**WATER RESOURCES (WATER ALLOCATION PLANS) AMENDMENT BILL 1999**

**Legislative Assembly, 3 August 1999, pages 1981-4**

Second reading

**The Hon. D.C. KOTZ (Minister for Environment and Heritage**) obtained leave and introduced a Bill for an Act to amend the Water Resources Act 1997. Read a first time.

The Hon. D.C. KOTZ: I move: That this Bill be now read a second time.

I am pleased to receive the long-awaited report from the House of Assembly select committee which has been examining water allocation policy in the South-East. A water resources policy is certainly a complex issue and people are understandably concerned that we get it right.

The select committee has made a useful contribution to a fierce debate, which has been raging for well over 2½ years in the SouthEast and which some have claimed had its origins as long as 14 years ago. I now turn to briefly address the recommendations from the report.

The committee’s recommendations are generally supported, with some qualifications, mostly of a minor nature. An initial response to each of the recommendations has been prepared, and they will be distributed. Many of the recommendations concern technical and administrative matters which still need to be fleshed out in a manner that is consistent with the committee’s recommendations and within the context of the State Water Plan and the object of the Water Resources Act 1997. Many of the recommendations have substantial resource implications.

I am particularly pleased with the four water allocation principles recommended by the committee, namely, protection of the environment; facilitation of economic development; the provision of equity or fairness in allocation; and the provision of water to meet the needs of future generations. These principles fully accord with the object of the Water Resources Act. In fact, many of the committee’s recommendations are consistent with the provisions of the Water Resources Act, providing a healthy impetus to the Government’s approach to integrated water resources management. I am pleased to note that the committee supports the COAG water reform principles and current Government policy with its recommendation for a total market based system, where access to water is held as a fully transferable property right separate from land. Members interjecting:

The DEPUTY SPEAKER: Order! There is far too much discussion in the Chamber.

The Hon. D.C. KOTZ: By accepting this particular recommendation, the committee has accepted that we must maximise the economic value of water within the sustainable limits of the resource and, in doing so, it has provided leadership on this very vital aspect of water reform from a statewide perspective. The committee has reasonably and practically also recommended that the rights of existing water users are preserved.

The key recommendations of the committee relate to the remaining unallocated water in the South-East. Put briefly, the committee recommends a freeze on all new applications for unallocated water and that the remaining unallocated water be shared among landowners who do not presently have water. The share would be in proportion to the area of land owned, that is, on a pro rata basis, and people would be expected to pay for the right to both hold and use the water. This recommendation has application in four of the prescribed areas in the South-East where there are still significant amounts of unallocated water available. These areas are the Comaum Caroline, Lacepede Kongorong, Tatiara and Naracoorte Ranges prescribed areas. It should also be noted that, in the latter two prescribed wells areas, there is only a small area for which water has not yet been fully allocated.

The fifth prescribed wells area, Padthaway, is included in the Bill as a precautionary measure should unallocated water, or other related matters, be realised in the area during the period of implementing the new water allocation policy. Certainly, a lot is to be said for allocating all the unallocated water in the South-East in a single step. For one thing, it may put an end to the often bitter arguments about water allocation policy, which has certainly split this community for a very long time.

However, there are some issues which are left open by the committee such as: first, is the proposed allocation of water rights to landowners to be on a compulsory or indeed a voluntary basis? Secondly, if voluntary, as I would assume to be the intention of the committee, is the water returned to the Government to be held in trust or to be shared out again to those who want it, and on what basis? Thirdly, are all landowners who do not presently have water to receive their share, regardless of whether they have useable water supplies beneath their irrigable land on their properties? Fourthly, has the committee made any assessment of the level of rent to be charged for water in various parts of the South-East?

These are just some of the questions which spring to mind, and certainly there are bound to be many more, and it will take some 12 months to implement this scheme. These are certainly questions that will be best dealt with through the South-East Catchment Board in consultation with the community through the water allocation subcommittees. However, the select committee’s recommended water allocation policy will be given effect immediately. In order to do so, however, the select committee has pointed out that an amendment to the current Water Resources Act is necessary, and that is now the Bill before this House, and, if passed, it will give me the power to give immediate effect to the select committee’s recommendations on water allocation.

I will give effect to the water allocation policy recommended by the select committee by putting into place a new water allocation policy for the prescribed areas. This policy will seek to freeze applications for new or additional water allocations as from the close of business today and will give effect to the allocation method recommended by the select committee. This will be given formal legal effect as soon as I have been given the power by this Parliament to do so through the successful passage of the Water Resources (Water Allocation Plans) Amendment Act 1999.

