact, if the tank gets towards half empty—and I do look at it occasionally during the summer—I start to look at the skies wondering when the next rain might come. However, I comfort myself in the knowledge that there is probably another six to eight weeks of water still available. I admit that where I live in the Lower South-East it rains a little more regularly than in most of South Australia.

The Hon. K.A. Maywald interjecting:

Mr WILLIAMS: Considerably. Notwithstanding that, this is why we have this piece of legislation in front of us today. As I said, the opposition supports the thrust of quarterly billing. We object to one thing in the legislation, and I will come right out with that now: we do not see the necessity for the change of the date to gazette the water price. Historically, the date has been 7 December. I think that clause 10 seeks to repeal section 68. I am not too sure how long that has been the date by which the water price needs to be set, but the opposition sees no necessity to change that date. In particular, being in opposition we are always suspicious. I know that members of the government were very suspicious when they sat on this side of the house.

Mr Pengilly: They are still suspicious over there.

Mr WILLIAMS: Those up the back are; they are very suspicious. How coincidental it would be to repeal section 68 and then have a new provision that the new water price did not have to be nominated by the government until 1 June in the next year, which happens to be an election year. How convenient would it be for the government, which has already flagged that it will raise water prices substantially as we go forward. How convenient would it be for that government to avoid having to announce those significant water increases right at the beginning of the election campaign, at the beginning of December, and put it off until 1 June.

The opposition can see no reason why that date should be changed. In fact, the process—and I will talk about the process of setting water prices at length in a moment—of setting water prices in South Australia is an established process which happens year in, year out. It just rolls along. It rolls along so that the cabinet makes a decision, probably in the last week or two of November, to hit that date in the first week of December. The process is there, and I am sure that it

has been rolling along this year, since the last announcement, and I am sure that there will be no difficulty in meeting that date next year.

The only difficulty in meeting that date is that, as I said, the water consumers/taxpayers/voters of South Australia will be flagged of what substantial increase in water rates they will be paying right at the beginning of an election campaign. The opposition will be opposing that measure to change the date, and I will be interested to hear the government's defence of that position.

I suspect that the government will suggest that, by having that date closer to the water consumption period, it more adequately aligns consumption decisions because people are aware of the price. Well, we have already addressed that by going to quarterly. We will have already addressed that by moving to quarterly billing where people will be reminded on a quarterly basis exactly the price they are paying for water consumed.

I am sure that the announcement will be made as quietly as possible, probably in the shadows of some significant event to make sure that the majority of people do not even hear it. The first time they will have any understanding of the new water price will be when they get their first quarterly bill after 1 July. I do not think it is possible for the government to make a compelling argument that it is absolutely necessary to change that date.

I talked about the importance of this legislation because of the impact it will have in South Australia. One of the failures that we have witnessed in South Australia in the last seven years concerns the drought. I will be kinder to the government, I will restrict it to the last five or six years, but we have certainly known that we have been in drought since 2002. The impact in South Australia probably was not quite as severe in the first couple of years because there was still water in storage in the Dartmouth and Hume, and water was still coming down the river; we still had that back-up.

However, we have known and the government has known that we have been in drought and that the nation has been in drought since 2002. The Premier came back from Canberra in November 2006 from a meeting with the then prime minister and other premiers and announced, 'We were told that this is a one-in-1,000 year drought.' They were the words of the Premier. At least since November 2006 the Premier has stated (presumably he told the rest of his cabinet, as certainly the opposition heard his words) that we were in the most significant drought this country could expect to experience in 1,000 years.

Personally I do not accept that diagnosis. We have had significant droughts not dissimilar to this one since white settlement of this nation, but this is a very severe drought—let us not walk away from that—and the government has known about it. If it did not know about it before November 2006, it cannot argue that it was still unaware of it at that point, as the Premier is on the record making that statement.

Why has there not been a response? Part of the reason there has not been a response (I will go on much longer than I intend if I go fully into this) is that the state, in spite of statements from the Treasurer, has had no money. In those good times the current government has squandered the rivers of gold; the billions of dollars of cash that have flowed into the Treasury coffers have been squandered.

Mr Pengilly interjecting:

Mr WILLIAMS: What we have seen in South Australia will be done to the nation many times over, that is for sure. In reality the government was loath to take a decision as it knew it would cost a lot of money, because it had squandered the rivers of gold, and it is all about having capital. Every time the opposition suggests that something should be done in South Australia the immediate response from the Treasurer is, 'How are we going to pay for it?' That gives us an insight into the Treasurer's mind. He has been asking himself that question for a long time now. I am sure that various ministers take very good ideas to him. I am sure that various water ministers have taken very good ideas to him over the years, and his response has always been, 'How are you going to pay for it?' The decision has been put off continually.

The government talks about the Water Proofing Adelaide strategy, and that goes back to 2004. If members read that strategy—and there are a couple of graphs on pages 14 and 15, from memory—we see the supply and demand curves for metropolitan Adelaide, and they show that by 2005-06 (it is hard to extrapolate as it is a fairly general graph—around that time), under drought

conditions, in South Australia the supply and demand curves would meet. As we go forward from that point they would pass each other, that is, the supply would fall short of the demand.

That is not new, but herein lies the problem: the price set for water in South Australia, the mechanism for setting water prices, does not send the proper signals to either side of the market. The demand side has been going on merrily, with people turning on the tap and paying a relatively low price for water, and the supply side has been locked into having to, first, sell water at a relatively low price and, secondly, give 95 per cent of any money it made back to Treasury. So, neither side of the market has received adequate price signals to make them change their behaviour, and therein lies the problem.

We have a number of principles that have been established over many years, and we go right back to the 1994 COAG agreement where principles of setting water prices were established. The principles basically stated that we should be charging what it costs to source the water and deliver it to households. There are a number of other principles in it, but that is the basic one: we should be charging what it costs.

The 2004 National Water Initiative expanded on that, refined how we went about it and stated that not only should we charge what it costs but we have to be careful we do not charge too much. So, we have an independent process to set the price, like an independent regulator (the Essential Services Commissioner would be a good person to do this work). We would have an independent process to set water prices so that the right market signals are displayed to both sides of the market and we do not institutionalise monopoly rents. That is the terminology they use.

Another issue is that these principles suggest that a government-owned water corporation or water business, such as the one in South Australia and in most states, should be run like a private business. However, the reason we have these independent price-setting mechanisms is that a private business is subject to the market. In water, obviously, because it is a monopoly, the monopoly is incapable of determining the correct price via normal market mechanisms. They are the fundamental principles behind the regime that has been adopted through both the COAG agreement of 1994 and the more recent National Water Initiative.

The process should, indeed, have a fully independent body, person or authority to set the water price, taking into account all the factors; however, in South Australia, we do not use that system. We use a system whereby the Treasurer sets the water price, and the Treasurer sets the water price possibly for the wrong reason—because he is the beneficiary of any profit from SA Water, and therein lies one of the problems in South Australia. That is why I think it is fair to argue that the correct price signals certainly have not been sent to the supply side of the market, and that is why SA Water has not been in a position to increase the supply.

That is why SA Water has not been able to go to government much earlier and say, 'We need to build a desalination plant in South Australia.' That is why SA Water has not been able to convince government that we need to establish a comprehensive and integrated stormwater harvesting system across metropolitan Adelaide—a stormwater harvesting act for storage and recovery. That is why the government keeps pushing that off to the local government sector and does not want to be involved—because Treasury is setting the price for the wrong reasons. It is not setting the price to ensure that SA Water is a business that reacts to the realities of water supply and demand in South Australia. It operates a business such that SA Water can supply cash to the government. In his 2008 report, the Auditor-General put it this way:

> Effectively, the government fulfils a number of key roles in relation to the corporation including: price setter; taxer; banker; shareholder and owner; and regulator. In each of these roles it can influence the financial performance of the corporation which impacts on the amount of funding it provides to, or receives from, the corporation.

Those words, or something close to them, have appeared constantly in the Auditor-General's Report for a number of years. It is obvious what the Auditor-General is trying to say to us. The Auditor-General is reporting to the parliament that the government is using SA Water as a milch cow. The Auditor-General's latest report (Volume 4, page 1214) has a graph which shows that in the last five years, from 2004 to 2008, substantial amounts of cash have flowed from SA Water to Treasury.

For the record, in 2004 there was $236 million by way of income tax payments and dividends. That figure grew to $248 million in the following year. In the next year it also included $74 million, under the heading 'Repayment of capital', but the total payment to Treasury was $386 million. Something like a quarter of everyone's water bill goes directly to Treasury. In 2007 it was some $320 million and in 2008 it dropped back to $274 million. By then the drought was biting

and the sale of bulk water was substantially impacted upon by the drought, so it was $274 million. We know that since then the price set by the government for SA Water to charge customers has increased substantially.

The process that the government uses, notwithstanding COAG agreements and the national water initiative principles, is that the government develops what it calls a transparency statement. Part A sets out its argument as to what the water price should be, and that is what sets the price. To try to look as if the government is complying with the principles of COAG and the national water initiative, it sends part A of the transparency statement to the Essential Services Commission (ESCOSA), which has a brief to look at it. ESCOSA's most recent final report into the water pricing process in 2008 at page 10 states:

> The commission observes that its task, as set out in the terms of reference, is to review price-setting processes only.

The Treasurer would have us believe that the Essential Services Commission has a major role in the setting of water prices in South Australia. Let us not be fooled by that. The reality is that the Treasurer develops a document that says, 'This is what we want to charge,' sends it to ESCOSA and says, 'Look at it and make some comments about the process.' ESCOSA does that as well as it can, given the terms of reference, and hands down its final report. Notwithstanding its final report—as I will demonstrate in a few minutes—the government takes no notice of it and does what it wants to do anyhow.

The National Water Commission in a recent report also comments on the process. It was a more generic comment, particularly with regard to South Australia. Page 10 of ESCOSA's final report states:

> The [National Water] Commission observed that 'the current form of inquiry, being a retrospective inquiry into the processes for establishing prices, is not conducive to meaningful public consultation'.

Let us not accept that the government is taking either ESCOSA or the public into its confidence as it is moving forward in setting water prices in South Australia.

The National Water Commission goes on to say that the 2007 biennial assessment of progress in implementation of the national water initiative noted that some of the major prerequisites for achieving improved water charging outcomes derive from reforms outside of the national water initiative. One such reform area specifically identified by the National Water Commission was for stronger independent charging oversight in some states. I will guarantee that, when that sentence was written, South Australia was at the forefront in that phrase 'some states'.

That just highlights some of the problems we have. I repeat: the reason I am going through this is that I want the house to understand that the reasons why we find ourselves with inadequate water supply in South Australia and an inadequate response to the drought lies in the way that water pricing strategies have been developed in South Australia. It is integral to the failure of this government to make adequate provision for water supply in South Australia.

I want to refer reasonably extensively to ESCOSA's final report because I think it is quite revealing on this matter. At page 31 it talks about major capital expenditures and the impact that they have on water prices in South Australia. It is noted:

> …it appears that the two major water security projects that have been taken into account in the 2008-09 water pricing decision are the desalination plant and at least part of the costs of the north-south interconnector. However, Transparency Statement—Part A—

that is the bit that is constructed by the Treasurer and sent off to ESCOSA to review—

> does not make this explicit.

Here is ESCOSA trying to comment on the process of establishing water prices in South Australia and it has to assume that the water prices which are going to be used as of 1 July in South Australia are designed to bring in funds for those two projects, but it is not explicit.

Might I say that is one of the reasons why the opposition has called for the government to set up a hypothecated fund. When the government makes the argument that it has to increase the price of water substantially because of the major capital works that are in front of us, why is the government too frightened to put those extra revenues into a hypothecated fund? The answer is pretty obvious to the rhetorical question. It is a nonsense. It is Treasury that is reliant on that cash flow. The ESCOSA report goes on to say:

> while Transparency Statement—Part A provides information on SA Water's capital program, little or no information is provided to demonstrate that forecast capital costs are efficient.

It goes on to make some further comments. It is trying to get its head around whether the pricing, which is based on the capital needs of SA Water—that is what is driving these pricing increases—are efficient and are the policies (which are supposed to come out of these pricing signals) the right policies? ESCOSA, I think, is arguing that it is not being given enough information. It stated:

> Furthermore, in relation to externality benefits that were suggested for certain Water Proofing Adelaide projects, the Commission [the National Water Commission] noted that:
>
> > no information is provided on the nature or approximate value of these benefits. It is therefore not possible, on the information presented, to assess whether or not the projects are efficient.

I think that is a pretty scathing criticism. We are having a public debate in South Australia (and it will crank up as of this day) about whether, once we build a 50 gigalitre desalination plant in Adelaide, we then double the size or whether we put the next bucket of money into developing a stormwater harvesting aquifer storage and recovery system across metropolitan Adelaide. The opposition has been making the case for the latter for at least 12 months. The government has been resisting it. However, it seems that the government has been going to Canberra and saying to the federal government, 'We want to double the size of the desalination plant.'

We know from ESCOSA's final report, just on the 50 gigalitre desalination plant and the north-south pipeline, that ESCOSA cannot determine, because the information has not been provided, whether that is the best way to go forward. How on earth can ESCOSA and the community get their mind around whether we are best to build a second stage of the desalination plant to take it to 100 gigalitres or whether we should put that additional money into a stormwater harvesting aquifer storage and recovery project? The government is not doing the homework on the externalities.

The reality is that, even if we do not harvest stormwater in Adelaide (and I know this minister is not responsible for the environment), somewhere government has to address the degradation to our coastal waters. The coastal waters study has identified that one of the major contributors to the degradation of our coastal waters is stormwater runoff. Something like 170 gigalitres a year of stormwater runs off metropolitan Adelaide in an average year. Prior to European settlement of the Adelaide Plains that figure was about 20 gigalitres. So, an additional 150 gigalitres of runoff is being created that is running through our creeks and streams into the sea and impacting on our coastal waters. I think the cost of that is one of the externalities that was being talked about by the Essential Services Commission when it said:

> No information is provided on the nature or approximate value of these benefits. It is therefore not possible, on the information presented, to assess whether or not the projects are efficient.

I think the Essential Services Commission is saying that there is no cost benefit analysis of various projects, yet the price of water being charged in Adelaide (in South Australia in general) is being driven by these projects. But there is no cost benefit analysis. The report quotes the Transparency Statement—Part A, which states:

> For the proposed Adelaide desalination plant, firmer estimates of future operating and capital expenditures will become available upon completion of all environmental and engineering studies and pilot plant testing. As firmer estimates become available, revisions will be made to the regulatory model and will be considered in subsequent annual price setting processes, as appropriate.

If we remember that that was probably written in the middle of last year, I suppose that is a reasonable thing to say, on behalf of the government (this is the government's part A). The commission's response to that was as follows:

> The Commission acknowledges that estimates of major capital projects are still at a preliminary stage. In particular, it understands that a due diligence program will be undertaken that will result in firmer estimates of future costs. However, the expenditure forecasts represent a significant increase compared to historic levels and have a large influence on price outcomes.

Again, the commissioner quotes from Transparency Statement—Part A:

> These major infrastructure investments eventually need to be funded through increased water charges and, hence, were a major influence on the government's 2008-09 water pricing decision.

So, here is the government saying that a major influence on its water pricing decision was the decision to build a desalination plant, but it says, 'Hey, we don't know what it's going to cost. Hey, we don't know very much about it but, notwithstanding that, we're going to charge this anyhow.' The commissioner continues in response to that latter quote, and says, among other things:

The commission observes that there is still significant uncertainty over the level of cost and hence the level of prices that will eventuate in future years as a result of the projects—

that is the desal plant and the north-south connector—

and that the proposed pricing approach allocates the full risk of such uncertainty to water customers. That is, the current process does not provide incentive to minimise and actively manage cost variations because any increase in forecast cost is likely to be passed through to consumers who are least able to manage this risk.

I was talking earlier about SA Water and its monopoly standards. Here, the commissioner is saying, 'Hey, because you are so airy-fairy in your Part A, because you're saying, "We can't give you this information because we don't have it yet," you are transferring all the risk, because you have a monopoly, to water consumers.'

What the commissioner is saying is that the government has taken a decision to build a desalination plant, and I will reconfirm the opposition's position on that: the only thing that the government has done wrong about building a desalination plant from the opposition's perspective is that it has not done it earlier. It should be up and operating.

However, having taken the decision to build it, I think the Essential Services Commissioner is saying, 'You are being dammed sloppy. You haven't done the business case. You haven't done the cost benefit analysis. All you've done is said, "Yes, we're going to build it and to hell with what happens to the costs in the meantime because we can pass those costs straight on to the consumer".' The commissioner continues:

Based on its assessment of the material provided to cabinet—

this is the commission's assessment of the material provided to cabinet—

in support of the 2008-09 water decision, the commission does not consider that the level of information provided to cabinet in relation to these expenditure forecasts would enable determination of whether or not the expenditure is efficient.

The commissioner is saying that the cabinet took a decision based on very scant information. Cabinet, basically, signed off on the price on the basis of very scant information. I think we should all be somewhat concerned about that.

It has been my desire to leave the house in no doubt that there is no connection between the price that has been charged to water consumers in South Australia and what it costs to efficiently and effectively deliver that water, because other factors have intervened, principally, that the Treasurer is hungry for that cash.

The outcome of that is twofold. Neither the supply side nor the demand side understands where it is going. Consequently, neither the supply side nor the demand side has adapted as it should have to the current drought. The demand side has not received an increase in price signal to say, 'Whoa! You've got to cut back on your water use.' What the demand side has received in lieu of that is a very draconian set of restrictions which, as I said earlier, apply outside the house not inside the house. That only confuses people a lot more, and I think anybody who suggests that there are not a lot of people out there who are flouting those restrictions is not living in the real world. That is one of the problems.

Another problem is that the industry, SA Water itself, has not received the correct price signals to say, 'Hey, isn't it about time you did something about increasing the supply?' It has been waiting and waiting and waiting for a political decision. The Treasurer wants the cash, and the political question is: does the Treasurer keep taking the cash or do we actually do something about water supply? To date, the decision has been that the Treasurer wins and takes the cash.

I happen to know that for a number of years the Premier kept debating, in his own mind at least, 'How foolish will I look if I go out and spend $1 billion-odd building a desal plant and it rains?' I happen also to know that the Premier has had the mental anguish of coping with that particular question.

Mr Goldsworthy: He has lots of mental anguish.

Mr WILLIAMS: He has lots of mental anguish, and that is one. That, in itself, has probably cost the supply side here in Adelaide at least 12 months, if not two years. That is why the opposition is quite confident in saying that, had we been in government, we would be drinking and washing in desalinated water as I speak. That is a reality.

In recent years, a plethora of papers, generally emanating from academia, have been written on this very question, that is, on the relationship between supply, demand and price. By and large, they all say one thing: because we intrinsically have these monopoly organisations in various jurisdictions, we must have an independent price-setting mechanism that operates under a strict set of guidelines. The guidelines have been established for years. COAG and the National Water Initiative have put down the guidelines, and they have been established for years—but we have failed to use them, and that is the problem.

I will not go on and on and quote from them; however, I can say that the Allen Consulting Group quoted a study done by the Centre for National Economics 2005, entitled 'Economic benefit cost analysis of new water supply options for the ACT'. In a report, entitled 'Goodbye to water restrictions', the Allen Consulting Group suggests that householders in Adelaide would be willing to pay between $77 million and $300 million a year (these figures are a couple of years old) to get rid of water restrictions. The government has failed to recognise that water restrictions are costly. They cost society, and they cost the community. I cannot emphasise that point enough.

When you break down the elements the government has put together to make up the water price, there is a whole range: the cost of operating the business; the cost of sourcing the water; the cost of delivering the water; and the cost of maintaining the system. I have probably not included all the elements in that short list, but one is the cost of the asset. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

[Sitting suspended from 13:00 to 14:00]

ROYAL ADELAIDE HOSPITAL

Ms CHAPMAN (Bragg—Deputy Leader of the Opposition): Presented a petition signed by 208 residents of South Australia requesting the house to urge the government to support rebuilding the Royal Adelaide Hospital at its current location and to abandon all plans for a rail yard hospital.

COUNTRY HEALTH CARE PLAN

Ms CHAPMAN (Bragg—Deputy Leader of the Opposition): Presented a petition signed by nine residents of South Australia requesting the house to urge the government to withdraw the Country Health Care Plan and to continue funding of Country Health SA services at existing hospitals and health facilities in rural South Australia.

PUBLIC EDUCATION FUNDING

The Hon. J.M. RANKINE (Wright—Minister for Families and Communities, Minister for Northern Suburbs, Minister for Housing, Minister for Ageing, Minister for Disability): Presented a petition signed by eight residents of South Australia requesting the house to urge the government to immediately resolve the public education funding dispute by increasing funding for schools, preschools and TAFE colleges.

ANSWERS TO QUESTIONS

The SPEAKER: I direct that the following written answers to questions be distributed and printed in *Hansard*.

MENTAL HEALTH SERVICES

36 Mr HANNA (Mitchell) (30 September 2008). What are the government's plans for extra accommodation for young people with mental health issues?

The Hon. J.M. RANKINE (Wright—Minister for Families and Communities, Minister for Northern Suburbs, Minister for Housing, Minister for Ageing, Minister for Disability): I provide the following information:

A Memorandum of Understanding (MOU) between the Department for Families and Communities, Housing SA and Mental Health Services in South Australia has been developed and operational since October 2007. The objective of the MOU is to guide the development and management of collaborative working practices to improve accessible and sustainable housing outcomes for people with mental illness.

The government recognises that issues of supply and suitability of supported accommodation places for young people with mental health issues are critically important. To this end, as part of our commitment to the re-development of the Glenside Campus, 40 supported accommodation beds will be made available for mental health clients, including young people, over the next two to three years.

We have also committed to increasing the number of disability housing program places by 200 by the year 2010. As at October 2008, the Supported Tenancies Scheme of the Disability Housing Program has 273 properties.

