LEGISLATIVE COUNCIL

Wednesday, 11 February 2015

The PRESIDENT (Hon. R.P. Wortley) took the chair at 14:19 and read prayers.

Parliamentary Committees

LEGISLATIVE REVIEW COMMITTEE

The Hon. G.A. KANDELAARS (14:20): I bring up the first report of the committee.

Report received.

STATUTORY AUTHORITIES REVIEW COMMITTEE

The Hon. G.A. KANDELAARS (14:20): I bring up the report of the committee, being the annual report for 2013-14.

Report received and ordered to be published.

Parliamentary Procedure

PAPERS

The following paper was laid on the table:

By the Minister for Employment, Higher Education and Skills (Hon. G.E. Gago)—

State Tax Review Discussion Paper, February 2015

Ministerial Statement

CARDIOTHORACIC INTENSIVE CARE REVIEW

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:21): I table the cardiothoracic intensive care external review 12-months progress report, which was an attachment to a ministerial statement which I tabled in the council during the last session. I throw myself upon the mercy of the chamber, sir. I know it is my individual responsibility to read every single word of ministerial statements that I seek leave to table without reading and to make sure the attachments are appropriately attached, and I do so now, suitably chastened.

GILLMAN LAND SALE

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (14:22): I table the documents tabled in the House of Assembly and associated with the ministerial statement relating to the sale of state-owned land at Gillman made on 10 February 2015 in another place by my colleague.

I hope honourable members are proud of themselves, having yet another tree felled so that we could table this document that is online and on the public record as of yesterday. It is online as of yesterday, so I hope they are proud of themselves. We have felled another tree—I hope you feel good about that.

Members interjecting:

The PRESIDENT: Order! Let's not get too excited. It is a bit early in the day for this.

The Hon. R.L. Brokenshire interjecting:

The PRESIDENT: The Hon. Mr Brokenshire, contain yourself.

Parliamentary Committees

CRIME AND PUBLIC INTEGRITY POLICY COMMITTEE

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (14:23): By leave, I move:

That pursuant to section 21(3) of the Parliamentary Committees Act 1991 the Hon. Andrew McLachlan be appointed to the committee in place of the Hon. Stephen Wade (resigned).

Motion carried.

Question Time

CEDUNA WATERS

The Hon. D.W. RIDGWAY (Leader of the Opposition) (14:25): I seek leave to make a brief explanation before asking the Minister for Sustainability, Environment and Conservation a question about Ceduna Waters.

Leave granted.

The Hon. D.W. RIDGWAY: I have a copy of some correspondence directed to the minister on 8 January this year from Mr Dennis Blackham, the chairperson of the Residents of Ceduna Waters Incorporated. As the minister would be aware, I think there have been some ongoing issues with this particular development, and also the minister would be aware that there is some legal action between the developer and the crown. However, I will not read the entire letter, but in the second paragraph Mr Blackham suggests that:

During discussions about this particular section of land—

which is the Ceduna Waters land—

Ms Detmar stated that she had in her possession images that unequivocally supported her belief that this site was not farmland with drift sand accumulating along some sections of the cliff top.

Further on in that paragraph, the letter states:

As a result of that discussion you [the minister] directed Ms Detmar to send a copy of those images to the Residents of Ceduna Waters Inc., so that we could view them.

He goes on in the next paragraph:

I write now to advise you that since that meeting some six weeks ago, the images have not been received.

I checked with Mr Blackham this morning, and now 10 weeks later those images have not been received. He then goes on—and there is a lengthy discussion around some of the issues, which I will not go into—but in the final paragraph he said:

Minister Hunter, at our meeting at the Country Cabinet on Sunday 23 November 2014, you stated that the court matter needs to proceed so that the government 'did not lose face'. From this comment I put it to you that protecting the 'integrity' of the government department seems to be deemed a higher priority than the detrimental impact on the residents of Ceduna Waters of the decisions that the Coast Protection Board continues to make.

My questions to the minister are:

1. Why have the images referred to by Ms Detmar not been provided to the Residents of Ceduna Waters as directed by you as minister for her to do so?

2. Given that the developer has spent in excess of $1 million in legal fees (and I assume the Crown similar), is it an appropriate use of taxpayers' monies to continue with legal action so that, in your words minister, the government did not lose face?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:28): I thank the honourable member for his most important question. However, I reject outright any view that he is trying to put to this chamber about what my phraseology would have been when I met with Residents of Ceduna Waters. I say to him that I have absolutely no recollection of using such language at all. I

did, of course, meet with residents. I will not be saying very much to this chamber in terms of the details whilst legal action may be afoot, but I have said to the department that I wanted to—

The Hon. J.S.L. Dawkins: You wouldn't have been happy about that, being that far away from Adelaide.