The committee’s policy is a compromise; it is an attempt to balance the needs of those who want water now (potato growers, dairy farmers, the wine industry and other developers), and those who want to see water rights preserved in the hands of those who own land. The Government in this Parliament has supported the establishment of skills based water management boards. This model has delivered outstanding results across South Australia. However, in response to the issue of board membership raised by the select committee, the Government will now consider the implications of electing members to boards.

The South-East Catchment Water Management Board currently is preparing some five water allocation plans for each of the prescribed areas in the region. We now have at least 72 local South-East residents directly involved in the process and many more making a contribution to these plans. This process will continue, notwithstanding the implementation of this new water allocation policy. Administration of licensing is a difficult business and the committee has highlighted some areas where the department could have done things better. However, it is pleasing to note that the committee has duly recognised the significant changes which have been made, and are continuing to be made, to the administration of water licensing by the department. These changes will continue to be implemented as a matter of priority and, in line with the committee’s recommendation, progress will also be reviewed by the Environment, Resources and Development Committee in some 18 months’ time.

I would also like to thank the committee for its contribution to what I believe history will view as one of the most major debates about the future wellbeing of South Australians. I seek leave to have the remainder of the second reading explanation and the explanation of clauses inserted in Hansard without my reading it. Leave granted.

The Select Committee on Water Allocations in the South East was established in the House of Assembly on 10 December 1998.

The Committee has handed down its findings and recommendations in a draft report.

A number of recommendations have been made—the majority of which are supported and addressed in a separate Government response.

One of the recommendations (recommendation 9) found that Schedule 3 of the Water Resources Act 1997 should be amended.

Schedule 3—Repeal and Transitional Provisions of the Water Resources Act 1997 is being amended to allow the Minister responsible for this Act to vary a water allocation plan (referred to in subclause 2(15)) by a notice in the Gazette.

Water allocation plans are an integral tool in water resources management in this State. Each water allocation plan provides the policy framework for the management of the prescribed water resource to which the plan refers. Once adopted by the Minister, a water allocation plan becomes a statutory document, and decisions by the relevant authority, for example, on the granting or transfer of water licences, must be consistent with the relevant water allocation plan. Where the prescribed resource in question lies within the catchment area of a catchment water management board, the water allocation plan becomes part of the board’s catchment water management plan.

As a transitional measure this amendment will allow the Minister to vary a water allocation plan that started life as a management policy under the previous Act. Such a plan remains in force until it is superseded by a water allocation plan prepared and adopted under the 1997 Act.

I commend this Bill to honourable members.

Explanation of Clauses

Clause 1: Short title This clause is formal.

Clause 2: Amendment of Schedule 3—Repeal and Transitional Provisions Clause 2 amends Schedule 3 of the principal Act. New subclause (15a) enables the Minister to vary a water allocation plan that has been preserved under subclause (15). Subclauses (15b) and (15c) ensure that applications made after 3 August 1999 in the South East wells area will be dealt with under the relevant plan as varied by the Minister under subclause (15a).

Mr HILL (Kaurna): I will not speak for very long, I know that many other matters are before the Parliament tonight. First, I congratulate the Government for readily accepting the recommendations of the select committee, especially in relation to this Bill. It is certainly a variation of the suggestion that the committee made, but I understand that it does the job that it is intended to do, that is, to give the Minister a power which she currently does not have, and that power allows her to stop the current system that is in place in the South-East.

The committee felt it was important that the Minister get on to this quickly because, if the general principles of the committee’s report had been accepted but this legislation had not been passed, it would have allowed a range of people to take advantage of an interregnum, or a change in policy, and there may well have been another horse race for water in the South-East.

I am pleased that the Minister has said that she has prepared a response to all the recommendations and that, in general terms, she will accept the majority of those recommendations—although there may be some technical difficulties with some of them. The Minister raised a few of the points in her contribution and I think, if she reads the report more carefully, she will discover that the committee had considered and addressed those matters, particularly on the issue relating to rent.

The committee recommends that rent be established as a percentage of the value of the water in a particular area and the value to be determined from time to time by the ValuerGeneral. The water catchment board would determine the percentage of rent that would be paid in the same way that a local council determines land rates. The effect of that would be that, in areas where there is high demand for water, obviously the price of water would be higher. That would be determined by the Valuer-General. The percentage would be the same, but the effect would be that holders of water would pay a greater rate than they would in an area where there was little value of or demand for water. I think the report goes through that process and, if the Minister looks at the other issues that she raised as well, the report does deal with those issues.

The Opposition certainly supports this legislation. As I say, we congratulate the Government for moving on it quickly. I do say in passing that it really does get the Government off the hook: no longer will the South-East water issue be before the Government. I know it is pleased about that, and I wonder how long it will be before the member for MacKillop fills in the Liberal Party membership form.