The government has in place ten Supported Accommodation Demonstration Projects (SADP) for people aged eighteen years and over with a psychiatric disability and complex needs, who are assessed as requiring disability support to establish and maintain independent living. For Aboriginal people, the age range is 15-25 years.

Through the Crisis Accommodation Program, a property is being redeveloped as a 'Muggys in the South', which will provide intensive supported accommodation respite for young people under the Guardianship of the Minister.

Discussions are currently underway with St Johns Youth Services, the youth crisis accommodation agency, to plan the relocation and upgrade of Burdekin and Chisholm Place. The re-development will enable the service to provide high quality accommodation for homeless young men and women, many of whom will have complex and challenging issues, including mental health issues.

In the national context, in late 2009 the Commonwealth Government announced plans for a major overhaul of Commonwealth-State housing arrangements and the Premier signed a National Partnership Agreement on Homelessness with the Prime Minister, the Hon Kevin Rudd. This Agreement recognises that a reduction in homelessness requires targeting key groups, including children and young people. Priorities for services delivered under this Agreement will include:

- Services to assist young people with mental health issues to secure or maintain stable accommodation, and
- Support for young people aged twelve to eighteen years who are homeless, or at risk of homelessness, to re-engage with their family where it is safe to do so, maintain sustainable accommodation and engagement with education and employment.

LAKE ARGYLE

138 Mr HAMILTON-SMITH (Waite—Leader of the Opposition) (30 September 2008). Has the government investigated whether it is possible for Lake Argyle overflow to be pumped to the head of the Darling to flush the Murray-Darling Basin using coal seam methane as the energy source for the pumps?

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security): I am advised that over the years a number of large scale schemes have been suggested to tap into major water resources across Australia to pipe water to South Australia. These schemes generally require large pipelines, multiple pumping stations and power supplies in remote areas.

A number of options were investigated at a concept level as part of the development of the Water Proofing Adelaide strategy, including Lake Argyle in the Ord River Scheme. The capital cost for a 150 gigalitres per year supply scheme was assessed at approximately $10.65 billion, ongoing costs of about $390 million per year, and a cost of supply of about $9.30 per kilolitre.

In addition to cost, energy requirements, potential greenhouse gas impacts and water quality management for source and receiving waters were also identified as significant issues.

The assessment largely confirmed results from past investigations indicating that pumping water over very long distances is extremely expensive and not economically viable.

The investigations were conceptual and did not specifically consider detailed pipeline routing or use of coal seam methane as an energy source. Given the high indicative costs, it would not be a justifiable use of State Government resources to initiate a detailed assessment.

MURRAY MOUTH WEIR

140 Mr HAMILTON-SMITH (Waite—Leader of the Opposition) (30 September 2008). Has the government investigated whether it is feasible to build a weir at the Murray Mouth to allow the lakes to fill automatically and once full allow excess water to flow to the ocean?

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security): I am advised that the construction of a weir at the Murray Mouth is neither feasible nor desirable. A weir at the river mouth would lead to the loss of the vital Coorong estuarine ecosystem, and engineering investigations suggest that it would not be practical to maintain a structure such as a weir in the dynamic environment at the Murray Mouth. The existing barrages effectively provide the same suggested benefits of a weir at the river mouth but are in a more stable environment and allow the Coorong to benefit from both marine and freshwater influences.

COMPUTER LICENCE AGREEMENT

174 Mr PISONI (Unley) (30 September 2008).

1. Does the State Government's current computer licence agreement with the department cover computers in schools and administrative offices?

2. How many departmental computers are subject to Microsoft licences and what are the acceptable growth figures?

The Hon. J.D. LOMAX-SMITH (Adelaide—Minister for Education, Minister for Mental Health and Substance Abuse, Minister for Tourism, Minister for the City of Adelaide): The State Government and Microsoft have in place an agreement that covers major contractual issues for all South Australian Government agencies.

All DECS computers are subject to Microsoft licenses. Microsoft is comfortable with the growth figures in terms of DECS' current agreement.

YARREDI SERVICE INCORPORATED

204 Dr McFETRIDGE (Morphett) (21 October 2008). With respect to the contract PCM08010 for the construction of five dwellings for the Yarredi Service Incorporated in Port Lincoln:

(a) has this project been completed and if so;

(b) was it completed on time;

(c) was it completed within budget;

(d) who was the successful contractor; and

(e) who 'signed off' on the completed project?

The Hon. J.M. RANKINE (Wright—Minister for Families and Communities, Minister for Northern Suburbs, Minister for Housing, Minister for Ageing, Minister for Disability): In respect to the progression of contract PCM08010 for the construction of five dwellings for the Yarredi Service Incorporated in Port Lincoln:

(a) the project was completed in November 2008;

(b) the project was delivered within programmed timeframes;

(c) the project was delivered within the approved budget;

(d) the successful contractor was Keith Daniels Homes Pty Ltd;

(e) the completed project was signed off by the Principal, on behalf of the Department for Families and Communities.

ERNABELLA ANANGU SCHOOL

209 Dr McFETRIDGE (Morphett) (21 October 2008). With respect to the contract DTEI-BM21 for the Ernabella Anangu school redevelopment:

(a) has this project been completed and if so;

(b) was it completed on time;

(c) was it completed within budget;

(d) who was the successful contractor; and

(e) who 'signed off' on the completed project?

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Environment and Conservation, Minister for Early Childhood Development, Minister for Aboriginal Affairs and Reconciliation, Minister Assisting the Premier in Cabinet Business and Public Sector Management): The Minister for Education has provided the following information:

(a) The new Child Parent Centre for Ernabella Anangu School has been completed.

(b) The building contractor experienced some resourcing and inclement weather issues causing some delay to the completion of the CPC.

(c) Final costs are determined at the end of the defects liability period (i.e. 12 months after project completion).

(d) Murray River North Pty ltd was the successful contractor.

(e) The project architect 'signed off' on the completed project.

PUBLIC SECTOR EMPLOYMENT

214 Dr McFETRIDGE (Morphett) (21 October 2008). For all departments and agencies reporting to the minister:

(a) what was the total number of employees with employment costs exceeding $100,000 per annum as at 30 June 2008;

(b) what was the total number of employees with employment costs exceeding $200,000 per annum; and

(c) what were the job titles of each position abolished and created, respectively, with employment costs exceeding $100,000 per annum in 2007-08?

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Environment and Conservation, Minister for Early Childhood Development, Minister for Aboriginal Affairs and Reconciliation, Minister Assisting the Premier in Cabinet Business and Public Sector Management): Please refer to response to 2008 Estimates Omnibus Committee question regarding TEC of employees and positions abolished and created.

APY LANDS

221 Dr McFETRIDGE (Morphett) (21 October 2008). Has the surplus expenditure relating to the Commonwealth Essential Works program and the APY taskforce projects carried forward in 2007-08 been spent and which programs have been completed?

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Environment and Conservation, Minister for Early Childhood Development, Minister for Aboriginal Affairs and Reconciliation, Minister Assisting the Premier in Cabinet Business and Public Sector Management): Six projects were completed in 2007-08 using funds from the Commonwealth Essential Works program that was carried forward from 2006-2007.

The funding for the 2006-2007 Program was released in May 2007.

A total of 6 projects were completed during 2007-08 and are listed as follows:

- Kanpi and Nyapari—Sealing Roads
- APY Lands MUNS Scoping Study
- Spatial Data (expended)
- Yunyarinyi—Feasibility and Assessment of RO Plant
- Indulkana SCADA System
- Mimili UV Disinfection Investigation

Four projects commenced in 2007-08 with funding of into 2008-09 and are listed as follows:

- Koonibba—Upgrade Power Supply
- Raukkan—Effluent Pump Station Replacement

- Pukatja and Young's Well Bores
- Scotdesco Rainwater Harvesting

With respect to the APY Task Force Program, all project funds carried forward from 2006-07 were fully expended in 2007-08. These projects comprised:

- APY Lands—Service Coordinators
- APY Lands—Rehabilitation Facility
- APY Lands—Swimming Pools

SURPLUS EMPLOYEES

375 Dr McFETRIDGE (Morphett) (17 November 2008). For each department or agency reporting to the minister, how many surplus employees were there at 30 June 2008 and what was the title, classification and total employment cost of each surplus employee?

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Environment and Conservation, Minister for Early Childhood Development, Minister for Aboriginal Affairs and Reconciliation, Minister Assisting the Premier in Cabinet Business and Public Sector Management): As at 30 June 2008 there were two surplus employees in the Aboriginal Affairs and Reconciliation Division.

The positions were:

(a) Senior Project officer, ASO7, total employment cost $95,394.73.

(b) Project Support officer, ASO3, total employment cost $64,695.82.

The employees concerned are no longer surplus and have been placed in ongoing positions in AARD.

POLICE, FINES

448 The Hon. G.M. GUNN (Stuart) (24 February 2009).

1. Why was there a presence of the police in unmarked cars on the Eyre Highway between Port Augusta and Iron Knob in late December 2008 and were they targeting the road transport industry and if so, why?

2. Were these police acting in accordance with the undertakings given by the Minister for Transport in the House during the passage of the new heavy vehicle legislation?

The Hon. M.J. WRIGHT (Lee—Minister for Police, Minister for Emergency Services, Minister for Recreation, Sport and Racing):

1. South Australia's northern highways links it to three other States. A large number of heavy vehicles, along with overseas tourists and interstate travellers, drive on these highways daily. During the December 2008 and April 2009 school holiday periods, there is an increase in the quantity of vehicle traffic on these roads.

An operation was conducted in the area by the SAPOL Northern Traffic Enforcement Section (NTES) from 13 to 15 December 2008. NTES specifically targeted the known causes of road fatalities and serious injuries known as the 'Fatal Five' namely speed, drink and drug driving, inattention and complacency, failure to wear seat belts and fatigue, as part of its commitment to the Rural Highways Saturation Management Plan.

2. The operation was related to the increase in all types of vehicles using the Highway and was conducted for the purposes of reducing death and injury on South Australian roads.

POLICE VEHICLES

455 Mr HANNA (Mitchell) (24 February 2009). What are the numbers of marked police cars, unmarked police cars, police motorbikes and police bicycles in South Australia in each year since 2005-06?

The Hon. M.J. WRIGHT (Lee—Minister for Police, Minister for Emergency Services, Minister for Recreation, Sport and Racing): The Police Commissioner has advised that the

number of marked police cars, unmarked police cars, police motorbikes and police bicycles in South Australia in each year since 2005-06 is:

YEAR	Marked Police Cars	Unmarked Cars	Motorcycles Marked	Motorcycles Unmarked	Bicycles
2005-06	512	450	65	2	38
2006-07	554	461	64	2	42
2007-08	548	475	64	2	53
2008-09	549	471	64	2	60

BUSHFIRE TASK FORCE

458 The Hon. G.M. GUNN (Stuart) (10 March 2009).

1. What assurances are there that bushfire prevention officers employed by councils are not impeded or prevented from undertaking hazard reduction programs by Native Vegetation Council officers?

2. What assurances are there that the mowing of roadside vegetation is not prevented when authorised by fire prevention officers?

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Environment and Conservation, Minister for Early Childhood Development, Minister for Aboriginal Affairs and Reconciliation, Minister Assisting the Premier in Cabinet Business and Public Sector Management):

1. Bushfire prevention officers can undertake hazard reduction programs in accordance with a bushfire prevention plan that has been prepared by the district bushfire prevention committee and endorsed by the Native Vegetation Council.

2. The mowing of roadsides for fire prevention purposes would also be part of the bushfire prevention plan.

BUSHFIRE PLANNING

459 The Hon. G.M. GUNN (Stuart) (10 March 2009). In light of the Victorian Bushfires, will the construction of firebreaks and access tracks be allowed in excess of 5 metres to ensure the safety of fire fighters?

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Environment and Conservation, Minister for Early Childhood Development, Minister for Aboriginal Affairs and Reconciliation, Minister Assisting the Premier in Cabinet Business and Public Sector Management): Fire breaks up to 5 meters are already allowed. The following applies:

- Fire breaks up to 5 meters without additional approval anywhere in the state
- Fire breaks up to 7.5 metres in designated areas of mallee scrub – for example parts of Eyre Peninsula where there is extensive areas of mallee vegetation
- Fire breaks up to 15 metres in width on properties used for primary production with approval of the district bushfire prevention committee, and
- Firebreaks of any width subject to a management plan prepared by a landholder, group of landholders. Or the district bushfire prevention committee, and approved by the Native Vegetation Council.

The South Australian Firebreaks, Fire Access Track and Sign Standards Guidelines, which is part of the Code of Practice for the Management of Native Vegetation to Reduce the Impact of Bushfire, provides useful guidance on the location, size and design of fire access tracks including passing bays and turnaround points.

I draw the member of Stuart's attention to a Ministerial Statement I made on 17 February 2009 regarding the Code of Practice for the Management of Native Vegetation to Reduce the Impact of Bushfire. I pointed out in that statement that the government's bushfire preparedness policies have been based on the best available science. However, we need to learn from any fire event, and as part of this we should re-examine our policies and procedures to see whether or not they need improvement. Accordingly, and in light of the Victorian fires, I have asked for a review of current arrangements for managing the interaction of native vegetation and

bushfires, including width of firebreaks and access tracks. The review my lead to amendments to the Code of Practice, and, if necessary, amendments to the Native Vegetation Legislation.'

BUSHFIRE PLANNING

461 The Hon. G.M. GUNN (Stuart) (10 March 2009).

1. Why has the Department continued to insist upon 5 metre firebreaks when it has been clearly shown that a 5 metre firebreak is insufficient to protect land holders and fire fighters?

2. Will the Department now give urgent consideration to allow land holders and land managers the ability to construct firebreaks wider than 5 metres without any further restriction, red tape or bureaucracy?

3. Will the code of practice dated 11 February 2009 be reviewed in light of the recent Victorian bushfires?

4. Is the Department aware that 5 metre firebreaks are insufficient for a car or truck to turnaround?

5. Is the Department aware that the 5 metre restriction of native vegetation from a building or water pump is insufficient and doesn't afford sufficient protection?

6. Is the Department aware that the refusal to allow burning of dead timber is unrealistic and contributes to difficulties in hazard reduction?

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Environment and Conservation, Minister for Early Childhood Development, Minister for Aboriginal Affairs and Reconciliation, Minister Assisting the Premier in Cabinet Business and Public Sector Management):

1. As I have indicated in response to Question On Notice Number 459, fuel breaks of greater than 5 metres are allowed.

2. Please refer to my response to Part 1 of this question.

3. Yes.

4. The South Australian Firebreaks, Fire Access Track and Sign Standards Guidelines, which is part of the Code of Practice for the Management of Native Vegetation to Reduce the Impact of Bushfire, provides useful guidance on the location, size and design of fire access tracks, including passing bays and turnaround points.

5. In some circumstances, the clearance of an area greater than 5 metres may be appropriate for fire safety purposes. The Native Vegetation Council has prepared guidelines that support clearance up to 20 metres around dwellings. The SA CFS is the body that will provide advice on the need for this additional clearance.

Alternatively, a landholder could seek to establish fuelbreaks of any width subject to a management plan prepared by a landholder, group of landholders, or the district bushfire prevention committee, and approved by the Native Vegetation Council.

6. Other than standing dead trees that proved habitat for nationally listed species, the removal of dead timber, by burning or otherwise, is not controlled under the Native Vegetation Act.

PUBLIC SECTOR EMPLOYMENT

In reply to **Mr GRIFFITHS (Goyder)** (2 July 2008) (Estimates Committee B).

The Hon. G.E. GAGO (Minister for State/Local Government Relations, Minister for the Status of Women, Minister for Consumer Affairs, Minister for Government Enterprises, Minister Assisting the Minister for Transport, Infrastructure and Energy):

6. (i)

Total Number of Employees with a TEC of $100,000 or more

Minister for Environment and Conservation

Zero Waste SA:

As at 30 June 2008, the total number of employees with a total employment cost of $100,000 or more was 4.

In addition, of those employees the total number of employees over $200,000 or more was 1.

Environment Protection Authority:

As at 30 June 2008, the total number of employees with a total employment cost of $100,000 or more was 22.

In addition, of those employees the total number of employees over $200,000 or more was Nil.

Department for Environment and Heritage:

As at 30 June 2008, the total number of employees with a total employment cost of $100,000 or more was 59.

In addition, of those employees the total number of employees over $200,000 or more was 3.

6. (ii)

Positions Abolished and Created

Between 30 June 2007 and 30 June 2008

Minister for Environment and Conservation

Positions Abolished—TEC of $100,000 or more:

Department/Agency	Position Title	TEC Cost
Zero Waste SA	N/A	N/A
Environment Protection Authority	N/A	N/A
Department for Environment and Heritage	N/A	N/A

Positions Created—TEC of $100,000 or more:

Department/Agency	Position Title	TEC Cost
Zero Waste SA	N/A	N/A
Environment Protection Authority	N/A	N/A
Department for Environment and Heritage	N/A	N/A

LEGISLATIVE REVIEW COMMITTEE

Mrs GERAGHTY (Torrens) (14:04): I bring up the 19th report of the committee.

Report received.

Mrs GERAGHTY: I bring up the 20th report of the committee.

Report received and read.

Mrs GERAGHTY: I bring up the 21st report of the committee.

Report received.

PUBLIC WORKS COMMITTEE

Ms CICCARELLO (Norwood) (14:07): I bring up the 332nd report of the committee on University College London, Torrens Building Accommodation Fit-out.

Report received and ordered to be published.

QUESTION TIME

ROYAL ADELAIDE HOSPITAL

Mr HAMILTON-SMITH (Waite—Leader of the Opposition) (14:07): My question is to the Premier. Why is he seeking to deny the people of South Australia their right to vote on the choice of a new hospital in the rail yards or a renewed RAH at its present site?

Members interjecting:

Mr HAMILTON-SMITH: You never put this to the people.

Members interjecting:

The SPEAKER: Order!

Mr HAMILTON-SMITH: Today, the Treasurer said that a new medical research centre, announced in last night's commonwealth budget, would commence construction at the rail yard site before the next election.

The Hon. M.D. RANN (Ramsay—Premier, Minister for Economic Development, Minister for Social Inclusion, Minister for the Arts, Minister for Sustainability and Climate Change) (14:08): I am very pleased to answer this question because I can remember the government in which you were a starring member for about two months. I remember what happened was that I believed—

Ms CHAPMAN: On a point of order, Mr Speaker.

The Hon. M.D. RANN: No, you do not want to hear it, do you?

The SPEAKER: A point of order, the deputy leader.

Ms CHAPMAN: Mr Speaker, as much as a starring member you may be, you have not been a member of the former government. I ask that the Premier be brought to order to address the response through you.

The SPEAKER: I remind all members to refer to other members in the third person. The Premier.

The Hon. M.D. RANN: Thank you, sir, and I want to acknowledge your starring role in this chamber. I guess the message is this: we all remember a government that went to the people in 1997 on a promise that it would never ever sell ETSA. I said, because I was getting documents that were authentic, that I believed that—

Members interjecting:

The Hon. M.D. RANN: One day we will tell you where we got them from. The point of the matter is that I said that I did not believe their pledge. The then deputy premier went on television and said, 'We will not sell ETSA, full stop, full stop, full stop.' Straight after the election, of course, the premier marched in here and they were selling ETSA.

So there was a clear view expressed by the people of South Australia that they did not want their electricity assets sold. Both parties signed up to that pledge, and one party broke its promise straight afterwards. We made a pledge to rebuild our health system, and we went to the people at the last election and health was at the centre of what we pledged to rebuild. We stopped the privatisation of the hospitals by our predecessors. In fact, one of the best examples in the world of reverse privatisation was when we brought back the Modbury Hospital into the Public Service.

So, let me say this. We were elected at the last election with a record majority for a Labor government, and at the very heart of our election was a fundamental commitment to deliver to the people of this state the best health and hospital services possible.

INFRASTRUCTURE PROJECTS

Ms PORTOLESI (Hartley) (14:11): My question is to the Premier. Can the Premier inform the house about the impact of the infrastructure announcements for South Australia in the federal budget?

The Hon. M.D. RANN (Ramsay—Premier, Minister for Economic Development, Minister for Social Inclusion, Minister for the Arts, Minister for Sustainability and Climate Change) (14:11): I am pleased to answer that question, and I think everyone (and I hope even members opposite) would agree that it was a very good budget for South Australia. The budget committed to over $1 billion in infrastructure investment in public transport, medical research, a science hub and a doubling of the capacity of the Adelaide desalination plant. When I met with the Prime Minister to outline the state's priorities for Infrastructure Australia projects, I identified water, public transport and health as the areas most critical to South Australia. We had a meeting in Canberra that went for some hours, and there were meetings before that in Adelaide, Canberra and, indeed, finally, in Hobart.

We offered the federal government projects that could begin quickly where the planning work had already been done which would benefit our state. I could not be more pleased with the response from the federal government. It has listened and adopted many of our recommendations for priority projects for South Australia. Some of them, of course—most of them—are in the Infrastructure Australia fund, but not all. It has also been able to support us in desalination and other areas from other funding. Like this government, which is rolling out an unprecedented infrastructure package, the federal government is investing in jobs for South Australians and in infrastructure for the future of this state. In partnership, it will help us deliver a climate-independent, sustainable water supply for Adelaide and help us reduce our reliance on the River Murray.

Members should not forget that this budget and the infrastructure commitments to this state occurred within just weeks of a massive announcement in terms of the $25 billion to $30 billion new submarines project for South Australia, and a range of other defence projects which, of themselves, would be front page news if it had not been for the submarine project being the largest project in Australian defence history and the largest contract in Australian defence history.