The Hon. I.K. HUNTER: Well, I met with residents in front of a departmental staffer and staff of mine, so I am pretty sure that we can have the recollections brought back to my attention. But I said to the department that I wanted a fresh look at the processes involved, and that I wanted the department to work with the local residents, as I think is appropriate, to address their concerns, but, as I said, there is legal action afoot and it would be inappropriate for me to comment any further on that matter until that is resolved.

CEDUNA WATERS

The Hon. D.W. RIDGWAY (Leader of the Opposition) (14:29): Supplementary question: can the minister explain why the images referred to by Ms Detmar, and directed by you to be provided to the residents, have not been provided some 10 weeks after you directed her to do so?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:29): I am not going to take the honourable leader's word for that. I do not know whether or not that is the case. I will obviously speak to my department once again on this matter and follow that up. But we know, from time immemorial in this place, that accusations and allegations made from that side turn out to be baseless, and I would not put much faith in the claims of the honourable Leader of the Opposition in this place.

SAVE THE RIVER MURRAY FUND

The Hon. J.M.A. LENSINK (14:29): My questions are to the Minister for Water and the River Murray and are on the subject of the Save the River Murray Fund. My questions to the minister are:

1. On what basis has the $2 billion a year fund been transferred to Regions SA, given that the Water Industry Act states that these funds must be used on River Murray-related projects?

2. Is this $2 billion no longer required in the River Murray portfolio?

3. Which minister makes the final decisions about expenditure of the Save the River Murray Fund?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:30): Excellent questions from the excellent shadow minister; I thank her very much for that—only that it's about 12 to 14 months late. These machinery-in-government changes were made when the fund and the deliberations around that funding were to be transferred to minister Brock, I think it was, from memory. But, as I understand it, my responsibilities remained and that final approval for funding agreements would come through my office for my signature.

SAVE THE RIVER MURRAY FUND

The Hon. J.M.A. LENSINK (14:30): I have a supplementary question. What is minister Brock's involvement in approving expenditure?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:30): As I have said, I am the person who makes the final sign-off on these things. Minister Brock, of course, as the Minister for Regional Development, has a very appropriate role in helping the community, and he has a very appropriate role in addressing issues of regional concerns. He and I work very closely, of course, as you would expect, on matters that are of importance to rural and regional South Australia, but, as I understand it, my role is to sign-off on the applications for funding.

SAVE THE RIVER MURRAY FUND

The Hon. J.M.A. LENSINK (14:31): I have a further supplementary question. Does minister Brock have a formal role to be consulted on these matters?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:31): As I said earlier in my first answer, minister Brock has carriage of this issue; I have carriage of signing off on the funding. I think that even the Hon. Michelle Lensink would understand the usefulness of devolving those two roles between two ministers. Nonetheless, we do work very closely together, as you would expect, and we both want to see the best outcomes for our communities in rural and regional South Australia.

SAVE THE RIVER MURRAY FUND

The Hon. J.M.A. LENSINK (14:31): I have a further supplementary. Is minister Brock required to sign off on expenditure or is he not?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:31): Mr President, how many times do we have to answer these questions? I refer the honourable member to my earlier answer.

APY LANDS

The Hon. S.G. WADE (14:31): I seek leave to make a brief explanation before asking the Minister for Aboriginal Affairs and Reconciliation questions in relation to the APY lands.

Leave granted.

The Hon. S.G. WADE: First of all, I congratulate the minister on his appointment. In 2004, parliament passed amendments to the then Pitjantjatjara Land Rights Act 1981 which divided the APY lands into 10 electorates for the purpose of electing representatives to the APY Executive Board. The following year (in 2005), further amendments were passed, which provided that the Minister for Aboriginal Affairs and Reconciliation 'must cause the electorates…to be reviewed not later than 3 months prior to each [APY] election' and that the review must include consultation with both Anangu and the APY Executive Board.

