**WATER RESOURCES (RESERVATION OF WATER) AMENDMENT BILL 2001**

**House of Assembly, 1 March 2001, pages 1018-20**

Second reading

**The Hon. M.K. BRINDAL (Minister for Water Resources)** obtained leave and introduced a bill for an act to amend the Water Resources Act 1997. Read a first time.

The Hon. M.K. BRINDAL: 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 Water Resources (Reservation of Water) Amendment Bill 2001 addresses a very significant reform for water resources management in South Australia. At the heart of the reform is the capacity for the Government to reserve an amount of water in those prescribed areas where it is thought appropriate to do so for strategically important economic development or environmental purposes.

It will do so in a framework established through the proposed amendments that ensures the integrity of sustainable levels of resource allocation and protection of existing users’ rights.

It is intended that the Government will release water held in reserve under limited circumstances, the requirements for which will be set out in a notice published in the Gazette by the Governor. It is intended that the guiding principle for any water released by the Government from the reserve is that it will be leased at prevailing market rates.

Each quarter, a notice in the Gazette will be published to detail any allocations made from the reserve. This, together with the publication in the notice of the requirements for access to an allocation from the reserve and the lease of that water at prevailing market rates, will ensure maximum transparency and accountability for the allocation process without affecting the water trading market.

The proposed amendments will enable the Government to reserve water, if it is considered appropriate to do so, in any of the State’s prescribed water resources. However, most of the currently prescribed resources are already either fully allocated or are close to fully allocated and the opportunity to reserve water in those resources either does not exist or is limited.

The prescribed water resources of the South East are an exception and it is intended to immediately apply the provisions of this amendment to hold in reserve the remaining unallocated water of those management zones in the five prescribed wells areas in the South East where less than 20 per cent of the available water remains unallocated.

This will assist in meeting several objectives at the same time.

Firstly, the proposed amendments are significant in their own right, in that they enable the Government to exercise strategic control over the appropriate use of a proportion of the State’s water resources that are available for use on a sustainable basis.

At the same time, it establishes an opportunity for a prudent and precautionary approach to resolving some of the outstanding and very complex water allocation issues currently being faced in the South East without exacerbating the potential problem through the further allocation of the remaining unallocated water under the terms of the water allocation plan.

In particular it will allow further time to address the complex matter of the impact of land use change on recharge and water availability.

Members will be aware that this is a critical issue in the South East.

On 30 November last year I foreshadowed legislation to address this issue. I informed the House that I would firstly consult with the community in the South East and other stakeholders. I did this. During January I held consultations with the various industry groups, local government and the general community in Mount Gambier, Penola and here in Adelaide. This exhaustive consultation built upon discussions I had already held with groups and local Members of Parliament from the South East.

On 27 February this year I provided the House with a report on the outcomes of those discussions. I indicated then that there are some further issues that need to be looked into, in response to the stakeholder and community concerns. In particular the forestry industry will be confirming its strategic plans for development in the South East and some further scientific investigation and technical work will be undertaken.

To better understand both this Bill and future Government strategy it is worthwhile recording some further remarks concerning the consultation process.

While, as has previously been said, there remains some areas of disagreement, areas of consensus are no less important.

There was unanimous agreement that water should be managed in a sustainable way recognising that there are a range of bona fide interests in water including urban use, environment flows, and agricultural and industry use.

A number of other points were also generally agreed:

(a) that the rights of existing users should be preserved so long as they are accountable for the use in volumetric terms and that ‘best practice’ is being progressively adopted;

(b) that it is desirable to stimulate economic development by encouraging efficient water use and making available unallocated water as either share entitlements or extraction entitlements based on an approved development plan;

(c) that the Government should ensure that the cost of holding unused water allocations is significant enough to encourage use. On this matter various views were put and, while there was consensus that there should be a level of payment, the appropriate level is disputed;

(d) that as a matter of urgency all scientific data as it relates to local ground water systems needs review, an identification made and an investigation undertaken of all data gaps. The Government has acted on this view and on the 27th of February 2001 the commitment of $300 000 was announced to ensure that this matter is brought to a satisfactory conclusion;

(e) that a forestry strategy must be developed as a matter of highest priority so that the change of land use issues as they impact on the water cycle might then be brought to a satisfactory conclusion.

Water resources available for allocation in many of the at-risk management areas in the South East have not yet been fully allocated. It is therefore prudent to reserve the remaining unallocated water to assist in any subsequent adjustment to the volume of water available for use from the aquifer, should that become necessary as a result of land use change, in particular forestry. This would minimise the likelihood of further land use changes affecting existing users.

At the same time it would be imprudent not to provide the Government with some flexibility to allocate this water to bona fide purposes where the consequence of not providing access to water might jeopardise the government’s economic development objectives for regional South Australia.

Importantly too, reservation of water by the Government will stimulate the market for water in the South East. By holding water in reserve the water available for allocation will have been effectively allocated, either to existing licensees or to the Government through the reserve.

Whereas currently, proponents seeking access to water can be granted an allocation free of charge provided that the requirements of the water allocation plan are met, where a hundred, through the proposed mechanism, now becomes fully allocated, they would now be required to either obtain an allocation through the market from existing licensees or from the government’s reserve. In either case, the proponents would be paying the appropriate market rate.

It is intended that the strategic water reserve would be available for allocation to proponents only after they have first made serious efforts to obtain their required allocation through the market and can demonstrate that the market has failed to meet their needs.

In presenting this Bill, I provide the opportunity for members to debate and move such changes as they see fit.

I acknowledge that the Government’s position, as currently represented in the Bill, may not present a final solution to the two difficulties as identified by the conference of Houses last year. The Government has been unable to come up with a solution as quickly as previously expected, however the Government will continue to work as expeditiously as possible for a legislative solution to those two problems.

This Bill, as presented however is important in that it ensures that the resource is not allowed to decline further while additional refinements are suggested to the legislation now before the Parliament.

The proposed amendments are therefore significant and timely. I commend the bill to the House.

**Explanation of Clauses**

Clause 1: Short title

Clause 2: Commencement These clauses are formal.

Clause 3: Insertion of Part 5A This clause inserts new Part 5A into the principal Act. If the excess water in a water resource is 20 per cent or less of the water available for allocation, new section 44B will enable the Minister to reserve the excess water in a water resource from further allocation either at all or subject to restrictions. The restrictions will be set out in a notice by the Governor published in the Gazette and further restrictions can be included by the Minister in the notice reserving the water (see section 44B(2)(c)). Section 44C sets out provisions that apply to the allocation of reserved water that do not apply to the allocation of water generally. Section 44D provides that restrictions on the allocation of water will be set out in a notice published in the Gazette by the Governor. Section 44E requires the Minister to keep the public informed of allocations of reserved water by quarterly notices published in the Gazette.

Clause 4: Amendment of s. 142—Right of appeal This clause amends section 142 of the principal Act. The new paragraph inserted by this clause specifically provides for an appeal to the Environment, Resources and Development Court where the Minister refuses an application for a water allocation. However an appeal in respect of the refusal of an allocation of reserved water is excluded.

Mr ATKINSON secured the adjournment of the debate.