So the additional $228 million funding from the federal government outlined last night, along with $228 million of state government funding, will enable us to double the desalination plant at Port Stanvac from 50 gigalitres to 100 gigalitres. The expanded plant, which will cost around $1.8 billion, will guarantee water security for Adelaide, providing up to half the city's annual water use. The desalination plant is a climate-independent source of water, which takes pressure off the Murray, takes pressure off dependence on rainwater, and gives us the insurance we need against future climate variability and drought.

This means that, regardless of the frequency or severity of droughts in the future, we know Adelaide's water supply will be guaranteed. The first water from the desal plant is still expected in December 2010. The increase in production to 100 gigalitres is expected by the end of 2012. With the increase to 100 gigalitres, extra reverse osmosis modules will be added to the current plant under construction at Port Stanvac. There is no need for a new site. The desal plant will be powered using sustainable energy sources.

In addition to this critical investment in guaranteeing Adelaide's water supply, the federal budget also announced and outlined $646 million worth of investment in public transport for the northern and southern suburbs. So let us just remember that: $2 billion announced from the state government, and here we have an injection of $646 million, which not only allows us to extend those projects but also allows us to bring them forward in time. I know that members opposite will be looking forward to seeing the poles and wires being constructed along the railway line from Noarlunga through to Gawler, and also the start on construction of the Seaford line at the end of next year. They are as happy, deep down, as we are because—

Members interjecting:

The Hon. M.D. RANN: Okay. So $291 million will be spent on extending the rail line from Noarlunga to Seaford. This 5.5 kilometre extension will involve the construction of two new stations and a bridge over the Onkaparinga River. It will bring much needed rail transport to the growing populations of our southern suburbs. I think the Conlon bridge over the Onkaparinga River will be a centrepiece.

The federal government will also co-fund the modernisation of the Gawler rail network, providing $294 million to resleeper and electrify the Gawler line and support vital capital works at 24 rail stations—so nearly $300 million to electrify the Gawler line and 24 rail stations. This will allow us to bring forward the work on this project so that it can be completed earlier.

I have an announcement to make to the house. Work on both rail projects will begin in 2010 and the projects are scheduled for completion in 2013. Because the federal government is partnering with us on upgrading and electrifying the Gawler line, we will be simultaneously electrifying and upgrading the Noarlunga to Adelaide line, and they will be funding the 5.5 kilometre extension down to Seaford.

These projects are part of the state government's vision for the rail system. Of course, there will also be the coast-to-coast tram network, on which construction has already begun. This vision was first outlined in our 2005 Infrastructure Plan, in which we identified electrification of the rail network to the north and south and the Seaford extension as options for improving our public transport system. We then backed this vision with a $2 billion public transport package in the 2008 state budget. The federal government funding for these two projects will help make these plans a reality even sooner than we originally planned.

In addition to their investment in our train lines, the federal government will fund the extension of the O-Bahn via a dedicated road corridor from the end of the O-Bahn track at Hackney Road to the CBD, greatly reducing travel times and congestion. I am told that it will take about 10 minutes off the travel time to the centre of the CBD for people using the O-Bahn from the north-eastern suburbs. I think people know—and I am sure the Minister for Infrastructure would acknowledge in a humble way—that I have a very strong interest in engineering. I was very pleased to be able to sit down with the Prime Minister, Rod Hook and Jim Hallion for some hours in Canberra to go through the design intricacies and engineering possibilities of these projects.

In addition to their investment in our train lines, the federal government will fund the extension of the O-Bahn via a dedicated road corridor. This is about reducing travel times and congestion for the O-Bahn buses and motorists. I should say that work on this 4.5 kilometre section of road from the O-Bahn will also begin this year. I you think you have seen a pattern here—a whole lot of things starting this year because they were ready to roll.

South Australia—and it has already been highlighted by the Leader of the Opposition—will also receive $200 million to build a new health and medical research facility collocated with the new Royal Adelaide Hospital. I know that the leader has announced things that he thought might be in the federal plan, including stadium money and various other things—this is real. The documents released last night were the real ones, the real budget. The flagship research centre will also become the headquarters for the planned South Australian health and medical research institute.

This is an incredibly exciting development, bringing significant benefits to South Australia's economy and enabling us to continue to play a leading role on the global health and medical research stage. Construction of the institute is expected to create around 1,400 direct jobs—that is, working down there on the railway land site—and around 1,500 indirect jobs. Once completed, the facility will house up to 675 researchers.

Here is another announcement: construction will start in early 2010 and the facility is expected to open in 2012. The construction of the research facility is the first step in the delivery of Adelaide's new central city hospital, the new Royal Adelaide Hospital. I am not sure what plans the minister has for naming this new medical research institute, but maybe I could be of help.

This is also very important: the federal government has also committed $15 million for the new Royal Institution of Australia to be established in Adelaide. For the benefit of those who perhaps are not scientifically literate but who soon will be, the Royal Institution of Great Britain was established more than 200 years ago, and its founders included people like Sir Joseph Banks and Michael Faraday. Also included as directors over the years were Lawrence and William Bragg, both South Australians and Nobel Prize winners, who, from memory, got their Nobel Prize for work on X-ray crystallography, which, of course, led to DNA (deoxyribose nucleic acid) and the structure of cells.

They have been going for more than 200 years in Britain and, after 200 years, have decided—with the support of Her Majesty The Queen, the British government, the Privy Council, the Duke of Kent and others—to establish the Australian Royal Institute of Science as the national science hub for all of Australia based in Adelaide. We are contributing funding to refurbish the old Stock Exchange Building—and that will be fantastic as a science hub. The federal government is putting in $15 million—

The Hon. K.O. Foley: And I'm going to join it.

The Hon. M.D. RANN: The Deputy Premier is going to join the Royal Institution of Australia as a member. The RI of Australia—the brainchild of former Thinker in Residence Baroness Susan Greenfield—will bring together scientists from across the country and around the world, as well as industry and community. It will be a contemporary and accessible national home for science. The Australian Science Media Centre will be located there, which links the media and people involved. News Limited, Fairfax and the ABC are involved in it. I think we will see that located there as well, along with a range of other projects. One of the central aims of the Royal Institution will be to encourage young Australians to embrace science while they are studying and as a future career choice—and I know that the Leader of the Opposition is an enthusiastic supporter of the RI.

We are delighted with the announcements that have been made. There was confirmation of the announcement of the $15 million for the childhood cancer centre at the Women's and Children's Hospital, which we announced with Wayne Swan and Lance Armstrong in January.

HEALTH AND MEDICAL RESEARCH INSTITUTE

Ms CHAPMAN (Bragg—Deputy Leader of the Opposition) (14:24): My question is also to the Premier. Why has the Premier made a decision to isolate medical researchers at the rail yards for four years while the Royal Adelaide Hospital operates on its current site? Today, the Premier confirmed (and again just a few moments ago) that the new research centre would be expected to open in 2012 and yet his central city hospital at the rail yards will not be open until 2016.

The Hon. P.F. CONLON: Mr Speaker, I rise a point of order. Before we commence, I just point out that the question was disorderly in that it engaged in debate in the very question itself. It used provocative terms such as 'decided to isolate research'. I just point out that it will be impossible for ministers not to engage in debate if the question itself is debate.

The SPEAKER: The question could have been more tightly phrased. The question itself was—

Ms Chapman interjecting:

The SPEAKER: Order! Rather than being too finicky over ruling questions in and out of order, my practice is always to give the appropriate latitude to the minister answering the question in light of the way in which the question has been asked, and I will continue to do that.

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (14:26): I have been Minister for Health now for just under 3½ years. When I became health minister, one of the first things that I became aware of was the incredible under-resourcing of health and medical research in South Australia. We have a very proud record in this state of health and medical research. The member for Florey, in particular, would know the great strengths of our health and medical research history. Her seat commemorates the great achievements of Lord Florey, and I know that the member for Florey regularly takes the opportunity to celebrate his achievements. So, we have had a great history in health and medical research in this state.

In previous years, until a number of years ago, our share of the national health and medical research dollar was well above what our population share would have suggested it should be. In other words, we would be getting about 13, 14 or 15 per cent of the national dollars. Over the last 10 years or so, that share has continued to decline and, in fact, I think last year or the year before we reached the stage where we were then getting below our population share; it was about 6½ per cent.

The reason for that being the case is that the other states had been able to establish larger institutes, and the commonwealth prefers larger health and medical institutes for providing funding. What we did in South Australia was to bring together the key researchers from the universities and hospitals and we sat down with them to talk about what they needed. We also commissioned a report by John Shine and Alan Young, known as the Shine Young report. I believe I tabled it in this house, but I have a copy here if people would like to see it.

That report really created the framework for us to proceed in relation to health and medical research. It essentially said three things. The first was that we needed to set up a single health and medical research institute in South Australia. We are working on that and legislation is in the process of being drafted (which I hope to bring to this house subject to parliament and my caucus at some stage during the second half of this year) which will create the governance framework to create a single health and medical research institute. The plan is that each of the three universities in South Australia will be part of the management of this, and that will provide South Australia with one of the biggest and the boldest health and medical research institutes in Australia.

The second thing the report recommended was that we needed to set up a state-based health and medical research fund. We have already established that, and it is accumulating assets at a tremendous rate. A lot of the money that is going into that fund comes from the commercialisation of the work done by John Hopwood, who is a fantastic researcher involved in SA Pathology, based at the Women's and Children's Hospital. We are currently getting something like $1.5 million a quarter out of our share of the commercialisation of that work. We have created that fund, and it will be available to support the very best researchers in South Australia.

The third thing that the report recommended, which is strongly supported by the research community in South Australia, is that we needed to have more research capacity. The Shine Young

report recommended an iconic building to be the centre of the new health and medical research institute—and I will get to where it said that building ought to be in a minute or two.

So, there are three things, and we now have a commitment to each of those three things: the governance arrangements to bring the institute together, the cash to support the research fund and the commitment to a building. Last night, of course, the Rudd government revealed that it would provide $200 million to build a state-of-the-art facility to house a health and medical research institute in South Australia.

What we are talking about here is up to 25,000 square metres of extra research space, which will house up to 675 health and medical science researchers in South Australia, a huge boost to health and medical research in this state. This is a fantastic commitment from the commonwealth to sponsor the development of South Australia as a major hub for important health and medical research.

This will absolutely undoubtedly lead to local researchers working on treatments and cures for some of the most insidious diseases and afflictions that we face. It will also allow researchers in South Australia, who are crammed in to existing facilities, to be able to expand. I have spoken to researchers at the Hanson Institute who say, 'We need more space and we need it as soon as we can get it because we have a lot of money that has come in and we need to be able to spend it to build extra capacity.'

We currently have hundreds of researchers working across Adelaide at various locations, including the Hanson Institute, many of our metropolitan hospitals and at other laboratories as well. Their facilities are varying in quality and space. We recently opened the QEH research facility, which was given extra capacity at that hospital, and that is a great facility. It is about 4,000 square metres.

As I said, the Rann government commissioned internationally renowned researchers, the executive director of the Garvan Institute, Professor John Shine, and Adelaide business leader, a director of Baker Young Stockbrokers who is also the chairman of the Flinders Foundation, Alan Young, an excellent businessman with a strong commitment to health and medical research in South Australia.

We asked them to review and provide strategic direction for research in this state to enable our researchers to secure more national funding for this important work. Their valuable report provided us with the key recommendations, which I have already gone through, to create a single health and medical research institute to bring together our local researchers and to develop a flagship facility to house that institute. The report stated, and this is the key to the answer to the question raised by the deputy leader:

> Ideally, the research building should be a stand alone building located close to the Marjorie Jackson-Nelson Hospital.

Now known as the RAH.

Ms Chapman interjecting:

The SPEAKER: Order, the deputy leader!

The Hon. J.D. HILL: The deputy leader protesteth too much, I think. The recommendation from the research community is to build a research—

Members interjecting:

The Hon. J.D. HILL: The deputy leader's solution, of course, would be for us not to build a research facility so that the research community has no extra space. Let me assure you that they would rather have the extra space now than wait for four or five years until we have built the hospital. The government—

Members interjecting:

The SPEAKER: Order!

The Hon. J.D. HILL: The government has already committed to establishing an institute, as I have mentioned, and today we have confirmation of the flagship facility. The health and medical research institute will be collocated with the new Royal Adelaide Hospital in the western Parklands.

Ms Chapman interjecting:

The Hon. J.D. HILL: It will be built as fast as possible. I know the opposition would like to delay the construction of that site, but the research community cannot wait, they need the space now. You would stop cancer research, you would stop research into children's health issues just because of your political agenda. You are so insincere and so dishonest when it comes to raising issues in this house. The health and medical research institute will be collocated with the new Royal Adelaide Hospital on the western Parklands. It will be a building—

Ms Chapman interjecting:

The Hon. J.D. HILL: Yes, four years between the construction of the institute and our new hospital. How long would it be between the construction of the institute and what the opposition would do with the RAH? It would be 15 years. Fifteen years for the Liberals to get one of their options up. Fifteen years, what a joke! This will be a custom designed building, constructed for the needs and requirements of researchers and will have close links to the new hospital. It is estimated that 50 per cent of the building will accommodate Adelaide's existing research community, with the remainder of the space to be taken up by researchers attracted from interstate and overseas and, of course, new researchers who come online through our own institutions.

The opposition protests about this. You would think that when the opposition came here to make these complaints the deputy leader would be doing so based on the views of the research community. If there was any validity to her comments you would think that they would be backed up by the research community. Well, let me tell you what the research community said to us today. Report co-author, Mr Alan Young said:

This is truly an historic moment. The new building will allow the establishment of an independent institute which will bring together top researchers to work in related fields in world-class facilities. It will provide a focus of health—

The Hon. K.O. FOLEY: Point of order, Mr Speaker: the deputy leader just turned, I think, to the member behind and in reference to Mr Alan Young said, 'How much was he paid?' Are you inferring that Mr Young would give us a response because of what was paid?

Members interjecting:

The SPEAKER: Order! The Deputy Premier will take his seat. I did not hear the remark. If it was made, it was a private remark made to another member.

Members interjecting:

The SPEAKER: Order! It was a private remark made to another member. The Minister for Health.

The Hon. J.D. HILL: As I was saying—

Members interjecting:

The SPEAKER: Order!

The Hon. J.D. HILL: Mr Young is a distinguished Adelaide—

Members interjecting:

The SPEAKER: Order, the member for MacKillop, the Deputy Premier and the deputy leader!

The Hon. J.D. HILL: Mr Young is a distinguished Adelaide business leader who devotes an enormous amount of his time to assist health and medical research in South Australia. I will continue my quote. He says:

The new building will allow the establishment of an independent institute which will bring together top researchers to work in related fields in world-class facilities. It will provide a focus of health and medical research activity in South Australia, recruit and retain leading research teams, attract increasing levels of national and international funding and enhance collaborative activity.

The co-author, Professor John Shine, Director of the Garvan Institute, one of the leading institutes in Australia, said:

This is exciting and will build huge momentum for South Australian research. Bringing together leading researchers from SA and around the world will build a critical mass for research and will transfer to the prevention and treatment of disease. Adelaide now has a unique opportunity. Everyone wins.

Professor John Hopwood, to whom I referred before and who is one of our state's most successful and esteemed medical researchers, also welcomed the announcement. He says:

> Practically, this research facility will overcome our lack of dedicated laboratory space that is drastically needed to coordinate and focus high quality medical research, and to encourage leading researchers to South Australia.

All three universities are also supportive of the construction of the new research centre on North Terrace. Vice Chancellor of the University of South Australia, Professor Peter Høj, says the news of the new institute is 'fantastic for the state', and he says:

> This is also great news for UniSA because it will increase the strength of our significant research partnerships between the university and the wider medical and health research community.

Professor Justin Beilby, Executive Dean, Faculty of Health Sciences, University of Adelaide, states:

> The University of Adelaide welcomes the funding for the new research institute and looks forward to developing the partnership around the research institute. We look forward to developing the research momentum and strengthening our research outputs over the next five to ten years.

I also visited, I have to say, the Hanson Institute and talked to some of the leading researchers there a few weeks ago. They are very excited about this proposition and cannot wait to get access to the space. It would appear that the only opponents to this are the Liberals. And why are they opposed? It is about politics; it is only about politics. They suggest that the government is building this facility to cruel their half baked plans for a stadium. That is what all this is about. The contrast is very clear.

This government is committed to the good health of South Australians, to providing the best care and treatment in a world-class hospital, and creating more opportunities for researchers to produce cures and improved treatments for diseases. The opposition's answer: a stadium that they hope the federal government might pay for but may or may not ever be used.

RAIL ELECTRIFICATION

Mr PICCOLO (Light) (14:40): My question is to the Minister for Transport. Can the minister respond to claims that the government has opposed rail electrification in the past and now supports it, and has the government's support for electrification instead been consistent and long standing?

Mr WILLIAMS: I rise on a point of order.

Members interjecting:

The SPEAKER: Order!

Mr WILLIAMS: I am just wondering if the Minister for Transport is responsible to the house for claims, which is what the question was about.

Members interjecting:

The SPEAKER: Order! I should not have to contend with interjections. The minister is responsible for rail electrification and that is the substance of the question. The Minister for Transport.

The Hon. P.F. CONLON (Elder—Minister for Transport, Minister for Infrastructure, Minister for Energy) (14:41): I am really not surprised that the opposition has not wanted to hear the answer to this question because I was listening to 891 this morning, as I regularly do, especially as our Deputy Premier and Treasurer was debating (I think debating is the term to use for what was going on) the Leader of the Opposition.

I have to say that I was interested, but I was taken aback by some comments of the Leader of the Opposition. Of course, faced with the tremendous success of this government in dealing with the commonwealth and the first ever big investment in public transport by a commonwealth government as a result of this government's approach, you expect an opposition somehow to play that down, but I did not expect to hear what was said. The Leader of the Opposition said:

> We've been calling for the electrification of rail. We led the charge on that. The government said it couldn't be done and now they're doing it.

An honourable member: That's true!

The Hon. P.F. CONLON: Okay, we will check the truth of this. We will go through the history of this, and we are very happy to do so. Then Kevin Foley, as astounded as I was to hear that, said, 'When did we say it couldn't be done?' Mr Hamilton-Smith replied, 'You scotched it down from the very beginning, time and time again.' I am not sure what 'scotched it down' means: is that watering down scotch, is it? But, faced with a tremendous success by this government, the Leader of the Opposition simply chose to engage in a failure of honesty again.

I am not making a debating point. I want to refer to the facts and the history of rail electrification in South Australia. In 2004, of course, our Strategic Plan identified that we wanted an increase in public transport. In April 2005, we released the Infrastructure Plan. Among other things, it decided that we should investigate the electrification of the metropolitan rail network.

Mr Williams: Investigate is the best you've ever done.

The Hon. P.F. CONLON: Yes, investigate—that's all we've ever done. I will come back to you in a moment. Thank you, sunshine. We will come back to that in a moment to investigate it. Tenders were called for the provision of design services for investigating electrification in January 2006. We also did a feasibility study into the Seaford rail extension. The finding of that study was that it did not stack up then, but it did say that, if we resleepered and electrified, it would stack up. Of course, that is another little untruth that has been peddled today by the Leader of the Opposition.

So we go on in the 2007-08 state budget: we committed substantial funds for resleepering, and we said in the Public Works Committee report on that resleepering, that the primary objective was to provide a platform for future upgrading of services, including making provision for future standardisation, increased service frequency and electrification. Apparently, we have knocked it off again and again. We scotched it down. I said in the parliament that the resleepering will, in future, allow electrification.

Then, in the 2008-09 state budget we announced the electrification of our metropolitan rail lines, the biggest investment ever. Yesterday, for the first time ever, a commonwealth government committed that amount of money to a state public transport system—an outstanding success and a testament to our approach to work through it. Let me remind you that, of course, he said it was a feasibility study only. They led the charge; their 2006 rail transport policy was a feasibility study of electrification. Of course, that was about a year after we had already commissioned it but better late than never. Let us go back to—

Members interjecting:

The Hon. P.F. CONLON: Here we go! No; keep talking; I will wait. They called for an extension to Seaforth but we have not found Seaforth yet. Here is what he said this morning, 'We've been calling for the electrification of rail. We led the charge on that.' I have told you the time lines: 2005, 2007, 2008. But, of course, in January 2008 the Leader of the Opposition took his team to a love-in—and we use that term very euphemistically for a Liberal Party meeting—at Port Lincoln. He confirmed on the way there that they would not commit to electrification. Remember, they led the charge and we scotched it down over and over. Here is what he said:

> Electrification is one option that we are looking at, that we are costing, that we are considering. There are other options. When we've made our firm decisions and done our sums we will have more to say about that.

That is the Leader of the Opposition leading the charge.

Members interjecting:

The Hon. P.F. CONLON: He will say this is a pattern of behaviour. It is a failure of honesty. It is the same failure of honesty that has the Leader of the Opposition leaving on the record a claim that a Labor source gave him forged documents. That was not corrected.

Members interjecting:

The SPEAKER: Order!

Mr HAMILTON-SMITH: I take a point of order, Mr Speaker. In effect, he is calling me a liar and I ask that it be withdrawn.

Members interjecting:

The SPEAKER: Order! I will entertain the point of order in a moment. When there is order in the house I will hear what the Leader has to say. The Leader of the Opposition.

Mr HAMILTON-SMITH: In the last week of sitting, in a similar case, you ruled that a comment be withdrawn. In effect, what the minister has just said is an accusation of lying and I ask that he immediately withdraw and apologise.

Members interjecting:

The SPEAKER: Order! I do not recall hearing anything the minister said which amounted to an accusation of lying. I will check the record and, if he has done so, I will direct him to withdraw it.

The Hon. P.F. CONLON: The phrase I used in regard to comments this morning was 'a failure of honesty'. I cannot describe them any other way because the comments are not honest. However, let me say this: in regard to the other claims I have talked about, the opposition leader came into this place and claimed that a Labor source had helped him puzzle through forged documents.

Ms CHAPMAN: I take a point of order. This has nothing to do with the electrification of rail, and you know it, sir, and so does the speaker.