The last APY election was held in February 2012, with the review of the electorates being completed the previous September, that is, five months prior to the election. That last review was conducted by the Aboriginal Affairs and Reconciliation division and included community-based consultation in nine locations. Under section 9(8) of the APY Land Rights Act, the minister is required to cause the next review of the electorates to be completed by 1 March 2015, that is, less than three weeks from today. My questions to the minister are:

1. When did the current review of the APY electorates commence and when will it be completed?

2. Who is conducting the review?

3. Have the views of the South Australian Electoral Commissioner been sought as part of the current review?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (14:33): I thank the honourable member for his questions and for his interest in these matters. The APY Land Rights Act requires an election of the executive board, as is stated, to occur within three months after the third anniversary of the previous election. As many members would probably be aware, between late 2013 and early 2014, a review of the APY act was undertaken, focusing particularly on options for more contemporary government and accountability.

This review, in particular, covered the election system, including the electorates and the composition and capacity of the executive board. The review panel, chaired by the Hon. Dr Robyn Layton, consulted broadly with Anangu communities across the APY lands and with the executive

board. I will check to see whether this review covered the legislative provisions the honourable member is talking about and bring back a reply.

APY LANDS

The Hon. S.G. WADE (14:34): I have a supplementary question. Could I also seek either a reply to the other questions or an undertaking by the minister to give replies in relation to who is conducting the review and whether the Electoral Commissioner was consulted?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (14:34): I will look into those matters and bring back a reply as required.

MACULAR DEGENERATION

The Hon. G.A. KANDELAARS (14:34): I seek leave to make a brief explanation before asking the Minister for Science and Information Economy a question about how this government is supporting the fight against macular degeneration.

Leave granted.

The Hon. G.A. KANDELAARS: Macular degeneration is a debilitating blinding condition which affects up to 480,000 South Australians. Can the minister update the chamber about how a grant provided through the Innovation Voucher Program is being used to combat macular degeneration?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (14:35): I thank the honourable member for his most important question. I am very pleased to belong to a government which values and invests in the state's inventors and which proudly supports collaborations between businesses and researchers.

Our latest investment is research into the treatment of macular degeneration, a debilitating eye condition, as the honourable member outlined. Macular degeneration is all too often something that affects us as we age, with one in seven people over 50 years of age suffering at least some degree of macular degeneration. With an ageing population, any research into combating this condition is obviously going to have considerable impact.

Ellex Medical manufactures and distributes leading-edge ophthalmic laser and imaging technology for use against blindness. There are approximately 20,000 Ellex ophthalmic laser and ultrasound systems in use worldwide. Ellex Medical has a strong manufacturing history right here in South Australia, where they currently employ 100 staff. I am very pleased that the state government is providing $45,000 to Ellex Medical, which will be used to conduct research, including clinical studies in collaboration with the Royal Adelaide Hospital. With matched funding from Ellex Medical, the total commitment to this particular research is $90,000. These trials will improve the performance of retinal rejuvenation laser.

We know that some diseases which cause blindness, like age-related macular degeneration and diabetic eye disease, are due to retinal damage. Unfortunately, combating these diseases at the moment with current laser technology may actually cause further damage to the person's retina. That is why Ellex Medical's 2RT laser is so important. They have managed to develop this extremely safe retinal laser which has already been used in clinical trials on patients with diabetes at the Royal Adelaide Hospital, and further testing on effects on retinas has also been undertaken in laboratory settings.

The innovation voucher provided by the government will enable Ellex Medical and the RAH to expand on this existing work to patients with macular degeneration, to further improve the effects and safety of 2RT laser. It is not only South Australians who are affected by macular degeneration, so any developments in early treatment found by this research could bring significant benefits to South Australia. The commercialisation of the 2RT laser could see significant growth in the 100 staff currently employed in the Adelaide manufacturing facility.

Research and commercial flow-on effects are why the Innovation Voucher Program is so important. This is a $1.2 million program shared equally between the Office of Science, Technology and Research and the manufacturing and small business groups of the Department of State Development. Vouchers valued up to $50,000 are awarded on a competitive basis to projects designed to enhance productivity or industry diversification. Participating businesses provide a funding contribution based on their annual turnover. The Innovation Voucher Program has seen very exciting collaborations to date, and I look forward to updating the chamber about these results in relation to this laser in the near future.

MACULAR DEGENERATION

The Hon. K.L. VINCENT (14:39): Is the minister able to provide an update as to whether the research will also look into a need for the provision of what is known as 'wet and dry' injections for the prevention of macular disease at a specialist eye hospital, as recommended by the Macular Disease Foundation of Australia?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (14:39): I am not aware if we deal with those techniques, but I will have to take that on notice and bring back a response.