Mr WILLIAMS (MacKillop): I support this Bill, the purpose of which is that the Water Resources Act 1997 (under which the water policies have been promulgated) does indeed prescribe the method by which water allocation policies and plans will be drawn up, and indeed prescribes a method for amending such water allocation plans and policies. That method, which is enshrined in the legislation, is a protracted method involving a certain number of steps which must be taken and which involve a great deal of community consultation.

It is thought that, using the provisions under the Water Resources Act, the minimum time to make any changes to an existing policy would be about 18 months. It would be untenable for the Government in any way to accept or adopt any of the recommendations of the committee and then take 18 months to implement them and to make the relevant changes to its policy.

I certainly commend the Minister and the Government. It appears that they are willing to adopt at least the majority, if not all, of the recommendations of the committee. In congratulating them on that, I think that is a wise move. The committee has done more than any other single person, group or organisation has done in the history of this policy development in the South-East. The committee has advertised widely and accepted evidence from anyone and everyone who chose to come before it to present their evidence in a written or oral fashion. I think the committee has received a broad amount of evidence and gained a better understanding of all the different ideas that might emanate from the South-East regarding how a policy could be set up to accommodate the most and have the greatest impetus for ongoing development and investment, particularly by existing landowners, as well as the least detrimental effect on future potential developers. It has done this by working through this process, taking account of all opinions and considering everything in a bipartisan way.

I reiterate my congratulations to the Minister and the Government for taking on board and recognising the role that the committee has played and recognising that the committee has probably come up with a document that no other organisation would be capable of doing in such a bipartisan way, having regard to all the various beliefs and wants of people in the South-East.

This Bill will allow the Government to proceed posthaste in adopting the recommendations of the committee. It will allow the Government to freeze any further water allocations as of now, and in the very near future, by a simple gazettal notice by the Minister, to change the existing plan. That will not prevent the current work of the catchment management board and the subcommittees set up under that board, but I have already commented on my feelings about the make-up of the board. I would hope that at some time in the not too distant future the Government can make that board truly representative of the people of the South-East and that the board will then become a community body and fulfil the desires and aspirations of the community it will then represent.

I would suggest that that could provide a template for the other catchment boards throughout the State. I am not too sure that the other catchment boards have had to grapple with the problems encountered in the South-East. I am not sure that the other boards have faced the odium of a community as has happened in the South-East, but certainly I would urge the Government to template the other boards throughout the State on the model that has been suggested by the committee so that the boards can indeed truly represent the communities which, after all, the boards are responsible for taxing. I use that word purposely.

I know that the Act provides for a levy. I have always called it a tax. I think it is a tax on water users. It may be justifiable to a certain level, but that is something boards should be mindful of. The boards will be definitely mindful of that if they are elected by the community and truly representative of the community. I commend this Bill to the House and hope it is processed through the House and the other place in a very speedy manner to allow the Minister to get on with this matter.

Mr McEWEN (Gordon): There are times when, if you legislate in haste, you will repent at leisure. It is too soon to go through what this select committee has found and the implications of its findings. I will not take the risk— Members interjecting:

The DEPUTY SPEAKER: Order! The member for Gordon.

Mr McEWEN: A matter as significant as this ought take a few minutes of the House and not just some of the trite comments from opposite. At first glance, there are three issues that are not addressed. All I want to do at this stage is put them on the record because we will need to come back to them. Water is a subset of land use, and at the end of the day land use is the key to future development, future prosperity and wealth generation. If we actually still have some land use of which water is part anywhere in the water cycle, then it will impact on water allocations, because it will impact somewhere in the water cycle on water availability. I am not convinced that the committee has gone far enough in addressing the first order issue, which is land use.

Also, I do not think that the committee has addressed the fact that there are times when you cannot create a market. There are times when supply will outstrip demand forever. You have to remember that in the South-East at least 30 per cent of the water availability is allocated, and of that about half is being used. About 15 per cent of the 1 000 gigalitres available is being used. That says that in the foreseeable future, there will be water in the South-East that will never be needed. It will never be in demand, and therefore it will never be part of the market. In doing this, I hope we will not lock people into paying a penalty now for having a water allocation that they do not really want. We have to make sure that some people can choose at this stage to actually say, ‘I do not want that water, even if you have given it to me, and I do not want to pay the holding costs for that water in perpetuity simply to create a market.’ We just need to look at that.

The third issue that has not been addressed is the fact that we have only looked at one of the aquifers. This has only dealt with the unconfined aquifer. Underlying that are another whole lot of issues in terms of the confined aquifer. There are some people in the South-East who draw only from the confined aquifer, and actually may find themselves with an allocation from the unconfined aquifer which is of no use to them, whether or not it has some value in being traded. All I am saying at this stage is that I want to consult. I want to go back to my community in terms of the findings of the select committee. In the meantime, I want put on the record the fact that land use, no market-no value, and confined aquifer all still need to be debated.

Bill read a second time and taken through its remaining stages.