Members interjecting:

The SPEAKER: Order! I think the Minister for Transport is now straying from the substance of the question. The Minister for Transport.

The Hon. P.F. CONLON: I simply make the point, Mr Speaker, that we are getting closer to an election, and you simply cannot—what words should I use? You cannot dissemble your way into government. The claims this morning made on the radio in response to an outstanding result for South Australia were a failure of honesty. There is going to be an election in March and we will pick up this fellow on every failure of honesty until then. But I will tell you this: I bet when he handed the documents to the police he did not name the source to the police. I bet he didn't do that.

The SPEAKER: The minister will resume his seat.

Ms CHAPMAN: That is irrelevant debate.

The SPEAKER: The deputy leader will resume her seat.

RAIL ELECTRIFICATION

Mr HAMILTON-SMITH (Waite—Leader of the Opposition) (14:51): My question is to the Premier. Why did he, on ABC Radio on 29 January, talk down—scotch, if you like—the prospects of electrifying the rail system, saying it was too expensive? What is the total cost of modernisation and electrification of the Noarlunga line from Adelaide to Noarlunga, including the extension to Seaford, and what component will be paid by the state taxpayer? On 29 January 2008—

Members interjecting:

The SPEAKER: Order!

Mr HAMILTON-SMITH: You have led with it. On 29 January 2008, on ABC Radio, this was said, and I am quite happy to provide it to the minister:

> Premier Mike Rann says there isn't the money to electrify Adelaide's public train system and says the Libs have already made a range of promises they can't afford to keep.

The Liberal Party had called for the electrification of rail. The direct quote from the Premier at 6am was:

> I'd love to be able to electrify the railways and do a whole range of things but ultimately the people of South Australia are going to say how are you going to pay for it...

In the 2008-09 budget, and just a few months later, the government allotted $5 million to the Noarlunga line modernisation from Adelaide to Noarlunga. Yesterday's federal budget allotted—

The Hon. P.F. CONLON: I have a point of order, Mr Speaker.

Members interjecting:

The SPEAKER: Order!

Mr Williams interjecting:

The SPEAKER: Order, the member for MacKillop! The Minister for Transport.

The Hon. P.F. CONLON: Have you noticed how he has gone from total collapse to frantic desperation? I am sorry, sir, but that's ridiculous.

The SPEAKER: Order! I think he has finished his explanation. Let us hear the answer. The Deputy Premier.

The Hon. K.O. FOLEY: I have a point of order, Mr Speaker. The Leader of the Opposition just yelled across the chamber that I lied this morning. I would ask him to withdraw and apologise.

The SPEAKER: If the leader said that, he must withdraw.

Mr HAMILTON-SMITH: I don't know what came over me, sir. I apologise and withdraw.

Members interjecting:

The SPEAKER: Order! The Minister for Transport.

The Hon. P.F. CONLON (Elder—Minister for Transport, Minister for Infrastructure, Minister for Energy) (14:54): I am more than happy to answer the question. In fact, I have here the quote he refers to from the Premier. It is:

> I'd love to be able to electrify the railways and do a whole range of things but ultimately the people of South Australia are going to say how are you going to pay for it...

The only way the Libs can pay—

An honourable member interjecting:

The Hon. P.F. CONLON: He has had his go and that was the best shot in his locker. Can I say that on 29 January 2008 a few things had already happened as a government. I will come to the Premier's comments in a moment—because the money was not available then. It was not available until the budget, was it, Kevin? That is what you do.

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: Let me say this. I will go back over it again. In 2005 we had the State Strategic Plan and we commissioned a feasibility study. We said that if we do rail revitalisation and resleepering this will lead to electrification. It went to the Public Works Committee and we told them it was a step towards electrification. I think I understand what 'scotching it down' means. That, to me, if it were capable of having an opposite of scotching it down, would be the opposite. It went to Public Works but we are scotching it up. We have been scotching it up for years. Whoever wrote that question was scotching it up. It is a nonsense.

The Premier in January knew a little more about the government's plans than the Leader of the Opposition did. He knew what was going on. The truth is that until a budget is brought down the matter is not funded. That was January. Five months later, from memory, we brought down the budget.

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: Five months later we brought down a budget with the greatest ever investment in public transport and in rail in the history of the state. Almost one year later, as a result of doing the work properly, we have the commonwealth government as a partner in the revitalisation of rail services—something that has never happened before.

Mr Hamilton-Smith: Pork barrelling.

The Hon. P.F. CONLON: Pork barrelling, he says. Of course, that is what we asked for from the commonwealth. The Leader of the Opposition, too, asked for things. I remember the rather incoherent letter he sent off as a submission.

The Hon. K.O. Foley: I have it here.

The Hon. P.F. CONLON: Have you got it there? What did they want? They wanted a duplication of a road that they should have duplicated in the first place. They wanted them to pay for a sports stadium and they wanted them to pay for one of the three options on rebuilding the RAH—except they do not yet know what it is. Infrastructure Australia did not take a long time to deal with that, did they? They said, 'Send us money and we will tell you what it is for later.'

The bottom line is that what happened yesterday and what has happened today and what we are talking about today is a commonwealth contribution to a state in a manner that has never occurred before. It happened because when the federal government was first elected we sat—

Mr Williams interjecting:

The SPEAKER: Order, the member for MacKillop!

The Hon. P.F. CONLON: Now Mitch says that South Australia got less than its share. Apparently, this morning the Leader of the Opposition said that we got bailed out. This morning we got bailed out and this afternoon we got less than our share.

An honourable member: Which is it?

The Hon. P.F. CONLON: It is both.

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: It is absolutely plain who planned for and who paid for the electrification of rail in South Australia, and who won commonwealth support. That is absolutely plain. Also, what is plain is that there is a choice at the next election between a government that has achieved things that have never before been achieved and a rabble that will send letters that are ungrammatical to the commonwealth government asking for billions of dollars, who will say one thing in the morning and a different thing in the afternoon, and, above all, who will engage regularly in failures of honesty. There is a pretty clear choice at the next election.

WATER PRICING

Mr HAMILTON-SMITH (Waite—Leader of the Opposition) (14:59): My question is to the Premier. Will there be water bill increases above and beyond those already announced to fund the expansion of the desalination plant to 100 gigalitres (now estimated at $1.8 billion) and what will be the extent of the increase?

The Hon. M.D. RANN (Ramsay—Premier, Minister for Economic Development, Minister for Social Inclusion, Minister for the Arts, Minister for Sustainability and Climate Change) (15:00): This has been made patently clear. On a series of occasions, we have spelt out the price path for water. I do not understand how the Leader of the Opposition could have missed this. Let us go through what has happened here: $1.8 billion will be spent; construction has already started. There does not need to be a new EIS, as I heard on radio today, because, in fact, the original EIS covered for a desal plant that was twice the size. That is why it was engineered to have outlets and piping that could cater for 100 gigalitres.

What this does is make this state essentially secure for its water needs for decades to come. It guarantees our water security. It also means, by having 100 gigalitres rather than 50, that handles 50 per cent of Adelaide's water needs in a year. It makes us less dependent on the River Murray. Of course, it also makes us less dependent on rainfall. Whilst we are doing things in stormwater and whilst we are at 30 per cent of recycling—lifting it up to 46 per cent—it is really important to have a series of mechanisms in place, but this is totally independent of the rain because it comes out of the sea—and there is plenty out there.

This means that we are less dependent on the River Murray, rainwater, stormwater or anything else. It means that we have a climate-independent source of water. The price path has been explained. We believe that it will mean the end of water restrictions in terms of the punitive water restrictions that we are seeing now, but the price path and a strong encouragement to conserve water will mean that we will see water savings—people will be using less water—but we will also be making sure that we have guaranteed water security for decades to come. Isn't it interesting that only the Liberal opposition in this state believes that we should not celebrate a massive injection of funds into public transport, health and in terms of guaranteeing water security for decades to come?

RAIL ELECTRIFICATION

Mr WILLIAMS (MacKillop) (15:02): My question is to the Minister for Transport. What is the total cost of the modernisation and electrification of the Gawler railway line, and what is the cost to be paid by the state taxpayer? The 2007-08 state budget allocated $115 million to Adelaide rail modernisation. Yesterday's federal budget allocated $294 million specifically towards the Gawler line, but no total project cost has ever been given for this project.

The Hon. P.F. CONLON (Elder—Minister for Transport, Minister for Infrastructure, Minister for Energy) (15:03): The total cost—I am quite happy to go back and look over the information that has been provided and provide that to you. It is hardly something that we are going to keep a secret. Can I say there is—

Ms Chapman interjecting:

The Hon. P.F. CONLON: The Deputy Leader of the Opposition, I do not think, has ever allowed any member of government to utter more than one sentence without interjecting. Wouldn't it be good if just once they made sense, or they were funny, or they were informative?

Members interjecting:

The SPEAKER: Order!

Mr Williams interjecting:

The SPEAKER: The member for MacKillop will come to order!

The Hon. P.F. CONLON: I assure the member for MacKillop, I do not know what he is here for. I have no idea why he is here. I think he should have stuck to farming myself, but—

Ms CHAPMAN: Mr Speaker, I rise on a point of order. That is a reflection on the people of MacKillop who have elected the member to this house and it is totally out of order.

The SPEAKER: Order! There is no point of order.

Members interjecting:

The Hon. P.F. CONLON: I tell you what: I will be down in a month's time and I will see whether I get out of there all right. I will be down in a month's time. I am quite happy. I might ride my bike around there. I'll see how I go. I am pretty confident, Mitch. There is nothing about you mob that frightens me.

Mr Williams interjecting:

The Hon. P.F. CONLON: I have just told you I will be doing it—in fact, I invite you to come out for a ride.

Mr Williams interjecting:

The Hon. P.F. CONLON: No, there you go.

Mr Williams interjecting:

The Hon. P.F. CONLON: I point out, Mr Speaker, that I have been threatened by the member for MacKillop, who said I would not survive visiting his electorate.

Mr Williams: That's not what I said Patrick, and you know it.

The Hon. P.F. CONLON: Well, I heard what you said. Did anyone else hear what he said? I would not survive it. I have to tell you, sir, those threats will seriously undermine my capacity to do my job as a minister, where I will be quaking in my boots so often. I will not be sleeping at night.

The Hon. M.D. Rann: Shaking in your lycra!

The Hon. P.F. CONLON: I don't think you would want to see me shaking in my lycra. I just point out that that is the level of debate we now get from the opposition. He says, 'Answer the question,' and every time I draw a breath he interjects.

I am quite happy to get the total cost. I will point out that the cost of a rail upgrade will depend on the treatment of stations, where those stations are, how they are upgraded and to what extent—disability standards and those sorts of things. We are quite happy to go and have a look at what we believe that cost will be and deliver it to it. To come back to the point, what you have here today is an opposition desperately trying to seek a negative out of some of the best news the state has ever got in capital funding. Well, good luck to you. We are quite happy to provide the information.

O-BAHN EXTENSION

Dr McFETRIDGE (Morphett) (15:06): My question is to the Minister for Transport.

Members interjecting:

The SPEAKER: Order!

Dr McFETRIDGE: Why was the O-Bahn extension not identified as a priority in the state Infrastructure Plan or the South Australian Strategic Plan, and why did the government advance the project to the federal government for funding ahead of other infrastructure projects it has identified?

The Hon. P.F. CONLON (Elder—Minister for Transport, Minister for Infrastructure, Minister for Energy) (15:07): I am not as big a pedant as the Deputy Leader of the Opposition, so I will not point out that you are supposed to address the questions through the chair. You should have paid attention to your own deputy leader.

Do I understand the opposition to be opposed to the federal funding of the extension of the O-Bahn? For the benefit of the member for Morphett, I will go back and supply him with the documents from last year's budget that show our rail revitalisation plan. If you go back and look at that graphic, it shows that the O-Bahn line finishes short of the city and fails to connect with everything. If you had a look at that you would have noticed it. I cannot tell the member for Morphett why it was that the Liberal government, which built the O-Bahn, chose not to finish it. However, there is a bit of a pattern here, is there not? They build one-way roads, they build O-Bahns that do not finish. When examining—

Mr Pengilly interjecting:

The Hon. P.F. CONLON: Oh, they are back to the State Bank—

Mr Pengilly interjecting:

The SPEAKER: Order!

An honourable member interjecting:

The Hon. P.F. CONLON: I know. I take umbrage at being savaged by a man with that haircut. He looks like Mr Bean; it is just that he is not funny. We make no apology that when we looked at a comprehensive—

Mr Pengilly interjecting:

The SPEAKER: Order! The member for Finniss is warned.

The Hon. P.F. CONLON: We make no apologies for the fact that, when we looked at the entire public transport system (and we have looked at buses and how they will connect up in the future with our rail corridors and bus routes and stuff), it was clear that the Liberal government, like so many Liberal governments, had failed to finish a job they started and the O-Bahn was not finished. We decided that, if we were going to win commonwealth support, we had better have the best public transport plan it has ever seen, because the commonwealth has never funded public transport before. So, we decided we had better to do everything, we had better complete the picture and complete what was left undone in 1980.

I have some breaking news for the opposition. It may well be that we may do things that are not in the 2005 Strategic Plan. The Strategic Plan is a guide to infrastructure investment and identifies some priorities. It is not, shall we say, a prison or a straightjacket. We will, from time to time, identify other things.

Why anyone would criticise us for completing the O-Bahn is beyond me, but we will make sure that everyone finds out that members opposite have, just as they opposed all schools getting a school building. We will make sure that everyone finds out that the members opposite were opposed to extending the O-Bahn with commonwealth money.

O-BAHN EXTENSION

Dr McFETRIDGE (Morphett) (15:11): My question is again to the Minister for Transport. Does he still stand by his statement to the house on 23 November 2004 when he said:

> I do not see an O-Bahn in our future plans anywhere, given that they are one of the most expensive forms of public transport that anyone has ever invented.

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON (Elder—Minister for Transport, Minister for Infrastructure, Minister for Energy) (15:11): Can I just say, absolutely.

Members interjecting:

The SPEAKER: Order! The Minister for Transport.

The Hon. P.F. CONLON: I would point out that we are not building another O-Bahn. What we are doing is finishing the one that the opposition failed to complete. Let me make this absolutely clear. We are—

Mr Pengilly interjecting:

The SPEAKER: The member for Finniss!

The Hon. P.F. CONLON: I will make it absolutely clear so even the member for Morphett can understand.

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: Very slowly. Small words. Have they left you anything to do, incidentally?

Dr McFetridge: I've got my dignity, actually.

The Hon. P.F. CONLON: You've got your what? Well, I'd cling to that if I were you. Don't you let that go. Did I say I would not build an O-Bahn? Yes. Can I say that what we are doing as a government, in case members opposite have not noticed, we are doing rail extensions, light rail extensions, tram extensions. That is what I would have done.

What you do not do is throw away sunk investment. There is an O-Bahn there. It is not what I would have done but I do think it is wise to complete it after all these years, and even wiser to do it with someone else's money. Thank you, Mr Albanese and Mr Rudd. If they insist upon me spending more on the O-Bahn, I will take it.

We do not vote against school buildings. We do not vote against commonwealth funding for the O-Bahn. We are not opposed to that. We like this federal government. We think it is doing a good job and any time it wants to send us money we will be standing in the queue saying, 'Thank you very much, sir.'

O-BAHN EXTENSION

Dr McFETRIDGE (Morphett) (15:13): My question is again to the Minister for Transport. How will the government separate pedestrian, car and O-Bahn-cum-busway traffic in Rundle, Grenfell and Currie streets, and what will be the impact of the O-Bahn development on the Parklands?

The Hon. P.F. CONLON (Elder—Minister for Transport, Minister for Infrastructure, Minister for Energy) (15:13): Members opposite are opposed to the extension of the O-Bahn. There is no doubt that if—

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: I get up, I draw a breath and members opposite all yell, 'Answer the question.'

The Hon. K.O. Foley: Before you even start talking.

The Hon. P.F. CONLON: Yes.

Members interjecting:

The Hon. P.F. CONLON: I am happy to. We received confirmation of the funding yesterday. Today we have appointed, already, a project manager. We have a number of design options. They will have an impact on the road. I point out that they may even have an impact on some of the roses that grow along that side of the road, which may upset some people. I have checked the legislation and, fortunately, we do not have any significant roses legislation.

There will be impacts. You cannot do things without impacts. The bottom line is that it is a net good. What happens at the moment is that, because of the way it was built, you get to the end of it fast and then you crawl into the city, with lots of emissions from the buses and lots of congestion. Well, we think it is worth doing. There are a number of design options. The next stage, I assume—

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: As we have done on other award-winning projects, which you have criticised, the likelihood is that we will go out with outlined designs—there are a number of options there—and then engage an early contractor to get the best possible design. As the Deputy Premier has pointed out, there is in fact an existing former—

Mr Williams interjecting:

The SPEAKER: Order, the member for MacKillop!

The Hon. P.F. CONLON: The difference between our three options and your fundamental lack of honesty is that before—

Members interjecting:

The SPEAKER: Order!

An honourable member interjecting:

The Hon. P.F. CONLON: No; let me tell you what the difference is. Before an election it will have crystallised into a route and into work, into a project—

Members interjecting:

The Hon. P.F. CONLON: Oh! I didn't realise that the three options are going to be decided before the election, and that they've changed their policy.

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: There are challenges in design. There may be an impact—

Members interjecting:

The SPEAKER: Order!

The Hon. P.F. CONLON: What is funny about that? Can somebody on this side tell me what is funny about challenges in design? There may well be road widening. We are going to have to talk to the Adelaide City Council. We do talk to the council and listen to them; not always, but we listen. And there will be impact. We may take a whole load of rose trees out, we may have to widen the road, but it is for a net public good. If you do not want to do a net public good, if you do not want these difficulties, then the easy way to avoid them is to do what you did for years and do nothing at all.

Mr Williams interjecting:

The Hon. P.F. CONLON: We've got to get this guy. We've got to employ him as a stand-up comedy audience because he will laugh at anything.

Members interjecting:

The SPEAKER: Order!

Mr Williams interjecting:

The Hon. P.F. CONLON: Goodness me! Please don't tell me that. Brad Pitt, over there, reckons I should be so lucky as to look like him. I am more than happy to sit down with whoever now is responsible for infrastructure on that side (they seem to have taken everything upstairs for some reason) and show them that we have a large body of work done to develop those options and show them what they are. What I know will happen is this: no matter what we do it will be criticised. No matter which route we choose, it will be criticised. No matter where we go, it will be criticised. These people are not interested in South Australia. These are the people—

Mr WILLIAMS: Point of order, Mr Speaker. The minister is clearly debating. I know he never answers a question—

The SPEAKER: Order!

Mr WILLIAMS: —but this is question time.

The SPEAKER: Order! The member for MacKillop will take his seat. The minister is engaging in debate.

MURRAY RIVER, LOWER LAKES

Mr PEDERICK (Hammond) (15:19): My question is to the Minister for the River Murray. Given the minister's statement to the house yesterday that '30 gigalitres is not going to save the Lower Lakes and neither is 50 gigalitres', has the minister contacted the federal minister, Peter Garrett, to advise him of the inadequacy of the 50 gigalitres he has called for? What steps is the minister taking to ensure that an adequate amount of water to save the Lower Lakes is attained?

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security) (15:19): I think the easy answer to that question is: the member for Hammond just doesn't get it.

Members interjecting:

The SPEAKER: Order! The member for Morphett.

TRANSPORT DEPARTMENT FINANCIAL ACCOUNTS

Dr McFETRIDGE (Morphett) (15:20): My question is again to the Minister for Transport. Will the 2007-08 financial accounts for the Department for Transport, Energy and Infrastructure, as audited by the Auditor-General, be presented to parliament prior to the next budget being handed down?

The Hon. P.F. CONLON (Elder—Minister for Transport, Minister for Infrastructure, Minister for Energy) (15:20): The timing of that is for the Auditor-General. I would hope so, but can I just point out to the member for Morphett that he should just stop and think to ask the question through the Speaker, like your deputy leader said three times, three in a row. Do you know what it means? Third person: do you know what that is? That is entirely in the hands of the Auditor-General, not mine.

Ms Chapman interjecting:

The Hon. P.F. CONLON: I cannot table what the Auditor-General does not give me.

Members interjecting:

The Hon. P.F. CONLON: I have this thing that the Leader of the Opposition does not have. I want to table a genuine document. I do not want to make my own Auditor-General's report, I want to table the one he makes, so I am going to wait for that.

CRIMINON

Mr HANNA (Mitchell) (15:21): Will the Premier support, in principle, proceedings for criminal defamation against the person who produced the dodgy documents?

The Hon. M.D. RANN (Ramsay—Premier, Minister for Economic Development, Minister for Social Inclusion, Minister for the Arts, Minister for Sustainability and Climate Change) (15:21): I believe that whoever it was who produced these forgeries should be brought to justice. I believe that not only should they be brought to justice, not only should they be dealt with by the prosecuting authorities and the police, but also they should be frogmarched down there, because no one should tolerate those who forge.

Whoever did that was stupid. Whoever believed those documents were real was stupid. That is the whole point about this, because being in this job means that you have people coming in to see you who want to try to convince you to hand them money for a whole range of projects. You have to be certain about what you are being told. You cannot just simply agree with everyone that comes in.

Ms Chapman: Why didn't you table them?

The Hon. K.O. Foley: We didn't have them!

The SPEAKER: Order!

The Hon. M.D. RANN: I found it extraordinary to learn that the Leader of the Opposition took until this week, considering that this did not happen last week but the week before, to actually take these criminally forged documents to the authorities. Ultimately, you have to do the right thing. You have to do the right thing, and we have two groups involved here: the people who forged and their idiocy and the people who believed them.

REBELS MOTORCYCLE CLUB

Mr BIGNELL (Mawson) (15:23): Will the Minister for Police provide details about the South Australian police operation known as Operation Capital conducted during the recent Rebel outlaw motorcycle gang's national run?