LAND ACQUISITION

The Hon. J.A. DARLEY (14:40): I seek leave to make a brief explanation before asking the Minister for Manufacturing and Innovation representing the Minister for Transport and Infrastructure questions regarding compulsory acquisitions.

Leave granted.

The Hon. J.A. DARLEY: I have been contacted by a number of constituents who have raised some very serious concerns in regard to the Department of Planning, Transport and Infrastructure's attitude towards compulsory acquisition. In assisting my constituents, I have been privy to a number of valuations which have been used as part of the acquisition process. These valuations have been undertaken by in-house DPTI valuers, private valuers commissioned by the owner and also private valuers commissioned by DPTI. My questions are:

1. Can the minister advise on how many occasions private valuers were engaged by DPTI for acquisitions as part of the Torrens to Torrens project?

2. Of these, can the minister advise how many were asked to provide a valuation on properties which had already been the subject of a valuation undertaken by DPTI's valuers?

3. Can the minister advise the total cost of these valuations made by valuers from the private sector?

4. Can the minister advise how many valuations were done for DPTI by non-DPTI valuers in the past five years?

5. Can the minister advise the total cost of these valuations?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (14:41): I thank the honourable member for his questions and I will refer them to the relevant minister and seek a response for him.

NUCLEAR INDUSTRY

The Hon. R.I. LUCAS (14:41): My question is directed to the Minister for Environment. Does the minister, as Minister for Environment, agree with the Premier's statement that he made on Monday this week, and I quote:

> The threat of climate change is a greater risk than the threats associated with the deepening involvement in the nuclear industry.

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:42): I thank the

Hon. Mr Lucas for his follow-up question from yesterday and, indeed, for providing me with a copy of Liberal Party media monitoring which relates to his question. Of course, I think from memory, without having checked the *Hansard*—

Members interjecting:

The Hon. I.K. HUNTER: I thought you told me it was Liberal Party media monitoring. I beg your forgiveness. I think I recall from yesterday's question that Mr Lucas asked, without having checked the *Hansard*, that he actually mentioned something about policy change. Again, I was very careful in my response yesterday, because I understand that Mr Lucas, as his leader, the Hon. Mr Ridgway, often uses language very loosely in this place and paraphrases to other people's detriment, because of course talking about policy change before we have the royal commission is a little bit like putting the cart before the horse.

As the Premier was quoted in *The Australian* (either today or yesterday, I cannot recall), he said that any discussion about policy change wouldn't happen until after we have actually heard about the facts, we have had the debate as a community, we have talked about all the relevant information that has come to light in the last 20 or 30 years and then, having had that robust discussion, having seen all the evidence and all the facts put before the community, the community and the people of South Australia could have a significant role in making a determination and then subsequently, if needed, to make policy change.

So, again, the Hon. Mr Lucas is trying to lead with a fancy use of language, but who is the real threat? Who is the real threat? Is it climate change or is it the Liberal Party? As we all know, we are faced with extreme weather events, rising temperatures, rising sea levels and, yet, of course, it is only in recent memory, of course, that the former government of Queensland issued an instruction to Moreton Bay Regional Council to remove references to climate change derived sea level rises from a regional plan. That is the Liberal Party approach to climate change: put your head in the sand, tell councils they can't talk about climate change or sea level rises and take it out of their plan. That is the Liberal approach to climate change.

We have not forgotten the biggest environmental policy the Liberals took to the last election. What was that? To scrap marine parks, to gut marine parks. One of the greatest most important conservation initiatives our state has ever undertaken and they wanted to rip the jewels out of the crown of marine parks. That was their promise at the last election, that is what they were committed to. Surprisingly, what happened? They got a massive donation from interests associated with gutting marine parks—all on the public record, of course—and that is an indication of the threat not just to the environment and climate change but our democracy when the Liberal Party's policies are out there to be bought to the highest bidder.

NUCLEAR INDUSTRY

The Hon. R.I. LUCAS (14:45): A supplementary: given that the minister has now twice refused to support the Premier's statement, is he prepared to take advice from his department, the Department for Environment, to see whether the department has information which supports the Premier's statement that 'the threat of climate change is a greater risk than the threats associated with the deepening involvement in the nuclear industry'?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:45): The Hon. Mr Lucas does not seem to understand royal commissions and how they work. Royal commissions are designed to get to the root of issues, to canvass all available material, to look at all sides of a question and to put it out for public view, discussion and debate.

