**WATER RESOURCES BILL 2001**

**House of Assembly, 30 November 2000, pages 764-5**

Second reading

**The Hon. M.K. BRINDAL (Minister for Water Resources):** I seek leave to make a ministerial statement. Leave granted.

The Hon. M.K. BRINDAL: Today I wish to announce that, in the autumn session in the new year, I propose to introduce a bill to amend the Water Resources Act 1997. The bill will contain a number of amendments, but there will be two key issues. First, there will be an amendment to enable the Minister for Water Resources to reserve water for strategic water resource purposes.

The second issue is most complex. Currently, the act does not provide any mechanism for effectively dealing with significant land use change where it impacts upon the sustainability of the water resources. This is causing concern in the South-East, particularly in view of the current growth in the blue gum forestry. Land use can significantly influence ground water recharge and the catchment yield of surface water. Where a prescribed water resource is fully allocated, the water resource is sensitive to reduction in yield caused by significant land use change. Any reduction in the volumes of water available for use would require a consequent cut in allocations to preserve the sustainability of the resource.

Parliament discussed this issue in the last session during debate on the Water Resources (Water Allocations) Amendment Bill. A proposed amendment to deal with this issue was moved by the Hon. Mike Elliott MLC in another place. The amendment was deficient and was defeated. The government, in good faith, gave an undertaking to introduce amendments to the Water Resources Act 1997 in the current session to effectively deal with this matter.

Since July, extensive discussions have been held with relevant parties regarding an appropriate and effective way of dealing with this issue. While there has been significant progress, the issue has proved to be more complex than expected.

There are currently two main schools of thought. One can be described as a traditionalist view, while the other contemporary view attempts to operate within principles that are consistent with the ideals of the COAG water reform principles. Traditionalists disapprove of the current principles espoused by the act and the COAG water reform principles. They do not believe that water rights should be separated from land. They believe that any loss of water resource caused by land use change, such as forestry, should be borne by irrigators.

The contemporary view would require an amendment ensuring that plantations in sensitive areas of the South-East, to be known as recharge water management areas, would be accountable for their impact on the unconfined aquifer. Such an amendment would be consistent with recommendations 32 and 33 of the report by the Select Committee on Water Allocations in the South-East, which called for management of the impacts of land use change on ground water resources, particularly by commercial forestry.

It is acknowledged that commercial plantation forestry, in some locations, can provide significant environmental benefits, particularly where there are salinity problems. Whatever happens, it is not intended that any proposed amendment should prevent land managers from continuing to use revegetation strategies in areas threatened by rising ground water or salinisation.

In the Lower South-East, forestry of around 100 000 hectares has been accommodated in ground water sustainability assessments.

In the past, average annual increases in plantings of up to 3 per cent have not resulted in a reduction in water allocations. However, the current upsurge in forestry activity has a potential to increase forestry plantation by an unprecedented 35 per cent over the next two years.

The impact of planting 35 000 hectares of new forestry in a fully allocated water management region is that 7 000 hectares of perennial pasture irrigation, or up to 24 000 hectares of irrigated vines, would have to be forfeited to maintain the sustainability of the resource.

Merit is recognised in both the traditional and contemporary views but, essentially, they are diametrically opposed. Therefore, before introducing the amendment bill to parliament, I intend to consult further on this issue.

Mr Hill interjecting:

The Hon. M.K. BRINDAL: The shadow minister does not want to be consulted! Nevertheless, because of the potential implications of the proposed new forestry development and the possibility for amendments to the act in autumn, I today announce that all existing (and proposed) forestry which had planning approval granted under the Development Act 1993 as of midnight last night has been included in the South-East sustainable yield calculations and will be authorised by any amendment requiring a licensed water yield affecting allocation without cost, should such an amendment to the act proceed. Any future forestry development not taken into account and which has not received planning approval under the Development Act 1993 would be required to secure a licensed water yield affecting allocation under any proposed amendment to the act. Any proposed amendment, once enacted, will draw the line as of today.

Existing forestry and that already approved by the planning authority before midnight last night will automatically be granted the appropriate allocation if that is required by any amendment. Should the amendment require forestry to be authorised with a water yield affecting allocation, all forestry approved since midnight would need an appropriate allocation by trading and transfer. I table a listing of management zones that may be prescribed as recharge water management areas, thus requiring a licensed water yield affecting allocation. It is believed that this will focus a useful basis for discussion.

The second amendment to the act which we are contemplating, the reservation of water amendment, will enable the Minister for Water Resources to reserve unallocated water in the South-East where its proportion has fallen to 20 per cent or less of the adjusted permissible annual volume, otherwise known as the PAV. The aim is to reserve a buffer in South-East management zones that are not yet fully allocated. It is considered prudent to reserve the remaining unallocated water to protect existing users from unnecessary reduction in their allocations.

Currently two management adjustments issues could impact on this reserve. They are the conversion of the area based allocation system to a volumetric system, which will take place over the next five years. The other is possible adjustments that may occur in relation to the forestry land use amendment already outlined. Such a proposed amendment to the Water Resources Act 1997 would allow the minister to hold this water in reserve. It will not be available for further allocation under the water allocation plan. However, there will be some flexibility to allocate this reserve water for bona fide purposes, where denying access to the water might jeopardise the government’s economic objectives for regional South Australia.

It is therefore proposed to lease any remaining water held in reserve through a negotiated arrangement, reflecting the true market value of water, with the proceeds going into the consolidated account. It will mean that most of the available water resources from the unconfined aquifer in the South-East will have been allocated or held in reserve by the minister. As such it will stimulate a water market. The criteria to lease the water will be advised through a Governor’s notice in the Gazette. These suggested amendments to the Act that I have outlined are very important if we are to ensure security for existing water users and if we are to maintain ongoing confidence in water resource management so as to enable further economic development. I am sure they will engender spirited discussion.