The Hon. M.J. WRIGHT (Lee—Minister for Police, Minister for Emergency Services, Minister for Recreation, Sport and Racing) (15:23): The recent Rebels outlaw motorcycle gang national run saw more than 200 police officers from across the metropolitan area utilised before, during and after the run. A strong police presence resulted in three reports, 45 traffic infringements, 44 defects, three people reported for drink driving and one for drug driving.

Police were well prepared for the arrival of interstate Rebel members. Australian Federal Police were out in force at Adelaide Airport where they identified 195 inbound passengers believed to be Rebels members or associates while South Australian police established vehicle, licence and defect stations on the Princes Highway, Tailem Bend and the Sturt Highway, Nuriootpa.

While Rebels president, Alex Vella, denied bikie gangs were havens for criminals, information from SAPOL tells a different story. Since November 2007, the Crime Gangs Task Force has led a number of operations targeting members and associates of the Rebels. As a result, in a two year period, the Crime Gangs Task Force has made 14 arrests, issued 33 barring orders, seized 37 firearms and over 17,000 street deals of illicit drugs such as ecstasy and amphetamines.

On 1 May, 120 Rebels participated in the run to Parliament House to protest against this government's serious and organised crime legislation. While the Rebels were claiming this was going to be a large-scale protest to be supported by other outlaw motorcycle gangs, the protest attracted only 62 other bikes, including a small representation from other outlaw motorcycle gangs, with some gangs having no presence at all.

Following the run, the South Australian Rebels chapter organised a gathering with a number of marquees and mobile coolrooms within the grounds of their clubrooms at Old Noarlunga. Information sourced by SAPOL from those in attendance at the gathering suggested that disorganisation by the SA chapter of the Rebels and overt police attention contributed to the cancelling of the proposed ride to Victor Harbor on the Saturday.

The following day, Rebels members commenced departing the state through Adelaide Airport as well as by road. SAPOL established vehicle and driver checking stations as well as drug and random breath testing stations in the area of the clubrooms. The majority of motorcycles that passed through the checking stations, which had been brought in from other states, were defected for noncompliance with Australian road rules.

The tactics used by SAPOL during these types of runs are there to maintain good order, public confidence and the safety of all concerned with minimal disruption to the public. It is SAPOL's intention to continue to have a strong police presence at similar events. Such a presence will reinforce to outlaw motorcycle gang members and the broader community that the activity of such groups is not beyond the law.

PANTER, DR D.

The Hon. J.D. HILL (Kaurna—Minister for Health, Minister for the Southern Suburbs, Minister Assisting the Premier in the Arts) (15:27): I seek leave to make a ministerial statement.

Leave granted.

The Hon. J.D. HILL: The Deputy Leader of the Opposition yesterday used a grievance debate to launch a personal attack on Dr David Panter, a senior public servant within the Department of Health. The deputy's tirade culminated in the description of Dr Panter as a 'peanut'.

This is not the first time that the member for Bragg has publicly attacked public servants. She has previously singled out Dr Panter for an ad hominem attack in a media release published

on 16 March. Unfortunately, attacking public servants appears to be an acceptable practice on the other side of this house. Last year, on 1 September, the member for Unley named and criticised an individual employee of the health department involved in the implementation of our Obesity Prevention and Lifestyle program known as OPAL.

As members opposite should know, public servants are not in a position to defend themselves against political attack. A person simply doing his or her job should not be subjected to vindictive attacks to which they cannot respond. Members opposite seem to be confused as to how government works. Public servants offer advice and ministers and cabinet are responsible for decisions.

Last year this government passed legislation ensuring that the operation of our public hospitals lay within the Department of Health and, consequently, the Minister for Health rather than individual boards. At the time, I told the house that in Health the buck now stopped with me. I was, of course, criticised for that by the member for Bragg. I stand by my statement and I find the member's claim yesterday, that I do not take responsibility for government policy, offensive and ridiculous. For the record, the member's claim yesterday that there was an instruction by Dr Panter's office not to allow members of the public to attend a certain meeting (organised by Dr Katsaros) is false. It is as false as the deputy's accusation about a renal patient missing out on a kidney when the operation had been completely successful.

Dr David Panter is a highly regarded public servant. Before coming to Australia he was appointed A chief executive of the UK National Health Service and was elected as Deputy Chair of the NHS Confederation, the body representing National Health Service Employers. Since coming to Australia in October 2004, Dr Panter has been appointed Associate Professor of Psychology at Adelaide University, and was elected national President of Australian Health Care and Hospital Association in 2007, a position that he still holds. Dr Panter is a highly regarded public servant, both in Australia and internationally. He is a man with whom I have worked closely and I hold him in very high regard. We are very lucky to have him working in our state. I condemn completely the irresponsible and reckless behaviour of the Deputy Leader of the Opposition in attacking him.

Ms Chapman interjecting:

The Hon. J.D. HILL: I have no idea what you are saying, Vickie, but you are scum.

GRIEVANCE DEBATE

TIDY TOWNS AWARDS

Mr GRIFFITHS (Goyder) (15:30): I wish to take this opportunity to update the house on the national Keep Australia Beautiful awards, the national component of which was held in Canberra on Friday of last week, 8 May. Members would recollect that several weeks ago I commented that Stansbury on Yorke Peninsula in the Goyder electorate had been selected as South Australia's tidiest town late in November 2008. Since that time, that community has continued to work to its utmost to ensure it had some success on the national stage.

The judging from the national perspective occurred only in mid December. People worked feverishly—and this is a wonderful collection of about 24 people, with an average of about 18 people turning up each week and, collectively, they probably work close to 100 hours a week ensuring that their town is not only in spick and span condition but also that every minute detail is taken care of. They do far more than a paid employee might do. These people take great pride in their community and also have wonderful involvement with the younger and older generations of the town, and the relationship they have with the Stansbury Primary School is very much an inspiration.

In Canberra last week were the finalists from the six states and the Northern Territory. The Northern Territory was represented by Atitjere, which is an Aboriginal community of only 100 people. Western Australia was represented by Kambalda, which is a mining town, and it is rather unusual for a mining town to be nominated for this award. South Australia, of course, was represented by Stansbury. Tasmania was represented by the community of Oatlands, which has a strong heritage character. Victoria was represented by Horsham, New South Wales by Tamworth, and Queensland by Caloundra.

I had the great honour of being part of the delegation in Canberra last week, as the local member. Local government was represented by the mayor; the progress association (which has been a very strong supporter of this group) was involved; Tidy Towns, obviously, is the prime

mover, and was represented by two wonderful older gentlemen (I do not think they would mind being called that), Mr Alex Daniell (who is 89 years and has amazing energy for his age and is a credit to himself) and Mr Ken Osterstock (who is probably in his late 70s); and the Stansbury Primary School delegates were there also, with the principal and one of the SSOs.

It was wonderful to see on the Friday the displays by all the different states in the Crowne Plaza hotel. Without being biased, Stansbury quite easily had the best demonstration. It had gone to a lot of effort so that the visual impression ensured all the states were aware of what Stansbury as a community does on Yorke Peninsula by way of improving itself and self-belief. Regrettably, unfortunately, I have to confirm we did not win the national award. That went to Tamworth. Tamworth was very deserving: it has a community of about 30,000 people and has great pride in itself, also, but Stansbury certainly held up our end of the bargain and did this state very proud indeed.

However, Stansbury was acknowledged in two ways—first, through the Young Legends award, which recognises environmental achievement through youth initiative and/or community which encourages and promotes youth initiative and environmental education. It achieved that because of the involvement of the Stansbury Primary School. Every one of the students in that school was dedicated and their families were very supportive. The staff of the school are wonderful activists for environmental awareness, and that school certainly did South Australia proud. It was a pleasure to see them receive the Young Legends award.

Stansbury as a Tidy Towns group won another major award, being the Dame Phyllis Frost award (she was the founder of Keep Australia Beautiful in 1968), an award for group activities. The amount of equipment that Stansbury Tidy Towns group has managed to accumulate since 1992, when it first started, which assists in its efforts within the community, was emphasised.

The presentation of the other awards was held at the Crowne Plaza and then everyone who was there (and there were two bus loads) went to the residence of the Governor General (Her Excellency Quentin Bryce), who hosted a reception. She was a very gracious host. She walked around and spoke to most of the groups in the room. She stood for photos and allowed people to walk through the home and look at the official residence. That is where the announcement was made of Tamworth's success.

In my closing comments I want to reinforce the fact that Stansbury is a community that believes in itself. It has been, and probably will continue to be, a community that will attract a lot of retirees. The Tidy Towns group does a wonderful job in assimilating those people into the community. They are welcome for the skills that they bring and the initiatives and energies they have. They become involved and get to know people. They form very close friendships and, as a collective community, they have indeed done Yorke Peninsula proud, they have done proud the electorate that I have the honour to serve, and I have no doubt that they have done South Australia proud. I hope that all communities in regional South Australia continue to be involved in the Tidy Towns awards. It is a great opportunity to promote themselves and our state.

WORLD ECONOMY

Ms BEDFORD (Florey) (15:35): Today is a little more than 191 years after the birth of Karl Marx on 5 May 1818. I speak today about him, knowing that his name and ideas are still alive and well and being spoken of with reverence and relevance. An article in the South Australian branch of the Australian Peace Committee's newsletter, reprinting an article from *The Independent* in the United Kingdom on 4 March this year by Mark Steel, states:

> Marx…is in vogue. Most papers have had articles about him in their business sections, commending his analysis of booms and slumps, and he was on the front page of *The Times*.

My friends, old lefties who recently celebrated Pete Seeger's 90th birthday, Jim Doyle and Deirdre Tedmanson amongst them, and even in this house my colleague the member for Ashford last month spoke of the importance of being students of history and studying world political economy in order to begin to comprehend and be better able to come to grips with what is happening across the world today. I could not agree more; so, too, those who celebrated May Day at a recent successful dinner here in Adelaide.

I wonder what Marx would make of the current world recession and global financial crisis. I wonder what he would make of the obscene spectacle of corporate CEOs of multinational giants, with their dollar turnover matching the economies of whole western nations, voting themselves massive salary packages of millions of dollars as they preside over one of the worst financial crises

the world has ever seen and the loss of jobs of thousands, indeed millions, of dedicated and honest workers around the world, not only in the USA and Europe but also right here in our own backyard as workers leave the car factories in much the same way as we saw workers forced from factories producing textiles, clothing and footwear.

How can we as parliamentarians—representatives of the people of this state—best play our role in the world order that is seeing the re-emergence of slave labour across the globe, where an estimated 20 million men, women and children are working in slave-like conditions? Reports in the UK in March this year revealed that children are working as slaves in the drug trade; yet those who rely on the net for their news hardly look up from their laptops to raise an eyebrow in shock at all this.

How can we begin to understand what we must do to change direction and renew our understanding of the alienation, exploitation and oppression that Marx prophesised so correctly—now so long ago? How do we come to grips with a world where private armies are engaged in the violent destruction of indigenous communities in Africa to support the appetite for oil and other extractable resources? How can we justify the inequality between first and third world nations and at home between Australians, where some profit and are advantaged on the back of the labour or oppression and disadvantage of others? Again, I quote from Mark Steel, as follows:

> Sales of Marx's *Capital* are at an all-time high, and this can't just be due to the current rage against characters such as Fred Goodwin and his merry bonus.

He is obviously someone in the UK press. He continues:

> It must also be because Marx fathomed that, under capitalism, boom and slump would remain a perpetual cycle…

Marx provided us with an analysis of what runaway capitalism would do. Other political economists in the tradition of Gramsci and, more recently, Hardy, Negri and Castell have predicted what a mess the world will be in if we do not contain and better govern the financial markets and the growth and, in some cases, greed of corporate capital.

As we analyse the Australian budget today, we must place that in the context of the challenges our governments now face in order to maintain our civil society and standards of living as we navigate the problems brought to us not by everyday citizens and working families but by an out-of-control philosophy.

Capitalism has now imploded on itself and, in so doing, has brought whole nation states to their knees. While those opposite may bleat about deficits and budget shortfalls, they need to keep their eye on the real culprits in this story, the greedy CEOs and corporate profiteers who have stalked the world markets like giant dinosaurs, consuming to the point of their own destruction—an example, if we ever needed it, of the importance of sustainability.

Our challenge, as Prime Minister Rudd has said, is to be part of a global action to tackle this global crisis. He has signalled Australia's willingness to be courageous and stimulate the economy in ways that keep our community cushioned from the worst excesses of out-of-control neo-liberalism. As Marx and others foretold, the economy is embedded in society, not the other way round. Our future is in our hands. As a society, we create the economy. We are not subservient to it, nor creatures and victims of it.

It is our duty today to re-read and learn from history and revisit our values as Labor Social Democrats. It is our responsibility to stand up for the workers of this state, this nation and across the world, and for all those socially excluded—the unpaid and underpaid, the under employed, and the carers, families and marginalised people. The market and economy belong to us as citizens and it is public policy and public action, and responsible pro-active governments and strong governance that will re-regulate and control the financial world. It is our duty to no longer just go along for the ride but to re-establish values of decency, ethics and social responsibility.

MORPHETT, SIR JOHN

Dr McFETRIDGE (Morphett) (15:40): On 4 May this year, it was the 200th birthday of Sir John Morphett. My electorate of Morphett is named after Sir John; and it is with great honour that I serve the people of the electorate of Morphett. Sir John Morphett was one of four children born to his father, Nathaniel, and his mother, Mary. In 1838, Sir John married his wife, Elizabeth Fisher, in Adelaide and settled at Cummins, which is in Novar Gardens. It will be at Cummins House on Sunday week that we will be cutting the cake to celebrate the 200th birthday of Sir John.

Sir John was not a good student. He left school at the age of 16. Following his schooling at Plymouth and Highgate Grammar, he worked in a ship's brokering office until he was 21, before spending the next three years of his life working for Harris & Co, a counting house in Alexandria, Egypt. It was in Egypt where he became good friends with Colonel William Light. Can I just thank Leah Skrzypiec of the Parliamentary Research Library for the work that she has done in getting these facts together for me for this grievance speech.

The role of Sir John Morphett both in this place and in this state is one that is quite extensive and is a history which I will read into *Hansard* because it is worth every member of this place realising the quality of the person who helped found this state. Sir John and his wife moved to Cummins House in 1842 at Novar Gardens. It was from there that he became involved in many other businesses in South Australia, besides his initial interest in stockbroking and property development.

Unlike Sir John Morphett, I do not get up each morning and go for a swim in the sea at Glenelg—the Icebergers do go down there every morning. Every morning, Sir John Morphett would ride from his house at Cummins to the beach—rain or shine, summer or winter—and go for a swim. It just shows something of that man's constitution. I am afraid the water has to have steam coming off it before I go down there.

In 1834, after the declaration of the South Australia Act in London, Morphett announced his desire to migrate to and his ability to purchase land in South Australia. By 1835, he was one of the most energetic advocates of this new province. In 1836, Morphett came to South Australia on the boat *Cygnet* and landed on Kangaroo Island on 11 September. Here he spent some time exploring the island and its suitability for settlement while waiting for Colonel Light's team of surveyors to return from the mainland.

While at Nepean Bay, Morphett explored Kingscote, Penneshaw, American River and Cygnet River. Morphett was also able to take two short visits to the mainland, and this helped him and Colonel Light confirm that Kangaroo Island did not provide a suitable land for a major city; rather, they needed to continue exploring the other potential sites.

In 1836, after leaving Kangaroo Island for the final time, Morphett travelled on the *Rapid*, which landed at the Patawalonga mouth on 5 November. This team was one of the first groups of Europeans to camp on the Adelaide Plains. While at Rapid Bay, on 6 November, Morphett was anticipating the arrival of the first migrants aboard the *Africaine*, whom he would have helped to establish. Also on board was Colonial Secretary Robert Gouger. On 7 November, Morphett, along with Lieutenant Field and Sir George Kingston, continued the search for an appropriate space for settlement. It was at this time that they came across and named the River Torrens.

In 1837, during the debate about the site for the city of Adelaide between Governor Hindmarsh, Colonel Light and Sir James Fisher, Morphett was clearly on the side of the latter two. At the crucial meeting on 10 February 1837, Morphett's vote was decisive in confirming the site of Adelaide.

In 1840, Sir John Morphett became treasurer of the South Australian Municipal Corporation. He entered parliament in 1843 and became the first speaker of the Legislative Council. Morphett was one of its seven elected members.

One of the things that Morphett did that perhaps we would not agree with now is that he wanted to have a House of Lords in South Australia with hereditary members nominated by the Queen. In 1851, after the first public elections were held for the Legislative Council, Morphett, as a nominee of the Crown, was selected by the members to become speaker. We now have a president, and it is one of the trick questions that we like to ask the school students visiting this place.

The Morphettville Racecourse is in my electorate, and Sir John Morphett was one of the founders of the South Australian Jockey Club. He was also a founding member of the South Australian Cricket Association and served as one of its earliest members. In 1870 Morphett was knighted, and he retired from politics in 1873 and died in 1892.

Time expired.

VOLUNTEERS

Mr PICCOLO (Light) (15:45): I would like to take this opportunity today to give—

Members interjecting:

Mr PICCOLO: Madam Deputy Speaker, could I have some quiet, please?

Members interjecting:

Mr PICCOLO: Thank you. I would like to—

The DEPUTY SPEAKER: Just keep going, member for Light.

Mr PICCOLO: Thank you, Madam Deputy Speaker. We certainly would not behave in my chamber like that. I would like to take this opportunity to acknowledge, honour and celebrate the contributions and achievements of volunteers in my community, particularly as this is National Volunteer Week.

My electorate has a plethora of volunteer groups, and we are very fortunate to have a strong volunteering spirit in our community—in fact, there is not one walk of life throughout my community where volunteers are not involved. Just as an indication, most weekend and junior sport is arranged and supported by volunteers. School governing councils, school coaches and grounds and working bees again involve volunteers. Meals on Wheels and other groups that support our elderly groups are made up of volunteers.

Our service clubs, churches and faith groups and Neighbourhood Watch are supported by volunteers. Environment, heritage and Landcare programs are supported by volunteers. A number of welfare and support groups, businesses and professional associations, show societies, the CFS, the SES and other emergency services are supported by volunteers. Our hospitals and other health services are supported by volunteers. The residents associations in my electorate—such as the Peachey Belt Residents Association—are again staffed and supported by volunteers.

Also, many councils have volunteers who undertake work in various council operations. In Gawler, for example, the anti-graffiti team is made up of volunteers, and does an excellent job. The visitors centre has volunteers, and they also do a wonderful job. There is a whole range of other services, such as the library, that also have volunteers.

While I would like to acknowledge the enormous contribution economically that volunteers make to our community and society, I think that is outweighed by the social and cultural benefits. For example, the lives of many isolated people are enriched by the work of volunteers, and we do not often acknowledge that—whether it is someone who is visited in hospital by a volunteer visitor or someone who lives in their own home but is elderly, infirm or sick and the person from Meals on Wheels comes to visit them.

Volunteers are often the connection to society and the community for many people. Often the contribution that volunteers make is not acknowledged until the volunteers are not there. I ask members to imagine their own community without volunteers. There would be very little sport and a whole range of other community life.

In Gawler, our volunteers are supported by the Gawler Volunteer Resource Centre, which is an initiative of this government and the Town of Gawler. The volunteer coordinator, Sheila Willox, does a wonderful job. There is also the Volunteering Barossa and Light volunteer resource centre, which I had the pleasure of opening on behalf of the current Minister for Volunteers. Ms Elaine Johnson, the volunteer coordinator, plays a wonderful role in supporting the volunteers in that area. That centre is also supported by the Barossa Council and the Light Regional Council. One of the challenges these days is how to involve youth volunteers to maintain their activity.

I would like to provide a quick case study of one volunteer group to show the important role they play with respect to the social wellbeing of our community. I would like to bring to the attention of the house the Look Good…Feel Better program, which is a free community service program dedicated to helping men and women who are undergoing treatment for cancer. The purpose of the program is to help them to manage their appearance-related side-effects while undergoing or about to undergo chemotherapy or radiotherapy treatment for any type of cancer and, therefore, help them to restore their appearance and self-image.

Over 800 workshops are held every year, and the program has assisted 70,000 cancer patients since 1990. The national program is available in every state and various hospitals, and next year it celebrates its 20 years of service to the community.

A teenage program was launched in 1998, and a men's program was launched in 2004. The workshops are delivered by volunteers and without their commitment this program would not be possible. In Gawler the workshops have been running for about 10 years. They celebrated

10 years recently through the Gawler Health Service. A recent activity in Gawler raised $4,000 for the program.

The volunteers in the Gawler program are: Patricia Dent, Judy Rowden, Christine Spencer, Sue Sherman, Audrey Hartnett, Katyhryn Krause, Diane Costa, Rosemary Barnet, Sue Humphreys, Anne Webb, Raeline Trevethick, Rosemary Chapman and Bryndis Scheer, all who do a wonderful job through that program, and not to forget Hilda Downey, the hospital coordinator, assisted by Joyce Elkins, Pat Pipe, Barry Pipe and Diana Timpano.

EYRE PENINSULA COASTAL MANAGEMENT STRATEGY

Mrs PENFOLD (Flinders) (15:50): The District Council of Tumby Bay's draft general development plan amendment, which I understand is similar to other Eyre Peninsula councils' plans, incorporates the state government driven Eyre Peninsula Coastal Management Strategy that includes an extensive and very prescriptive coastal conservation zone.

In 2005, Planning SA approached the Eyre Peninsula Local Government Association and its member councils to develop a coastal development strategy. It was to be a pilot project and councils participated in the belief that a consistent framework across the region, and beyond, would help guide future development and provide consistency around South Australia's coastline.