The Hon. Mr Lucas wants us to do something completely different to predetermine an outcome; that is the Liberal Party approach. We know concern about the environment and climate change is not in the Liberal Party DNA. Around the country they have been waging war on the environment as Liberal governments state and federal.

They erase the science portfolio from existence; they slash funding to science and research, including the CSIRO; they scrap the Climate Commission; they scrap the National Water Commission; they are rephasing water buybacks, and that is code for pushing back putting

environmental water back into the Murray; they campaign on the repeal on the price of carbon; they attempt to abolish the Clean Energy Finance Corporation; they commenced an inquiry into the renewable energy target scheme headed by a self-confessed climate sceptic—

The Hon. J.M.A. Lensink: What has this got to do with the question?

The Hon. I.K. HUNTER: It has everything to do with what you believe in. They attempted to list Tasmania's world heritage forests. They cut $486 million from the Caring for Country programs. They allow unscientific and indiscriminate killing and culling of sharks, despite scientific evidence to the contrary about its efficacy. They oversee the dumping on the Great Barrier Reef.

That is their approach to climate change, that is their approach to the environment, and it is little wonder that we are seeing the Liberal Party policy prescription for this country repudiated around the country at election after election. After all, this man, the Hon. Mr Lucas, was the marginal seat campaign coordinator for the last state election. How well he did there! I think he might have been the marginal seat campaign coordinator for the Fisher by-election. I am not sure that they gave him a third run in the Davenport by-election where the Leader of the Opposition achieved the unremarkable swing to the government in a by-election.

The Hon. R.L. BROKENSHIRE: A point of order, Mr President. The minister is waffling on. I draw your attention to relevance to the question.

The PRESIDENT: Minister, keep your answer to the question.

The Hon. I.K. HUNTER: I admire the point of order from the Hon. Mr Brokenshire trying to bring me to the relevance of the question. I can see no relevance to the Hon. Mr Lucas's question at all.

The PRESIDENT: Supplementary?

NUCLEAR INDUSTRY

The Hon. J.M.A. LENSINK (14:48): Minister, did you forget to mention Ebola?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:48): The Liberals have a problem with science, so going into Ebola is going to be a big problem for them.

SAMPSON FLAT AND TANTANOOLA BUSHFIRES

The Hon. T.T. NGO (14:48): My question is to the Minister for Sustainability, Environment and Conservation. Will the minister tell the chamber about the role the environment department played during the Sampson Flat bushfire?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:49): What an excellent question from the honourable member. As the recent Sampson Flat bushfire was quite alarming for many people, I think it illustrates also the courage, commitment and generosity of our firefighters, our volunteers and the local community. It also shows that we are learning from past experience and that our program of prescribed burning and fire management is working. Based on the latest assessment, the fire burned approximately 13,000 hectares of land, destroyed 28 houses, 103 sheds and outbuildings, and six businesses, at last count.

Whilst there were injuries—mainly firefighters, 134 people I think all up—we are of course very fortunate there were no serious injuries or indeed deaths. I would like to sincerely thank everyone involved in fighting this fire. It showed an enormous team effort and cooperation across numerous agencies in the community.

The Department of Environment, Water and Natural Resources has played an important role in both fighting the fire and the subsequent recovery and clean-up. Over the seven days that the fire raged, more than 200 DEWNR brigade members supported CFS efforts to contain the fire. On Wednesday 7 January, I visited the fire incident management team at One Tree Hill during a shift change. In total, DEWNR staff contributed about 10,000 hours, I was told, as well as firefighting vehicles and equipment to the fight. They also provided a range of specialist support, including incident management, mapping, air operations, bushfire prediction and fire behaviour specialists.

Once the fire was announced as contained, the difficult work of assessment and clean-up began. While it will take some months to complete a thorough and detailed analysis of the full impact of the bushfire on the environment, initial work identified four priority areas that needed immediate attention: water supply infrastructure, listed threatened species, hollow bearing habitat trees, and Adelaide water supplies. The recovery process is ongoing and the Local Recovery Committee, chaired by Karlene Maywald, with the involvement of representatives from local and state government, will meet regularly to oversee the local recovery effort.

A very important task following such a catastrophic event is to analyse all contributing factors so that we can use the experience to be even better prepared into the future. Preliminary analyses of the fire spread and intensities indicate that DEWNR's ongoing effort regarding fire management and control, including prescribed burning programs, was a contributing factor in the Sampson Flat bushfire not causing more damage than it otherwise could have done. In particular, it appears that the several prescribed burns implemented in the bushfire area helped reduce the intensity of the Sampson Flat fire. Areas of unburnt native vegetation remain intact as a result of prescribed burning activities, in a mosaic pattern I think, and these provide vital refuge for native flora and fauna at times of fire and recovery.

While more detailed analyses will need to be undertaken, it is heartening to know that this early evidence appears to confirm the benefit to the community and the environment of prescribed burning and other fuel reduction strategies. The lessons learned from this and other bushfires will be used to ensure that the prescribed burning program is implemented strategically across the state, including on private land. DEWNR will continue to consult with other agencies, including SA Water, ForestrySA and CFS, to identify opportunities for improving the current collaborative arrangements and approach to all fire prevention strategies.

I would like to sincerely thank all DEWNR staff for their fantastic work. I commend the courage and generosity of all the firefighters, emergency workers, government and non-government organisations, and community members and volunteers who were involved in fighting and recovering from this fire. On behalf of the chamber, if I may, can I say that they have made us all very proud of them and the work that they do.

SAMPSON FLAT AND TANTANOOLA BUSHFIRES

The Hon. D.W. RIDGWAY (Leader of the Opposition) (14:52): Supplementary: minister, did you visit the fire scene during the event or have you visited subsequently?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:53): I visited the scene twice. On the Sunday I think I was up there during the event at a shift changeover to talk to DEWNR workers, and I subsequently visited afterwards to look at the fire impacts on South Australia Water infrastructure.

AUTOMOTIVE INDUSTRY

The Hon. D.G.E. HOOD (14:53): I seek leave to ask a question of the Minister for Automotive Transformation about redundancies at General Motors Holden.

Leave granted.

The Hon. D.G.E. HOOD: I take this opportunity to congratulate the minister on his elevation. My office has been informed by a number of constituents that General Motors is currently considering a further round of redundancies which were not initially scheduled, as I am informed. I would like to ask the minister if he is aware of that and what plans the government has in place to deal with that situation as it unfolds.

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (14:53): I thank the honourable member for his question and his continuing interest in this matter. I can inform the honourable member that this week GM Holden announced that it will re-rate its general assembly plant, from 309 vehicles per day to 290 vehicles per day. I can advise that both my office and the

chief executive of the Automotive Transformation Taskforce have been in contact with Holden since this announcement was made.

The company has advised that at this stage there will be no impact on its permanent workforce; however, there will be a reduction to its labour hire casual workforce. The company has yet to confirm the actual number of impacted workers; however, it is estimating a reduction of 20 to 30 of these labour hire employees.

While the workers affected will return to their substantive labour hire firm with the opportunity for redeployment elsewhere in the labour market, they may also be eligible for support from the state government through a number of programs including Skills For All and the Retrenched Workers program, and training and employment opportunities available through the Skills for Jobs in Regions employment project.

I am not aware of any other matters that would affect Holden workers at this time, but I would be more than happy to talk to the honourable member if any of his constituents have other concerns.

APPRENTICES AND TRAINEES

The Hon. J.S. LEE (14:55): I seek leave to make a brief explanation before asking the Minister for Employment, Higher Education and Skills a question about skills shortages.

Leave granted.

The Hon. J.S. LEE: Last month the Master Builders Association (MBA) raised concerns in regard to the looming shortages of skilled tradespeople—such as carpenters, bricklayers, concreters, plumbers, tilers and painters—in the past year. The building industry says that these shortages threaten to cost homeowners more and strangle South Australia's construction recovery. MBA Executive Director, Mr John Stokes, said that a failure to train enough new apprentices could create serious issues in the future, as South Australia may not have enough skilled workers to meet demand when construction picks up. For example, annual construction trade apprentice commencements dropped by more than 500 between 2010 and 2013. In addition to that figure, there were fewer than 1,000 young South Australians picking up a construction trade in 2013. My questions are:

1. With a number of leading stakeholders voicing their concerns, can the minister advise how the government will address this important issue of skill shortages?

2. With South Australia falling behind in its capacity to train enough new apprentices, what measures will the government introduce to bring back skilled workers to the construction trade?

3. As the skill shortages are threatening to cost homeowners more and more, what strategy will the minister put in place to ensure that South Australia's construction recovery will not be affected?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (14:57): I thank the honourable member for her most important question. Indeed, one of the responsibilities of government is to ensure that we liaise very closely with the business and industry sectors and ensure that their needs and demands are mapped onto our training providers so that we have a good balance between industry needs and skill outcomes.