I am very concerned about the large tracts of coastal land being annexed by the government for supposedly environmental purposes through this plan. Under the state government's Perpetual Lease Accelerated Freehold (PLAF) program the traditional 20 metre setback from the high tide mark or cliff top was increased to 50 metres and then to 100 metres and beyond.

Now, the proposed rigorous coastal planning controls included in the development plan amendment will result in an even larger area of Eyre Peninsula coastal land being effectively annexed. For example, I am aware of land between 2.5 to 8 kilometres inland from the coast included in the Land Not Within a Council Area (Eyre) Coastal Conservation Zone.

As a result of the Tumby Bay proposed planning changes, I have been contacted by several very concerned landholders, including the Oswald family, who have owned and farmed section 428, a war service settlement block, for 60 years and maintained the land adjacent to the coast during this period. In 1996 they paid substantial fees to freehold their land. Bill Oswald wrote in his submission on behalf of his family:

> The economic cost must be counted when taking into account the proposed amendments. By discounting all development along the coastal zone it greatly devalues the existing land, which includes farming land and existing subdivisions. Particularly for farmland along the coast by stopping development it greatly lowers the value of the land and if this were to occur banking institutions would not look favourably on the lack of equity.
>
> From an ecological viewpoint the coastal zone has been preserved by the existing landholders. An excellent example of this is recently Fisheries SA and SAPOL, in collaboration with local landholders, apprehended abalone poachers who were moving along the coast. This, together with continuing measures to control introduced plants and animals along the coast, prove that landholders have a desire and an obligation to help each other to conserve the ecology along the coastal zone.

The prescriptive planning controls within the coastal conservation zone may negate any possible alternate use of the coastal land. They will certainly limit future retirement funding or farming options and will result in this freehold land becoming a de facto conservation zone, with the expectation that pest plant and animal control will be managed and paid for by private individuals with no recompense. It is so inequitable many of the coastal property owners were also caught in the costly freeholding program and are now expected to accept the same scenario without protest. I also quote from Craig and Deb Williams' submission:

> While I have sympathy for the policy of provision of a coastal zone, the current blanket application of this policy, with no consideration for local situations, is likely to have the opposite effect to that which the policy envisions.
>
> I would like to see an outcome where the zone boundary is changed to be in line with our 2008 survey crown boundary 50 metres inland from the high water mark. This will enable a continuous wildlife corridor without detriment to our regional economic future, and with minimal land degradation.
>
> With the current zone boundary we will be unable to farm about 300 hectares of land of our 790 hectares, equivalent to 38% of our farm. Last year we received no remuneration or compensation for giving up 20m of coastal land.

Our sections have been farmed for...many decades—native wildlife cannot live in the ploughed paddocks. We have no wetlands, dunes or coral reefs that need protection. Therefore, there will be no loss of coastal habitat or biodiversity.

We have spent a lot of time and significant funds planting native trees, removing boxthorns and controlling rabbits and other introduced pest species on the land in question. It is inevitable that feral plant and animal pests will take over when the land is unmanaged on such a large area, to the detriment of native species. I believe the proposition that volunteers will be found to manage the land to be optimistic and naive. I don't understand where you will find volunteers or funds as we have to support all the grants with 50 per cent of our own funds.

KITCHEN GARDEN PROGRAM

The Hon. L. STEVENS (Little Para) (15:56): A week or so ago I had the great pleasure of attending the launch of the Kitchen Garden Program at a demonstration school, Elizabeth Downs Primary School. It was a great event, and I want to spend a few minutes telling the house about these programs.

The programs originated in Victoria under the auspice of Stephanie Alexander, who is a well-known chef, restaurateur and food writer. A whole range of these programs have been established in Victorian schools. In fact, since 2007, 27 Victorian primary schools have participated in the program. In September 2008, there were 22 new Victorian schools and, this year, funded by the Rudd government, the number has been expanded to 37 schools across Australia. There are six demonstration schools, one in each state and one in the Northern Territory and the ACT. In South Australia that demonstration school is Elizabeth Downs Primary School. I had the pleasure of being invited to attend. Senator Annette Hurley represented the member for Wakefield, Nick Champion, who was interstate at the time.

The purpose of the Kitchen Garden Program is to introduce children to a wide range of foods, to teach them the necessary practical skills so that they will be able cook with confidence, to increase their self-esteem, to teach them the principles and benefits of growing food organically, to teach them how to take responsibility for their own physical wellbeing, and, hopefully, to develop in young children a passion to learn more about good food that they can enjoy every day of their lives.

Quite a large group of supporters—parents, students and community members—were at the launch, which was addressed by the principal of the school and Stephanie Alexander. When the program gets up and running very shortly, children across years 3 to 6 will spend a minimum of 40 minutes per week in an extensive vegetable garden, which they have helped to design, build and maintain according to organic gardening principles. They will also have an hour and a half per week in a kitchen classroom preparing and sharing a variety of meals using the produce from their garden.

We were able to see where the new garden will be situated. It is quite an extensive area, and it is in the process of being flattened and made ready for a terrific design. It will not be just a set of rectangular plots; it will have little paths and circular portions, so it will be something really beautiful as well.

The school is lucky to have a very old-style open space large block which is no longer needed for classroom space as such, and, at the moment, the school is running a whole lot of community groups in that space. One corner of that space opening out onto this new garden will be converted into the kitchen classroom.

It is a wonderful opportunity. It will be fantastic for Elizabeth Downs Primary School and that community, and it will be a great thing for them to be the demonstration school working with the affiliate schools and also other schools in South Australia to spread a very significant program, and one which, in this time of the need for good food, exercise and a better diet, is essential. I look forward to being part of it and helping them for the rest of my time as member for Little Para but later on as well.

STATUTES AMENDMENT (ENERGY EFFICIENCY SHORTFALLS) BILL

The Legislative Council agreed not to insist on its amendments to which the House of Assembly had disagreed and made the alternative amendments in lieu thereof as indicated in the following schedule, to which amendments the Legislative Council desires the concurrence of the House of Assembly:

No.1. Clause 4, page 4, after line 3—Insert:

(11a) If an amount is recovered as a shortfall penalty under this section, it must be applied under a scheme established by the Commission for 1 or more of the following purposes:

(a) to assist persons who may have failed to benefit from activities relating to energy efficiency on account of any electricity retailer's energy efficiency shortfall;

(b) to support other programs or activities to promote or support energy efficiency or renewable energy initiatives within South Australian households.

No.2. Clause 5, page, 5 after line 36—Insert:

(11a) If an amount is recovered as a shortfall penalty under this section, it must be applied under a scheme established by the Commission for 1 or more of the following purposes:

(a) to assist persons who may have failed to benefit from activities relating to energy efficiency on account of any gas retailer's energy efficiency shortfall;

(b) to support other programs or activities to promote or support energy efficiency or renewable energy initiatives within South Australian households.

Consideration in committee.

The Hon. A. KOUTSANTONIS: I move:

That the alternative amendments of the Legislative Council be agreed to.

Mr WILLIAMS: I am delighted that the government has seen fit to accept the amendments as amended in the other place, and I note that the other place, in its wisdom, has obviously taken on board some of the comments made by the minister in this place. I will describe that. When the matter was first debated, I raised this matter of what would happen to any fines that were imposed by the scheme and suggested that they should be applied to energy efficiency schemes rather than being paid into general revenue. The minister argued against that position.

The original amendment from the other place would have obliged the commission to establish a scheme and the minister argued that that would have incurred a cost, and I accept his point. He further argued that he did not expect there to be return of moneys by penalties under the act, and therefore, there should not be the cost of establishing a scheme.

I note that the amendments that have subsequently been passed by the other place have come from the other way and said that, for all intents and purposes, we do not establish a scheme but that, if an amount is recovered as a shortfall penalty under this section, at that stage it must be applied to such works as were contemplated by the scheme that was contemplated by the original amendments.

The opposition obviously supported this in the other place. It seems like a reasonable compromise on the part of the other place to adequately address the issue that was belatedly put forward by the minister. I am delighted that the other place and the government seem to have come to agree with the position that I originally put when we debated this matter in this house. The opposition supports this committee accepting these amendments from the Legislative Council.

Motion carried.

WATERWORKS (RATES) AMENDMENT BILL

Adjourned debate on second reading (resumed on motion).

(Continued from page 2717.)

Mr WILLIAMS (MacKillop) (16:07): Prior to the luncheon break, I sought leave to continue my remarks. As I recall, I indicated that I was about to talk about another aspect of the pricing regime in South Australia whereby a number of elements are put together to come up with a price that will be charged by SA Water in order to establish a fair and equitable price for all parties concerned, principally the consumers, albeit that there is a range of consumers and, obviously, SA Water.

One of the principles adopted under the National Water Initiative (which I was talking about earlier) was that there was a requirement for rural and regional systems to achieve what is known as lower-bound pricing. There has been and remains, I believe, cross-subsidisation for water consumers in those regions of the state where it is relatively cheap to supply and distribute water to those consumers in the areas of the state where it is more expensive because we have a postage stamp type of arrangement where all water consumers basically pay a similar fee. The principle suggests that we should move probably away from that system and charge a fee in rural and regional areas at least at what is referred to as the lower-bound price. The lower-bound price is defined in the ESCOSA final report of 2008-09, as follows:

The level at which, to be viable, a water business should recover at least the operational maintenance and administrative costs; externalities; taxes or TERs, not including income tax; the interest cost on debt; dividends (if any); and make provision for the future asset refurbishment/replacement. Dividends should be set at a level that reflects commercial realities and stimulates a competitive market outcome.

That is the least price that should be charged according to the principles established by agreement between the various Australian jurisdictions.

Another principle is that we should move our pricing structures such that prices, at least in metropolitan areas, move towards what is known as the upper-bound level. I will read out the definition of the upper-bound pricing. It is:

The level at which, to avoid monopoly rents, a water business should not recover more than the operational, maintenance and administrative costs, externalities, taxes or tax equivalent regimes, provision for the cost of asset consumption and cost of capital, the latter being calculated using a weighted average cost of capital.

So, we have these two price ranges that are established and defined by agreement in the various jurisdictions.

By and large, the lower-bound basically directs us to establish a price which reflects the actual cost of providing the water but does not necessarily take into account a return on capital. The upper-bound, by and large, does exactly the same but does make provision for the return on capital. Our water infrastructure, over a long period of time, obviously has a substantial value and I think it is reasonable to argue that the government should have a right to expect a return on that capital. Indeed, if the government had to borrow money for the original construction of that infrastructure, it is only reasonable that a rate of return would see money flowing into the water entity—SA Water, in this case—or the government coffers to repay those loans. I do not argue against that. Indeed, the government, the Treasurer and the minister have, on a number of occasions that I am aware of in the past couple of years, publicly argued that point.

What they have not revealed is that, in establishing the price in South Australia to take into account all these factors, they did not allow for the fact that a lot of the capital asset which is owned by SA Water was never paid for by SA Water. It is what we call contributed assets. For example, if a developer has a subdivision of so many houses, whether it be 20 houses or 1,000 houses, it is at the developer's cost that the water delivery and sewage collection infrastructure is put in. It is not at the cost of SA Water.

Indeed, an augmentation fee is charged on every block, which varies from place to place across the state, to ensure that when a new subdivision is connected into an existing water delivery infrastructure or sewerage infrastructure, that upstream or downstream from that connection point the infrastructure can be upgraded to account for the extra capacity that is required.

One does not have to be Einstein to imagine that a substantial proportion of SA Water's asset base would have been acquired as a contributed asset. When SA Water was corporatised back in 1995, contributed assets since that date were deducted from the total asset base and the regulated asset base for the purpose of calculating what is the actual asset base which should provide a return to the government. The government has continually refused to address the matter of deducting the value of the contributed assets prior to 1995, and I would argue that that would be a substantial amount of money.

The government, when it produced its last transparency statement, part A, in the development of the last water price, had this to say with regard to this matter:

It is generally accepted nationally that contributed assets should be deducted from the RAB [regulated asset base] if adequate information is available to identify those contributed assets.

So it gives itself an out. It says 'if adequate information'. It goes on to say:

As noted in previous transparency statements, adequate information is not available to identify contributed assets prior to 1995. The government has continued to adopt the treatment of contributed assets outlined in previous pricing decisions and removed post-corporatisation contributed assets from the RAB.

What the government has decided to do, and what SA Water has been doing, is ignore the value of those contributed assets prior to 1995. So the government, when it sets the price, says, 'We believe we are entitled to set a return on the asset irrespective of the fact that we did not actually pay for it.' It was paid for by householders and developers.

The Essential Services Commissioner, I suspect, has been somewhat frustrated by this matter. He says that this matter has been addressed at length by the commission at every past

inquiry with no change in the government's approach to the treatment of pre-1995 contributed assets, and he notes that in the previous final report the commission had this to say:

> It is apparent to the commission that the government has taken little or no effective action in response to its previous comments other than to state...that it had 'carefully' considered the matter.

The commission goes on to say:

> The commission has not changed its view that the inclusion of contributed assets is likely to result in a significantly over-inflated asset base and therefore an artificially high upper bound. Resultant prices will then also be over-inflated and monopoly rents will be locked in, not avoided. This is clearly at odds with clause 65 of the [National Water Initiative].

What the commission is saying is that the government continues to ignore the basic principles under which water prices should be established. In doing so, we in South Australia are living with a water price that locks in what is known as a monopoly rent. That is, the government, through SA Water, is taking advantage of its monopoly position. There is no competition to drive a price that would reflect the actual cost of providing the service, so it is taking advantage of its monopoly position. This reinforces the argument that I was making before the luncheon break, that the setting of water prices in South Australia seems to be more about delivering a cash surplus to government than it is about ensuring that the right price signals are sent to both the supply and demand side of the argument.

I indicate to the house at this juncture that between the houses the opposition will look carefully at this matter and see whether there is an opportunity to move amendments to this bill in the other place to at least encourage or, better still, force the government to address this matter. ESCOSA the organisation, in a better world, would actually be the body that would set prices for water in South Australia, and the whole range of water services. If that was the case, if we were in that better world, I am sure ESCOSA would be able to address this. As I have said, the commissioner says that he has raised it in every one of his reports. However, the government, for obvious reasons—its need for cash—chooses to conveniently continue with the nonsense that it cannot establish the value of those contributed assets. As I said, the opposition will endeavour to have drafted amendments to this bill introduced in the other place to oblige the minister when setting future water prices to address that particular matter.

There is another matter which has long concerned the opposition and which we will also seek to address via amendment in the other place. I hark back to some comments I made at the beginning of my contribution on this matter. I raised the point that I think the apparent haste with which this matter has been put through this house will lead to a poor legislative outcome. The government has had all those months to determine its position but the opposition has had very little time to determine its position and then take the appropriate action. The opposition was able to come to a considered position about its response to this bill only yesterday. Through the normal processes that the opposition has through subcommittees and then taking matters to our joint party room it was only able to come to a position yesterday and, as such, has been unable to seek the assistance of parliamentary counsel to have those amendments available for immediate consideration in this house.

The other amendment that I flag we will seek to make concerns the fact that many people who are domiciled in South Australia do not have their own water meter. This came to light recently because the government has recently decided that Housing Trust tenants will, on top of paying their normal Housing Trust rent, be obliged to pay water rates.

That is something they have not been obliged to do historically. I understand that Housing Trust tenants paid rent to the Housing Trust and, amongst other things, that rent covered the supply of water. Under those circumstances, when SA Water was providing water to a site that had a number of Housing Trust units on the single site, it often provided only one water meter for the whole site. There might be numerous domiciles on that site all using the one water meter.

It seems to the opposition that it is incongruous if we are going to be using water pricing to send price signals to both sides of the market, particularly in this case to the demand side, that individuals cannot receive those price signals because SA Water and the government refuse to supply them with a water meter. It is absolutely incongruous if the government has now taken the decision to charge Housing Trust tenants individually for their water rates.

By the way, the government did not reduce Housing Trust rents; so this is a new tax on a substantial number of people in South Australia who are least able to pay. They have imposed an additional charge which, traditionally, they have not been obliged to pay but, worse still, it is

charged in a way so that they do not get the sorts of price signals they should expect to have. How on earth can we expect Housing Trust tenants to modify their behaviour with regard to water use without receiving price signals?

We could have a situation with a number of units on a particular block—and the member for Fisher interjected—and some people have showers that last for 40 minutes. It would make for great neighbourly relationships if there was a duplex with one water meter, and a family in one unit were assiduous in the way in which they used water, and tried to save water at every turn, only to know that their neighbours were taking advantage of them because they were connected to the same water meter and they were taking 40 minute showers. It is just a nonsense.

We think the government has got that terribly wrong and we will be seeking to draft amendments. I think section 86 provides SA Water with the power to supply water where there is more than one customer. From memory, sections 86, 86A, 86AA and 86AB deal with strata title properties. I am not sure whether they cover the Housing Trust scenarios, but I have not had an opportunity to speak to parliamentary counsel about that; but we will do so between houses.

I have indicated the opposition's broad support for the principle of quarterly water metering. We think the government is moving, albeit belatedly, in the right direction. We believe that that is the right way to move because we believe that water pricing should be used to send the proper signals. I have made the argument that that is not the way that this government has been operating. Water pricing is about something completely different for this government: it is about maximising revenues to Treasury, not about providing an excellent service in the most efficient way.

Before I conclude, I want to raise again the issue of desalination in South Australia and the implications of the announcements from the federal government last night and statements made by the government this morning and in question time today about doubling the size of the desal plant at Port Stanvac at this time. Let us not forget that the average water use in metropolitan Adelaide is less than 200 gigalitres a year. That is not the water use today with a severe drought and significant water restrictions: that is going back long term, over previous years, before we got into this situation.

If we double the size of the desal plant at Port Stanvac, at least half Adelaide's water will be supplied from the desal plant. One of the reasons we find ourselves in trouble in Adelaide with regard to water supply is that we have relied on a very limited range of water resources, principally the Adelaide Hills catchments and the River Murray for all our water supply. Now it looks like the government wants to put us into a position where we will be relying on a desal plant for at least half our water. There are significant risks inherent in that. I sincerely hope that the government takes this on board and has a long, hard think about it. I want to run through the risks.

The first risk is the most expensive water that will ever be supplied to South Australians will come from a desal plant. By moving from a position where desal was a smart idea in order to provide water security to a position where desal would be our source of choice for water will drive up the price substantially higher than it needs to be. That is the first risk. Actually, it is probably a misnomer to refer to it is a risk: it is a given. South Australians under that regime can expect substantially higher water prices than what they would otherwise enjoy.

One of the others risks is that, when you operate a desal plant, you produce high quality water which has already been finely filtered and which is ready to go straight into your distribution network. You cannot or you should not—it would cost you even more—try to store that water in an open storage system like a reservoir. You put the water that you produce in a desal plant into a contained storage to avoid any risk of any further contamination, which means that you do not have to re-treat it and re-filter it at additional cost.

Once you understand that about desalinated water, you realise that, as you are producing desalinated water, ideally you are consuming it at the same rate. Suddenly, you set your whole water production and usage regime around the continued operation of a desal plant. To my mind that provides a substantial risk, because everything that I have ever touched mechanically or had anything to do with mechanically—and I am not blaming myself—I have had problems with. From time to time, you have breakdowns, and I am absolutely certain that, from time to time, the desal plant will need to be taken off line and that there is an inherent risk to the continuous nature of the water supply because of that.

I spoke earlier in my contribution about the other costs involved with making certain decisions regarding water supply. The thing that probably concerns me more than anything else is

that I and my colleagues on this side of the chamber have been trying to convince the government for a substantial time now that we should be harvesting stormwater. As I said earlier, the added benefit is that we will, at the same time, make substantial improvements to the environment of our coastal waters.

If we build a 100 gigalitre desal plant at Port Stanvac, it will do one of two things. If we build that and continue the same regime that SA Water currently works under, it will mean that South Australian consumers will have expensive water and it will lock out any opportunity to harvest stormwater. We will not be able to meet in a cost-effective way the environmental challenge of ameliorating the damage that is caused by that stormwater as it flows into Gulf St Vincent. To me that is a substantial problem.

We could take the path that has been taken in a number of other jurisdictions—and I understand that Queensland is a long way down this path, New South Wales is in the process and Western Australia is heading down the path—of opening up access to their water supply infrastructure—what we call third party access. It is the sort of regime that we use in gas, electricity and other major distribution networks where we have opened up access to third parties to put supply into the distribution network and sell retail supply out of the network at another point in the system.

That is what is happening to our water companies around Australia, and I have no doubt there is already pressure for this to happen in South Australia. I have no doubt that we are probably not a long way away from having that sort of regime in South Australia. If we do that, what will that do to the future viability of SA Water, when SA Water has locked itself into utilising the most expensive water available to it from a desal plant?

I refer to Colin Pitman and the work that he has been doing at Salisbury. I think most members are already aware of the fantastic work that has been done by Colin Pitman. Today Colin Pitman is selling water to consumers in the Salisbury area at a price substantially lower than SA Water. He is undercutting SA Water. Colin Pitman tells me that, next year, he believes he can supply 18 gigalitres of water.

Why are we building an extra 50 gigalitres of desalination capacity at an incredibly high price per kilolitre of water when Colin Pitman can supply 40 per cent of that water—or damn near 40 per cent—and other councils around the state are not a long way behind? Why are we going for the highest priced water available and locking those councils out of being involved in supplying water to consumers in South Australia?

That is a question I think the government has to answer. I can tell the government that Colin Pitman has another plan, because SA Water will not give him access at the current time and the government will not give him access to their pipes. Now I can see why—they want to maintain their monopoly. However, notwithstanding SA Water's current monopoly and notwithstanding the current government's wont to maintain that monopoly so it can underpin its revenue stream, Colin Pitman and the Salisbury council, I understand, are in the process of devising a scheme—and I am told it is about a $70 million scheme—to reticulate the water that is produced by the Salisbury council around their council area.