One of the key planks in assisting the government in that task is our Training and Skills Commission. This was established as part of government, but works at arm's length from government. It puts together plans and has a five-year plan, but it reviews those almost annually. That work reflects the deliberations of the expert commission. We have an amazing group of people from different sectors on that commission as well as the detailed information that they gather from industry stakeholders. They have comprehensive networks with industries as well as higher education sectors.

The bulk of the commission's work is centred on the need to manage the capacity of the VET system in a sustainable way as well as to increase the quality outcomes of public investment in

skills development. Obviously that is done with a backdrop of where the economy is changing, and they do that through a forecast set of economic priorities that the government sets for the state.

The commission's work is crafted following a very extensive consultation with industry and community stakeholders, as I have outlined. Most recently, they have broadened their stakeholder consultation through regional visits to Eyre Peninsula, Yorke Peninsula and the APY lands as well as through meetings with more than 300 different industry stakeholders, employers and training providers.

That work is very important. Our priority is to make sure that we are able to capture and understand what the trends and needs are now and forecast into the future, and to communicate that to the relevant stakeholders so that they can, in turn, use that in their planning for their vocational education and training.

That is the task that this government puts in place. There are, of course, a number of economic events that occur that affect the marketplace. We know that, at times, the construction industry in recent history has slowed somewhat and that, obviously, impacts on individuals' desire to want to enter those trades and the ability to find placements for those apprentices as well. The good news is that it appears to be improving somewhat and we hope that in the near future some of those trends will rectify themselves.

ABORIGINAL SPORTS TRAINING ACADEMY

The Hon. J.M. GAZZOLA (15:01): My question is to the Minister for Aboriginal Affairs and Reconciliation. Minister, will you inform the council about the SAASTA AFL Power Academy and the Elite Netball Program?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (15:01): I thank the honourable member for his very important question and recognise his very longstanding commitment and interest in this area.

One of the best things we can do to break the cycle of disadvantage for Aboriginal students is to make sure they get the very best education possible. The South Australian Aboriginal Sports Training Academy has had great success in using sport to inspire Aboriginal students to achieve their very best. I am advised that around 25 students completed their Certificate III in Sport and Recreation in 2014 through the South Australian Aboriginal Sports Training Academy. I am also advised that about half of these students were in year 12 and that they were all on track to complete their SACE, with the majority of those students intending to apply for university at the end of the year.

Recognising this, the state government, in conjunction with some very important and supportive partners, have expanded the sports training academy. Building on the Aboriginal Power Cup, the Department for Education and Child Development has partnered with the Port Adelaide Football Club to launch the AFL Power Academy. It is important to note that this was a first across Australia. No other state or territory has a partnership program like this. The academy could be a trail to top level football but, more importantly, it is a way to inspire Aboriginal students to achieve their very best at school.

To remain in the program, students must meet high academic standards, including at least an 80 per cent attendance rate and a C grade average in their SACE subjects. Students will also study a Certificate III in Sport and Recreation, which counts towards the completion of their SACE certificate. Students will have access to the facilities and expertise of the Port Power clubrooms at Alberton and will be mentored by Port Power coaches and players.

Building on the success of the AFL Power Academy, in November last year the sports training academy Elite Netball Program was launched. Similar to the AFL Power Academy, students who are accepted into the Elite Netball Program undertake Certificate III in Sport and Recreation which, again, counts towards their SACE certificate while also developing their netball skills. Students spend four days at their usual school and one day doing their sport and recreation studies, both at UniSA City East campus and the Netball SA stadium at Mile End. I am informed that the students involved in this program also play before the Adelaide Thunderbirds in the Indigenous netball round.

Again, the Elite Netball Program has very high achievement standards and students must have a minimum of 90 per cent attendance.

It is programs like these that have contributed to retention rates for year 8 to 12 Aboriginal students in government schools more than doubling from 33.1 per cent just over a decade ago to 86.1 per cent in 2014. I commend all those involved in the program and wish the students involved all the very best with their studies this year and look forward to providing further updates on these initiatives to the chamber.

I would also like to take this opportunity to recognise the former minister for education and child development (the member for Wright), who I understand was exceptionally keen to see these initiatives up and running and I know she was particularly keen on the netball program—and who, I am told, can still kick a footy and chuck a netball per se around with the best of them.

SA WATER

The Hon. M.C. PARNELL (15:04): I seek leave to make a brief explanation before asking the Minister for Water and the River Murray a question about water and sewerage pricing.