If 18 gigalitres of water can be sold—and some of his customers are already outside his council area—in and around the Salisbury council area, that will have serious ramifications for the profit line of SA Water, and if SA Water moves to this regime where half its water supply comes from a desalination plant, the implication for SA Water's bottom line becomes even more dramatic.

It also provides an added incentive for other councils to get on board and do the same thing. When I recently spoke to a representative of the Onkaparinga council, they gave me to understand that stage 2 of the council's Waterproofing the South plan could supply 15 gigalitres of water in its council area, which equates to 100 per cent of the water supplied by SA Water in the Onkaparinga council area. Those are the figures that they gave me.

The government and SA Water are putting themselves in a position where they will be very easily out-competed. So, the government's desire to maintain its revenue stream from SA Water may well be its own undoing. It may well be the complete undoing of SA Water as a profitable enterprise. All of this hinges around the way in which we move forward in setting prices for water in South Australia, and particularly around the decision whether to build a 50 gigalitre desalination plant to provide water security or take the next bold step and build a 100 gigalitre desalination plant with the aim that we will continue the monopoly.

On my assessment, if we go down that path, we are taking a great risk. In fact, I would suggest that it is a folly to think that we should be building a 100 gigalitre desalination plant in Adelaide. I know that the Premier wants to be able to crow from the rooftops that he can do away with water restrictions. However, the reality is that he should have been crowing that a couple of years ago—

Mr Goldsworthy interjecting:

Mr WILLIAMS: —yes—because he has had the opportunity over and over again. He had the opportunity to come on board with the opposition when we first called for a 45 gigalitre desalination plant. The government came on board with a 50 gigalitre plant, which is about the same thing. As I said earlier, we should be utilising water from such a plant today, not in a couple of years' time.

Again, the government has lost a great opportunity by ignoring stormwater harvesting and aquifer storage and recovery. If the government wants to continue to think the way that the Attorney-General does, that stormwater is dirty and unhealthy (he said on radio some weeks ago that if you pump stormwater into people's houses they will become sick), if the government wants to continue down that path, it will do so at its own folly. The reality is—

Mr Hanna: We'll be drinking it one day.

Mr WILLIAMS: We absolutely will be. I know the minister knows that the CSIRO has been working with Colin Pitman at Salisbury for over four years, and they have proved that the water can be brought up to at least as high a standard as SA Water currently supplies. They know that. That work has been done. It is not as though this is cutting edge technology or there are still significant risks involved with it. The work has been done, and it is possible for us to do this today.

As I have indicated, the opposition supports the basic tenet of the bill. I have placed an amendment on file to address the date change for the setting of a water price to 31 December instead of 1 June. I think that in the last few minutes that amendment has been circulated, and I hope that the house will support it. As I indicated, we will be moving other amendments in the other place.

Mr HANNA (Mitchell) (16:41): I am speaking to the government's bill, which will bring in changes to the way in which water is charged to customers, including the domestic customers in my electorate. I should point out that, in November last year, I brought in similar legislation. My proposal last November was more simple, in some respects. I proposed that water consumption be charged on a quarterly basis and that each water bill show the amount of consumption for each previous quarter.

The government bill is more complex and, in some respects, is an improvement. The government believes that everyone should be facing price increases for water at the same time—probably 1 July each year—and, therefore, it has a more complicated formula, so that the first bill after 1 July that a customer receives will have a proportion of the previous year's water rate and the new water rate for that new financial year. I can understand the fairness in that.

The other thing that I insisted on in the legislation I brought into this place was that there should be a very clear indication of the water usage in previous quarters. I have had a useful discussion about this with the minister. The minister has been informative and cooperative in letting me know about the rationale behind this legislation, and she assures me that much more information will be provided on the bills that are to be received once this legislation is through. So, I applaud that. It will be very useful for each household to know what the efficient usage is for a household of a comparable size, and that sort of information will appear on the new bills.

I must say, my bill did go further than what the government is achieving here in one respect. I also suggested that there should be separate meters for every household. There is a tremendous injustice, which will go on for some time into the future, in respect of strata titled properties and Housing Trust properties where there are multiple units, whether they be townhouses, flats, or whatever. It is a shame that some people in units on a strata title can be very conservative with their water use, but they have to suffer the profligacy of other water users in that same block. That injustice has to be remedied at some stage, but it is not going to be done right now.

I am very pleased that the government has finally acted on this. It is necessary to increase the price of water. It will become increasingly scarce, I am afraid, and the answer probably will not

lie in the River Murray. I commend the government for introducing this legislation and I look forward to further reforms, particularly in relation to separate water meters, in the future.

Mrs PENFOLD (Flinders) (16:45): While I support this bill, I take the opportunity to once again speak about water and to ask the minister to exempt people living on Eyre Peninsula, who are forced, by necessity, to use water from SA Water, from rates until such time as they are provided with safe, pleasant, drinkable water from a sustainable source, water that is at least equivalent to Adelaide's water supply.

Consumer law states that a product should be fit for purpose and, if it is not, penalties are incurred by the supplier. Goods may be returned with reimbursement given or replacements provided. Discounts are given for poor quality. However, water, which is a necessity for life, that is provided by a monopoly, government-owned business and that should have at least equal consumer protection requirements to private enterprise, provides the vast western region with expensive water that is disgusting, without penalty or compensation to the purchasers.

The rainfall that was so welcome in recent weeks, unfortunately, will not be enough to break the six years of drought suffered in some areas, recharge the overdrawn aquifers across Eyre Peninsula that the region depends upon for its water supplies, or save the Murray River.

Inadequate and very poor quality water is delivered to people living on Eyre Peninsula, who pay considerable money through their rates, considerable augmentation fees and even a levy to help save the River Murray, but continue to be fobbed off by this Labor government.

On 21 August 2002, the then minister for government enterprises stated in parliament, regarding SA Water's Eyre Peninsula master plan, 'There are a series of options in the master plan, including desalination.' Soon after, he announced at a cabinet meeting in Port Lincoln a $32 million desalination plant for Eyre Peninsula.

Then in 2006, when we still had no desalination plant, the responsible minister at the time, minister Wright, suggested that calcium carbonate could be removed by water softening and keeping the ambient temperature of stored water as low as possible. Quite clearly, the minister had no idea what he was talking about and it is not surprising that he did not last for long in the job.

In September 2006, *The Advertiser* snapped a photo of me 'brandishing a water pipe in front of Premier Rann in question time in parliament' after I asked the Minister for Water Security a question about the scaling in pipes, a problem that was costing farmers thousands of dollars as they constantly needed to be replaced. This was not the first time I had raised this issue. At that time the minister responded:

> I will be seeking advice from SA Water on what it is doing and I will bring back to the house and to the member a detailed explanation as to the actions that SA Water is undertaking as a consequence of those issues regarding the blocking of pipes.

In May 2008, I again wrote to the Minister for Water Security, Ms Maywald, and the Minister for Environment and Conservation, Ms Gago, enclosing data with results from water testing from Ceduna and Broken Hill by DELTAwater Solutions. The Country Water Guideline Value data on that chart showed ideal quantities of each chemical, but there were significant differences between the two water supplies and the guidelines.

Ceduna's water supply had higher mineral and salinity levels, and results indicated that chlorine levels in Ceduna's water supply, of 205 mg/1-ppm, while within the Country Water Guideline Value, were much higher than the 0-70 mg/1-ppm recommended by DELTAwater Solutions.

The minister responded to the data by assuring me that all was okay and within the acceptable levels according to Australian drinking water guidelines, stating:

> There is no evidence of adverse health effects for the general population associated with TDS concentrations or hardness present in the water supplied to Ceduna.

Quite clearly, the minister does not have to drink, bathe or clean with the water that Ceduna residents are expected to be grateful for. However, in the same letter the minister did admit that the issue of scaling had been raised and she had 'asked SA Water to investigate options that may assist in the reduction of scaling', which is exactly what she promised to parliament in September 2007.

Finally, in response to yet another question in parliament taken on notice on 25 September 2007 the minister finally tabled her response on 5 June 2008, when she advised:

The groundwater used to supply most of Eyre Peninsula has naturally occurring levels of calcium carbonate that leads to the water being particularly 'hard', and can be associated with scaling of pipes and fittings.

She said that SA Water's investigations indicated that elevated water temperature in customer private pipe systems is the main cause of scaling and that SA Water informed the public that pipe systems needed to be buried greater than 200 millimetres below the surface to reduce the likelihood of water heating.

Again, the minister and her department defer the issue and blame the end user, those people who continue to pay their rates and who bear the cost of piping on properties. Farmers are burying their pipes deeper, but the minister fails to recognise that this is not only an issue on farms and that calcium build-up is occurring directly from water supplied in Ceduna too.

Recently, the Mayor of Ceduna, Alan Suter, again raised the issue of poor quality water being supplied on Upper Eyre Peninsula and wrote an article in the *West Coast Sentinel*. He stated:

Late last year we were supplied with some water test results obtained by a local farmer which caused us to question the quality of water being supplied by SA Water. These results showed extreme hardness and causation of heavy build-up of scale with resultant damage to pipes and fittings like those being experienced by many locals. As a result of this, District Council of Ceduna staff collected samples of water from an off-take on a trunk main and sent these away for analysis by the Australian Water Quality Centre. This centre is a business unit of the South Australian Water Corporation. The results indicate that the water is potable but little more. Some may be able to drink it but the taste makes it unpleasant to do so. The tests clearly showed a further deterioration in the 14 months since the last test and confirmed major problems with the quality of the water.

The results showed extremely high levels of electrical conductivity (1070 uScm) and total dissolved solids (590 mg/L) and total hardness as CaCO3 of 298 mg/L. Extreme hardness is 170 mg/L, which puts our hardness level off the scale. It is therefore no surprise that we have a lot of trouble lathering up during showers and have to use heavy concentrations of detergents and so on.

The results also confirmed that build up of scale will cause damage to pipes and electrical fittings, which is exactly what we have been putting up with. Hot water systems have a ridiculously short working life using our water. They also show high levels of calcium, manganese and chloride in line with results from previous tests. Even more alarmingly, it appears that the level of hardness has increased quite significantly in the past 14 months and has deteriorated from a poor 220 milligrams per litre to a level of 298 milligrams per litre. If this level keeps growing, we have a major problem. More concerning is the possibility that our overall water quality will keep worsening.

It is time that SA Water started supplying forthright advice about the water security issue. Is the basin at risk? Why is it that they cannot supply more acceptable water to the Eyre Peninsula? Why are they so incredibly unhelpful in regard to investigating new sources of supply? The above factors make it even more amazing that SA Water are not prepared to properly address proposals to make affordable desalinated water available to Eyre Peninsula. Surely it is time for some real answers to our many questions.

It is not just about the money that people are paying through their rates; it is the time, cost and emotional cost that is taking its toll on people who have experienced up to six years of drought. People are fed up with being treated like idiots.

This is not 'a bit of scaling' and 'a bit of bleaching' as the minister stated when shown items of clothing completely ruined and discoloured when washed in Ceduna. How many times will the minister accept having to continually buy new hot water services, water softeners and household appliances because of 'a bit of scale'?

Has the minister ever had to replace kilometres of pipes so that livestock do not die of thirst? One farmer brought back his elderly father to help and was unable to go to Roxby Downs to take up farm employment to feed his family. Does she have any idea of the time, money and effort that goes into burying pipes deeper and deeper, as per SA Water's recommendations, year after year?

Does she and her departmental advisers recognise the problem that 'deep burying' creates? Farmers cannot easily find leaks, and it is even more difficult to replace pipes when they do block. People in Adelaide would not accept this disgraceful service from their water provider and nor should people on Eyre Peninsula.

We cannot continue to have the SA Water government monopoly holding up growth and development and holding back lifestyle and opportunities. Eyre Peninsula currently uses approximately 9 gigalitres of water annually with 1.4 gigalitres coming from the ailing River Murray through the $48.5 million pipeline from Iron Knob to Kimba. Until the long-awaited BHP EIS was released, the government proposed that additional water delivered by the extended pipeline would increase by 2.3 gigalitres supplied by the ill-conceived reverse osmosis desalination plant to be built at Point Lowly.

Now we hear that non-potable water is all that will be produced. Even so, I and many others hope it never will be built. There are better locations and better technology that could be used that will not damage the fragile marine ecology of the Upper Spencer Gulf or threaten tourism, fishing and aquaculture industries. Then, apparently as a result of BHP's recent EIS announcement, suddenly we are told on the 4th of this month through ABC Radio by Treasurer Foley that:

> The need to build another desalination plant as it relates to the upper Spencer Gulf may not be necessary because we are looking at other options about smaller micro desal for various parts of the peninsula, but we're working through that issue with BHP and will make some announcements in the near future.

This statement was hotly followed by the amazing revelation that the government recently knocked back a request from the Eyre Regional Development Board for funding of $85,000 to look at the provision of water for mining in the region—a region that is set to host 80 per cent of the state's mining exploration. Our state and our nation needs this economic stimulus.

If it were not so serious, the to-ing and fro-ing of the water supply to ratepaying customers and potential future ratepayers on Eyre Peninsula would be laughable. Following this most recent knockback, and all the investigations, consultations and summits, the wasting of millions of dollars, the promises of a desalination plant that were written in blood by one Labor minister in 2003, and being reassured that 'this government never reneges on a promise' by another in 2005, last week the CEO of SA Water gave Eyre Peninsula water ratepayers more amazing revelations at an Australian Israeli Chamber of Commerce address, stating:

> ...they'll get their desal plant...SA Water has found groundwater supplies are less plentiful than previously believed...we found there was knowledge missing about the sustainability of groundwater—

That is, on Eyre Peninsula. The address also stated:

> South Australia has been caught out by being complacent over water supply but was now pursuing a wide-ranging strategy involving bigger storage, stormwater projects, recycling and efficiency.

These admissions are much too little and much too late. We need desalination plants, but we need them on Eyre Peninsula in the right places using the right technology and including wind or solar power combined with graphite blocks to ensure stability.

One desalination plant can be placed at Ceduna; though, sadly, it is probably too late now for the original private enterprise plant that was proposed using solar power utilising Cheetham Salt for the provision of filtered water which would use the saline water in its existing salt production operations. A second plant at Elliston could be placed at the existing Polda Basin pumping station where the once seemingly endless freshwater supply is now saline and ruined by over pumping by SA Water.

A third desalination plant is needed at Streaky Bay, where the Robinson Basin has now fallen to the point where incursion from saline water is imminent, if not there already. SA Water is currently pumping water from the almost depleted southern basins to the depleted Robinson Basin. How long do they think they can keep this up? Locals and farmers already believe that some lenses in the Southern Basins are affected now by seawater incursion.

We need new water for jobs and job security. The proposed kaolin mine at Streaky Bay needs three gigalitres annually to process its kaolin. Processing of minerals sands is possible as is iron ore processing to produce pellets. The value adding of these minerals will provide jobs for people to live on Eyre Peninsula, secure jobs that ensure our businesses, our schools and our communities can thrive even in times of drought.

This Labor government, the Minister for Water Security and her department, the SA Water government monopoly and its board and CEO are responsible for the depletion of Eyre Peninsula's basins and they have to do something about it as a matter of urgency. They cannot just sit by and hope and pray for more rain to recharge them. Stop fobbing us off. The SA Water board and the CEO must answer the questions posed by Mayor Suter and others right now and provide Eyre Peninsula with adequate, drinkable water or the responsible minister must resign. In the meantime, the minister should exempt the people of Eyre Peninsula from these rates which they have paid under difficult circumstances for such a very poor product and for such a long time.

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 regazettal 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 gigalitre or 50 gigalitre 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 gigalitres 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 Tailem 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.

Mr GOLDSWORTHY (Kavel) (17:13): I want to make some comments in relation to the Waterworks (Rates) Amendment Bill, and I understand the intent of the bill is to implement a quarterly billing cycle, and the house has already heard the state Liberals are prepared to support the bill in that respect. I guess it is really a sign of the times that billing cycles have become more frequent, and I refer to Telstra as an example. Households used to receive quarterly bills for their phone usage, line rental and the like, and now we receive that bill every month. Bills roll around every month; and I guess that was a decision made by the senior management of Telstra to improve its cash flow. It was getting cash in every month, not every quarter. That is an example of the recent trend of service providers increasing the billing cycle of their accounts and invoices and payments being sought.

I do not necessarily need to go into the technicalities of the legislation because the member for MacKillop—the member who has carriage of the legislation in the house of behalf of the opposition—has dealt with that quite extensively. The bill does allow debate in a broader sense in relation to water resources in South Australia. We are extremely well aware of the fact that water is the key issue facing all South Australia. It is the number one issue. Even though it is raining at the moment—and we are pleased it is raining; we have had rain today—we are in crisis in South Australia in relation to water resources. That crisis can be attributed to the lack of action by the state Labor government over the seven years it has been in power.

If the government had adopted the Liberal Party's policy some two years ago in relation to desalination we would be close to receiving, if not receiving, water from the desalination plant. If the Labor government had not ignored the fact that we needed a desalination plant two years ago, when the Liberals first rolled out that policy, then that plant would be close to being commissioned and clean potable water would be flowing through our pipes now.

In conjunction with that, the government has been quite tardy and reluctant to embrace the reuse and recycling of stormwater. We have spoken on this side of the house for a long time about the need to recycle and reuse stormwater. Unfortunately, the government has been slow to act in relation to that. An outstanding example is the work that Mr Colin Pitman and local government have been able to achieve. The member for MacKillop outlined some of the outstanding work Mr Pitman and the Salisbury council have done in relation to stormwater and wetland systems, and filtering and providing a good source of fresh water for the community's use.

I note with interest that I received a newsletter from the member for Newland in the mail a few weeks ago, heralding the work that the government has been carrying out in relation to desalination, stormwater, and so on. It was a very glossy brochure, I might add, to the people of Newland and the new areas coming into the electorate of Newland, talking about desalination and stormwater, and the like.

It is important that the voting population understands that if the government had acted sooner and with a greater degree of haste then water from those sources would be being utilised now through our reticulation system. Again, they are examples of the government missing opportunities, being slow in taking up opportunities that present themselves. It is a hallmark of this government that it has been slow to act in many areas. In relation to water resources, there are some glaring examples of that.

I would like to talk about some proposals that the government has announced in relation to the so-called expansion of Mount Bold Reservoir. We have seen very little action in relation to that proposal. At the very outset I raised the matter in the house, and questioned why the government would look at increasing the capacity of Mount Bold Reservoir, and it was for two reasons. Only two sources of water can be used in the Mount Bold Reservoir—the first is from the Hills catchment and the second is from the River Murray.

At meetings I have attended I have been told by senior government officers that the Hills catchment is at capacity. There is no more water available out of the Hills catchment to supply metropolitan Adelaide with any additional water. The other source of water is from the River Murray. We all know—and I would think the government would be well aware of this, but something is missing here—that we are trying to reduce our reliance on the River Murray in view of the current dire situation of that water resource. Why for goodness sake was there a proposal to expand the capacity of Mount Bold?

The Hon. K.A. Maywald interjecting:

Mr GOLDSWORTHY: The minister is murmuring something over there that I cannot hear. Following that announcement, I have asked these questions in the house over the last couple of years and no plausible answers have been given. I wonder whether the reason they have abandoned that proposal is that they have realised that they cannot get the water to put into Mount Bold. We wait with bated breath for the answers to those questions.

I also note that, this morning on radio, the Deputy Premier and Treasurer, in his interview in relation to the federal budget, was talking about the government looking at having no water restrictions. It is going to do away with water restrictions. I would like to see the government achieve that, given the fact that we are still in the midst of a crisis in relation to our water resources. I think that is just a furphy; that is, hopefully, we will get some rain in the Murray-Darling catchment, we will get some rain here to fill up our reservoirs over the winter and the government will be able to ease back on water restrictions.

I can tell the house that, if the government had adopted Liberal Party policy two years ago, the water restrictions that we currently suffer could well have been eased back, but because of the tardiness of government in implementing these initiatives, I cannot see how those water restrictions can be eased. However, the Deputy Premier is floating that notion in the community. We will certainly wait to see how that will be delivered. As I said at the outset, the Liberal opposition supports the intent of the legislation, but I understand an amendment will be moved.

Mr PENGILLY (Finniss) (17:24): I will make a short contribution on this subject. I indicate that this side of the house is supporting the bill, but we may be making a few suggestions on how it can be bettered. I hope they are picked up by the minister and that, in due course, the government agrees to the suggestions from the opposition. Whether the government agrees down here or whether it agrees in another place, I suppose only time will tell. This bill seems a bit of a muddle-fuddled way of doing business, but it does appear as though it is a belated effort to try to fix up something that was rather controversial in July 2008 when Treasurer Foley announced that the government would move to quarterly meter readings.

More to the point, there is nothing so important in this the driest state in the driest continent in the world as water. Without water, we fail to exist per se, quite frankly. We have been in this diabolical situation now for a number of years. The government has failed to take appropriate action. It is now nearly three years since the Liberal Party announced plans for a desalination plant, which is now to be built at Port Stanvac. Now we have this announcement that the size of the desalination plant is to be doubled courtesy of the current federal government.

Whenever there is good news, we have our Premier running around making good news statements and, of course, one of his statements at the moment is that it will be operated by sustainable energy. I for one would like to know where this sustainable energy will come from. Indeed, if we are to provide our population with water and produce it through a desalination plant, where will the sustainable energy come from to back up the energy sources we already have? Do they intend to put in a new series of wind farms on the Fleurieu Peninsula down south?

Do they intend to make a breaking news announcement on another wind farm for the escarpment that surrounds the flats at Myponga Beach and around that way, which is already highly controversial; or, as the member for Newland and I would prefer, do they intend to put in a nuclear power station and run the desalination plant with nuclear power? Now that would be a step in the right direction. I do not think the member for Newland is allowed to talk about that, however. He is nodding in agreement, I think.

Mr KENYON: Mr Speaker, I rise on a point of order. The member for Finniss indicated my nodding in agreement. It did not occur and I would like it struck from the record.

The SPEAKER: It cannot be done. The member for Newland is free to seek leave to make a personal explanation at the conclusion of the contribution by the member for Finniss.

Mr PENGILLY: The member for Newland may have been nodding off to sleep, so I am not quite sure about that, in fairness to him. In all seriousness, we on this side of the house have come up with this plan which has been picked up by the government, with the Premier running around making a big man of himself. We have substantial opportunities for stormwater harvesting. We are not teaching the community of South Australia to care for the use of water. We are not doing that. The restrictions that have been placed on the use of water by the South Australian government are one thing. Today, the Premier said that if we doubled the size of the desalination plant we would be able to lift the restrictions.

Well, whoopee duck; fantastic stuff! But why on earth should we spend billions of dollars doubling the size of the desalination plant when there are other alternatives? Why are we not adding to the curriculum in schools (and the minister can correct me if I am wrong when she gets on her feet) and wherever we are educating people of whatever age, but particularly younger people, a course about the use and care of water and how desperately we need to conserve our reserves of water in this state to provide for the future?

It is all very well to talk about a population of two million by 2050 but the reality is that, if we have a population of two million we have to provide them with water to drink and for every other potable use they might have for it. My view is that we should be educating our children.

If you live outside the metropolitan area, which some of us do (and as I am looking around I can see the members for Frome, MacKillop, Kavel, Schubert and Hammond and, indeed, the Minister for the River Murray, who all live outside the metropolitan area), in areas where people

have to save water for their own personal use to get by, they are very careful with water. They take extreme steps to make sure that it is not wasted. For example, when they do the washing they use the water two or three times and then use it on the garden, or wherever it is needed.

That simply does not apply in the metropolitan area because, unfortunately, the population is so used to just being able to turn on a tap and access water or go into a supermarket and get milk out of a carton that, unfortunately, they have really lost accountability with respect to the issue of water use and conservation. It is something that I feel very firmly about. In the driest state in the driest continent we should be putting in place a curriculum in the education system whereby children in South Australia are taught about water. We need to put some common sense back into these debates.

Out there it is water, water, water. That is what it is; trust me. As my colleagues (and, indeed, some on the other side of the house) know, we are seriously disadvantaged in my electorate at the moment. The member for Hammond's electorate also is seriously disadvantaged, and ad infinitum up the river, with respect to what is happening with this precious resource of the Murray and the fact that it is dying a long and tragic death—or a short and tragic death at the moment—and the communities around those lakes are dying a tragic death along with it, all because of man's greed and stupidity and overallocation combined with the drought.

I am unsure whether the bill that the minister has introduced will affect any of the issues that I have talked about in the last few minutes. I do not think it will. However, we have to deal with the fundamentals. It is no good having a meter to sell water if you have no water to put through the meter. That is an issue. The River Murray system is more than just the lifeline of South Australia: it is the beating heart and soul of South Australia. If you go through the member for Frome's area across to the member for Giles' area, or the member for Stuart's area down into MacKillop and Hammond and up into Schubert, or wherever you go, we are dependent upon the River Murray to maintain our lifestyle. It is far too much for the Murray to cope with in the current scenario.

I indicate my support for the bill, along with that of my colleagues. I hope that the introduction of quarterly billing is successful. There will be some hiccups, as indicated, and as has been brought to the attention of the opposition. However, we wish it a speedy passage through the house. We hope that the amendments that have been put forward are considered with respect and that when the bill goes to the other place it is accorded reasonable treatment and that, in due course, it passes through both houses.

Mr VENNING (Schubert) (17:35): I rise to support my colleagues, and I commend the shadow minister, the member for MacKillop. This bill will change the billing system for SA Water so that customers will receive their accounts four times a year instead of the current arrangement, which sees customers receiving bills only twice a year. Under current South Australian legislation, water meters are read every six months and water use is billed within six weeks of each reading. This means that, where a person's meter reading period straddles two financial years, they are charged the price of the later year for the entire period.

We have expressed concerns over many years regarding the current billing system. I have raised this issue in this house before, and I believe there are advantages to moving to quarterly billing. Most notably, SA Water customer charges for one year's water supply will now be spread across four accounts rather than two. With many South Australians currently experiencing tough economic times, I think that this will enable them to better manage their finances.

SA Water customers will also be able to monitor their water use more carefully, because they will be receiving better feedback about the amount of water they use and, in the extended period of drought we are experiencing, that can only be a positive move. The extra two accounts that customers receive per year will enable customers to better see the correlation between water use and the charges associated with their use. And, really, is that not the most important thing? People have to be able to know what they are using and what they are paying and use it accordingly. As we all know, water has been too cheap for too long, and all sorts of things have happened over the years that should not have happened.

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. These prices must be gazetted prior to 1 June each year. The bill also contains transition arrangements for the move to quarterly billing, which will require the re-gazettal of prices to begin from 1 July 2009.

However, there are a couple of minor points to note. By shortening the billing period, some customers will pay for a total of 15 months of water use during the 12 months of the 2009-10

financial year. This results from the concurrence of the six month component levied under the current billing system in addition to the three quarterly bills under the new system. This issue is not covered by 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.

It is understandable that a move to a quarterly billing cycle will incur extra costs, such as extra meter reading costs, and this has been estimated to be $8 million. The 2009-10 water prices have been set to negate this extra impact. Accordingly, SA Water is already charging to cover the cost of the new system before it has been passed in the parliament.

I do ask the question though: will we all have to go to quarterly readings? If a person or a customer wishes to retain either yearly or two yearly meter readings, is it possible to facilitate that for individual customers, or does that become a bit of a problem?

I think this is a good bill that will benefit South Australians, and I support it. I also note that we are seeing acute water shortages across the state, and I have seen what many farmers are doing to alleviate this problem. On our own farm I commend my son—something which I have never done before in this house—for building a huge tank, which was manufactured only a few weeks ago, and connecting all the sheds to it. I think its capacity is 300,000 litres, which is a huge tank—it is massive. I thought we would never fill it but, of course, three days after it was completed and the last shed connected to it, down came the rain—2½ inches of rain, and the tank is half full. That is a lot of water. It is a very expensive tank, I think costing in excess of $30,000—I do not know; I do not do that any more. All I know is that we now spray our crops with rainwater. We do not have to worry about water restrictions. Indeed, I wash the Fleet SA car in rainwater, and I do not have to worry about that. Admittedly, you have to pump the water out; there is no pressure, so you need a pump.

When I drive through Monarto I see these huge Woolworths warehouses. What are they doing with the water that runs off those massive buildings? They ought to be catching thousands and thousands of litres off sheds like that. When I heard that they were even going to apply water licences to some of those sheds, how ridiculous is that? That is crazy.

We have to look hard at what we do in relation to water. It is a scarce and precious commodity, with which we have been very frivolous over the years, and it has been too cheap. We have not built enough reservoirs or provided sufficient storage in the Hills in the last 25 to 30 years, and here we are with a situation like this. We are arguing today about the government's project involving the building of a desal plant. For five years we have been discussing this, particularly the last three years, following the opposition's policy announcement that it wanted a desal plant.

The government, kicking and screaming, has agreed to build it, and now it has come out and said that it is going to double the size. I have some concerns about that because it does highlight another problem. If we become reliant on a desalt plant—I think 60 per cent of Adelaide's water supply could be supplied by desal—and with a huge reliance on electricity, what happens if we have a power failure?

The only way I would consider building such a large capacity desal plant is to have a large storage, so that if you do have a problem with electricity you have some water up your sleeve to supply to the consumer, because you are reliant on water and power at the same time. You cannot run it without both. I am very concerned about that, and that is why I fully support the Liberal Party policy here. Yes, we have always supported a desal plant, a 50 gigalitre—

Mr Goldsworthy: It was our idea.

Mr VENNING: It was our idea. A 50 gigalitre plant should definitely have been operating by now. With the other money—the $400 million plus—that is coming from the federal government, I think we should be looking at that and fast tracking as many of these water reuse schemes as we can. We have plenty of opportunities to do that. Then we can spread our reliance across the area, rather than being totally dependent on desal water, which I would remind the house is power dependent and very expensive.

I think that the Planning Act ought to be changed to make it compulsory for every new house to have a water tank. Although that provision may already be in there, I believe that people should be encouraged to put these tanks underground. Before you build your house you buy a poly tank and put it in the ground, so that there is then no impediment or eyesore; it is underground and it is kept cool and can be there for years.

By installing rainwater tanks, people have their own water, whether they use it for drinking, for toilet purposes, or whatever. It is their water for their own use; it is their guarantee of a water supply. Also, importantly, it takes the stormwater that comes off the roof when we have a rain event, which is all too rare nowadays.

When you do have a rain event the water that comes off the roof is a problem. So, if you put it into a tank then you turn that problem into a double positive. I think that it ought to be compulsory and that this matter should be pushed very hard. Even those people living in existing homes who do not have a rainwater tank ought to be subsidised to install a tank, so that every house has a tank and so that the problem of stormwater running into the streets and then into the sea will be solved.

I went to Israel nine or 10 years ago, and I cannot believe that we have taken all this time to work out that we should have copied Israel back then, because they do not waste a drop. We have needed a six year drought to wake us up and get us out of our comfort zone in relation to water. I think we should have done this a long time ago. All our new suburbs ought to have been dual plumbed before they were ever built on, so that we could plumb in the potable water and the recycled water. It should be automatic, and the Planning Act should be changed tomorrow so that we prohibit any building without such provision.

When I was on the Public Works Committee for some time, it was I who carried on like a pork chop in relation to all public buildings being dual plumbed. I refer to dual plumbing for fresh water coming in and also the sewage going out, but also splitting the sewage into black water and grey water separate and external from the building. At a later date, just by purely cutting a pipe external to the building you can have the grey water, which can easily be recycled and used for hand washing and other things, while the black water is, of course, the heavy sewage from the toilet, which cannot very easily be recycled—they are separate. Once it is already in there, it is very difficult to go into an existing building, especially a large multi-storey building, to keep the grey and black water separate. It would be a massive cost, and it would not be feasible, so it ought to be automatic for every building built from now on.

It is a matter of only a few dollars to install the pipes; they are made of PVC, after all. They should be installed so that, at a later date, if you want to join them together, yes, you can; but do it external to the building so that they can be picked up later on. They need to be marked on the plans or on the side of the wall and the junction is just below. I have done it in my own house at West Beach. They are separate to the outside of the house.

Now that we have water restrictions, we just cut the pipes, put a tap on it, and we have a bucket under it and we water garden with our greywater. It is probably illegal because it is not treated. I know that you are supposed to put something in the water to test it, but that will happen in time. I am sure that we will eventually catch up with the rules, but it is working very well at the moment.

We can do a lot of things, and it has taken a crisis for us to wake up to ourselves. Again, I commend my sons for what they have done. It is a 'feel-good' thing. I know that it is very expensive, but, really, we all have a feel-good thing about saving water because it is now a huge problem for the state. I support the bill.

Mr BROCK (Frome) (17:47): I think this bill is very important, as do other members of the house. I certainly support the bill in its current format, in particular a couple of sections, including quarterly billing. As the member for Finniss indicated, water is a top priority not only in South Australia but in Australia. In the Upper Spencer Gulf, in the electorate of Frome, which I represent, we are very reliant on water from the River Murray, which needs to be fit for human consumption.

This morning the Premier indicated that, with the money from the federal budget, the desalination plant at Port Stanvac will increase capacity to 100 megalitres. It will supply 50 per cent of Adelaide's water. We have to remember that other parts of regional South Australia come off the River Murray before it arrives in Adelaide. We need to ensure that we have water from the Murray-Darling Basin to Morgan, enough to be diverted across into other parts of regional South Australia.

In particular, the Clare and the Gilbert valleys are growing areas where there are lots of bores. I am coming to terms with the different regulations of the Clare and Gilbert Valleys Council with respect to access to River Murray water and bore water, and its scarcity. At the moment, that is impeding on a proposed, fairly large, tomato glasshouse opportunity, which could employ around 100 people. The issue is water and how they can handle it.

The other issue is the current pricing of water. We have all been very lucky to pay $1.54 (or whatever it is) per kilolitre. I do not think that anybody in South Australia would be able to tell you the price of water per kilolitre. People use water, but they do not have any consideration or understanding of its scarcity and the cost of getting it to regional South Australia.

Peter Davis, the Mayor of Port Lincoln, has been a great advocate for putting up the price of water to $10 a kilolitre. If that is intended to save the River Murray, I do not think it will. We will still use water for whatever reasons.

In terms of the Upper Spencer Gulf and the Hon. Graham Gunn's electorate, I said in my maiden speech that the centre of South Australia has the most untapped resources available, and the only thing holding that back is a supply of suitable water.

I have spoken to the member for Giles about the suggested desalination plant at Point Lowly, which is not guaranteed at this point, and we would still need to take it through the EIS. We would need to ensure that, as with Port Stanvac, other desalination plants in this state undergo an EIS to make sure that we have sustainable environmental outcomes.

The member for Schubert also indicated that, as part of the development plan, new houses have to install rainwater tanks. The minimum size of the tanks is 1,000 litres, which goes nowhere, especially if it is connected to the toilet or the bathroom. I believe, as does the member for Schubert, that the compulsory size should be in the vicinity of 20,000 to 30,000 litres per household. Today, rainwater tanks come in various sizes and shapes, and they can fit underground or under houses as part of the foundations. There are ideal opportunities to facilitate different rainwater tank sizes and styles.

Another point is that, concerning the State Strategic Plan, the Premier indicated this morning that the new desalination plant at Port Stanvac will supply 50 per cent of the population's requirements in Adelaide. The question needs to be clear. Is that based on the current population, or is that based on the state's population reaching the target of two million? We need to bear in mind that this is a great state but we do not want the population to stagnate at two million. We want to increase the population, especially with all the resources in the north of the state.

The other issue concerns opportunities for growth. Referring to Adelaide, going towards Gawler and Two Wells the growth factor is phenomenal. I come down here every two weeks. I am on autopilot at the moment when I come down here. Before you know it, you question whether you have gone through Lochiel or whether you have gone through Port Wakefield, and I am not speeding, by the way.

Mr Pengilly interjecting:

Mr BROCK: That is exactly right, member for Finniss. I want to reassure people here that I am not speeding. I have not done that, but I will have to be very careful because I might get caught going home tomorrow night.

Mr Pengilly interjecting:

Mr BROCK: Yes; that's right. Quite seriously, we also need to look at the growth that is happening in Adelaide and my question a minute ago was whether the desalination plant would accommodate future growth, especially with the Defence Force coming across here and with the growth at the submarine corporation and so forth.

This bill is good, and I certainly support it, but I am more particularly concerned about the continuation of the supply of water to the state here. As a lot of my constituents in Port Pirie and Clare have indicated, desalination plants can overcome some issues, but perhaps what we should be doing is looking again at bringing the rivers down from the north and redirecting them through the centre of South Australia and the Northern Territory not only to facilitate the mining opportunities up there but also to open the area up for agricultural crops, sheep and cattle.

It is one of those things that we take for granted. I know over the last two or three years we have been in drought, but let us really be honest: I do not think that state and federal governments over the last 20 years have really addressed the issue of water. Every time it rains, it goes to the back of our minds, and I am no exception to that. However, we need to keep that right to the front from now on, and make sure that we all work together.

I do not want to be sitting here in five years' time and find that nothing has been happening with desalination plants or other water coming back in. I have been a member of the Murray-Darling Association for many years. I have known the issue of the Murray-Darling Basin up there. I

know the concerns from the other states up at the top end. As was mentioned this morning, we should not blame the cotton growers or whoever grows whatever crops up there. Farmers will grow and produce with whatever water is available, and, if they need 10 gigalitres of water or whatever it may be, they can use that and they can grow whatever crops they like.

I commend the bill, and I hope it gets clear passage, but at the same time, we need to ensure that we go further and make certain that we have not only desalination plants here but also future water through the centre of South Australia.

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security) (17:55): I thank honourable members for their contribution and, in closing the second reading stage, I would like to reiterate that the fundamental purpose of this bill is to introduce quarterly billing to enable people to have greater control over their water use and its cost, and to bring those two factors closer together so that people can be more aware of the cost of their use at the time they are using it.

There were a couple of matters that were raised during the course of the debate that I would like to correct on the record in relation to the costs associated with quarterly billing. The quarterly reading of meters was introduced from mid-2008 at a cost of approximately $1 million per annum. While this was introduced in anticipation of moving to quarterly billing of water use, it was also to augment our understanding of water use patterns, and these costs were recognised in setting prices for 2009-10.

Otherwise there will be no real significant ongoing administrative costs solely arising from quarterly billing, because the bills are already issued quarterly. From an administrative perspective, the number of bills issued will not increase: they will simply now include a water use component on the four bills rather than just two. A once-off system development cost has been incurred to implement quarterly water use and that will be in the order of half a million dollars.

In regard to water revenues, water use prices applied on a quarterly basis will raise slightly more than equivalent prices applied on an annual basis because of some seasonal issues but, because we knew that this would be the case, we made an adjustment in the price setting in the 2009-10 prices to offset this impact.

Also, through the transition, some customers will actually receive a benefit in that they will get more water on the lower tiered rate. That lower tiered rate will apply on their six month bill and then, potentially, on their first quarterly bill, so they may get more water supplied at the lower tier levels.

It has been estimated that that will result in revenue forgone for SA Water of about $8 million. It was decided not to go through the process of putting in place a transitional arrangement to enable all customers to have that same 120 for that particular year because it was very complicated and SA Water has forgone the amount of funds associated with that. I commend the bill to the house.

Bill read a second time.

[Sitting extended beyond 18:00 on motion of Hon. K.A. Maywald]

In committee.

Clauses 1 to 7 passed.

Clause 8.

Mr WILLIAMS: I move:

Page 3, lines 28 and 29—Delete '1 June in any particular year' and substitute:

31 December in the year preceding the commencement of the financial year.

The opposition is more than happy to progress the third reading as expeditiously as possible so I will take very little time. I have spoken extensively on this matter. The opposition is not convinced that there is any sound reason to change the date to announce the new water price from 7 December to the beginning of June to be the last date. In fact, my amendment provides that, instead of being 1 June, the relevant date be 31 December in the year before.

The opposition believes that the reason that the government intends to move this date is that the people of South Australia will be hit with another substantial increase in water prices next year, and the government is very reluctant to announce how big that hit will be before the election. The opposition believes that the people of South Australian do not get many opportunities to judge their government but one opportunity will be on 20 March next year, and we believe the government should be big enough to allow itself to be judged on what it has done with water and, particularly, water pricing. Already we have seen over a 32 per cent increase in price cumulative over the past two years. As I said, it will be substantial next year and the government should be big enough and brave enough to let the people of South Australian know well before they go to the polls on 20 March.

The Hon. K.A. MAYWALD: The government does not support this amendment. The reason is that that date of 7 December was introduced to ensure that notice was given to customers who would receive increases in their water use charges at the end of that month as a consequence of the consumption year process within the existing legislation. In other words, to introduce an increase in water pricing from bills produced after 1 July the following year, the government needed to make a gazettal notice and advise the public on 7 December the previous year because some consumers would start that consumption year and they would receive that bill after 1 July from the end of December the previous year. There was a requirement to gazette it so that people would know what they were being charged for well before they actually started to incur those charges.

Of course, that meant that some customers who had a billing cycle that commenced in December got less than one month's notice as to how much they were going to be charged for their water use. With the amendments that we have put in place now, we are moving to financial year charging for water use. All consumers will commence on the new rate from 1 July regardless of their previous consumption years or when their meter is read. We believe that it is prudent that all consumers should have at least a month's notice and that is why 1 June is the date which we have enshrined in legislation that it will need to be gazetted by. It is important to note that this increases for many customers the actual time notification they receive, given that 7 December provided notification to those consumers who would have incurred charges at the higher rate in the same month.

The government will not be supporting this amendment. I think it is quite cynical for the member to say that the government has not been open and honest with the community. It has indicated quite openly and honestly that prices will increase over a five year period and that they will increase in the order of what they have increased over the last couple of price announcements. The government has certainly made no bones about the fact that it will be advising the community as soon as it knows the detail of what the extra may be in the next financial year in relation to the expansion of the desalination plant. The government has no intention of not bringing that to the attention of the community prior to the next election. It is important that people know that the cost of this infrastructure is, indeed, expensive but it is important to ensure that people understand we are doing this in the interests of water security for South Australia.

Mr WILLIAMS: As I said, I was looking forward to the minister giving a cogent argument as to why the date should be changed. I believe the minister has failed in that. In fact, I will go so far as to say (and the minister just intimated) that the government can be trusted because it has been out there telling people what it was going to do. The previous year the government announced that it was going to increase the price of water by about 12.5 per cent, which it did, and the Treasurer at the time (and probably the minister) said, 'We will be increasing it at a similar rate for the next five years.' The very next year the rate of increase was about 50 per cent higher than that. It was somewhere between 17 per cent and 18 per cent, which is a lot more than 12.5 per cent.

That is why the opposition is suspicious of this government. I can count; I know that the government will win the vote in this place, and I accept that. It may have a lot more difficulty getting it through the other place but, in any case, the people of South Australia will know, during the election campaign, what the intent of the government is. I think it will be much better for the government, if it were honest enough, to come out, accept this amendment and put the numbers on the table upfront. The people of South Australia are and will continue to be very cynical about this government.

Amendment negatived; clause passed.

Remaining clauses (9 to 13), schedule and title passed.

Bill reported without amendment.

Bill read a third time and passed.

ADJOURNMENT DEBATE

WATERWORKS (RATES) AMENDMENT BILL

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security) (18:07): I thank the officers who have supported me and my office in the development of this legislation. I think it is vitally important legislation and will enable people in the community to better understand their water consumption uses. I thank, in particular Trevor, Anne and Richard for their work in developing this bill.

Motion carried.

At 18:07 the house adjourned until Thursday 14 May 2009 at 10:30.