Leave granted.

The Hon. M.C. PARNELL: Many South Australians in both urban and rural areas have made a conscious choice to be self-sufficient in relation to both water and waste. Many people have invested large sums in rainwater tanks, some people have put in composting toilets and others, on bigger properties, have put in reed beds for treating greywater. At present, these households continue to pay a water supply charge and full sewerage rates if the SA Water pipes go past their properties, even though these households are not connected. In effect, they are forced to pay for a service that they do not use.

Two weeks ago the Essential Services Commission of South Australia released its final report into its inquiry into options for SA Water's drinking water and sewerage pricing. Amongst the Essential Service Commissioner's findings and recommendations was the following:

> Customers that choose not to connect to SA Water's network should not be required to pay a fixed charge to SA Water.

According to ESCOSA, removing these fixed charges would directly benefit approximately 26,000 South Australian customers who are paying for but not using SA Water services. I note that this approach to pricing utilities does not apply to telephone lines, electricity wires, gas pipes or even NBN cables—most services you only pay for those you use. My question to the minister is: will the government accept ESCOSA's recommendation to remove this cost burden from those South Australians who choose not to use SA Water's services?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (15:06): I thank the honourable member for his most important question. As most of us are aware now, SA Water falls under the economic regulation of the Essential Services Commission of South Australia. ESCOSA is responsible for determining SA Water's revenue. ESCOSA's first revenue determination was announced in May 2013, for those of you who can recall.

Importantly—and this deserves further airing in this place—for 2013-14, based on its first determination, the government was able to announce a decrease in water prices of 6.4 per cent and a commitment that prices will rise by no more than CPI for two years thereafter. Delivering those lower prices meant contributions to government were estimated to be reduced over the three-year regulatory period. For sewerage charges, country sewerage charges rose by 3.4 per cent, and we have ventilated those issues previously in this place, I think from questions from the Hon. Mr Brokenshire, if I recall.

It is also important to understand that there are very proper reasons, which have been supported in this place and the other place for the best part, I think, of 40, 50 or even more years, about rating on abutment. Rating on abutment recognises the shared public health benefits of sewerage connections and wastewater treatment.

I understand the issues raised by the Hon. Mr Parnell but I am surprised that he cherrypicks this one little issue, which is close to his heart, to ventilate in this place but he does not pick up the other recommendations that ESCOSA made which would have massive flow-on impacts and effects on the great majority of SA Water customers, increasing fixed costs to residents and increasing fixed costs overwhelmingly (in some places more than doubled) and overwhelmingly the impact will be on those who can least afford to pay for those increases. So you cannot have one and not the other. If the honourable member here wants to back the purest economic outlook which, rightly, ESCOSA has put in place to pursue, he also then needs to embrace all the other recommendations that ESCOSA came up with.

The Hon. M.C. Parnell: I cherrypicked this one; I like this one.

The Hon. I.K. HUNTER: He says he liked this one; he cherrypicked this one. Of course, he did, but there is an element to his thinking that I think he needs to evolve a little bit further on, because there are elements about social policy that come into this discussion which are not impacted by ESCOSA because that is not its role. It says quite clearly, 'Our role is to look at economic efficiency not social benefits—

The Hon. J.M.A. Lensink: You won't let them.

The Hon. I.K. HUNTER: —not any other benefits to society that are paid for through CSO.' Well, that is not its role.

The Hon. J.M.A. Lensink: You won't let them.

The Hon. I.K. HUNTER: They see themselves as taking an economic approach.

The Hon. J.M.A. Lensink: You won't let them. They're supposed to be an independent regulator, and you won't let them.

The Hon. I.K. HUNTER: That is their role and that is appropriate. It is also appropriate for us in this place and for the government to make decisions about social benefits and we do so and we say we will not be accepting that report of ESCOSA. It would, if implemented, have follow-on costs for the great bulk of SA Water customers. Those least able to pay would pay the great majority of those costs and I think, on reflection, most of us here would think that is unfair.

APY LANDS, GOVERNANCE

The Hon. T.J. STEPHENS (15:10): I seek leave to make a brief explanation before asking the Minister for Aboriginal Affairs and Reconciliation questions about governance of the APY lands.

Leave granted.

The Hon. T.J. STEPHENS: I refer the minister to his answer yesterday and also note that his predecessor rarely visited the APY lands. Some of the problems and concerns of Anangu may have been alleviated if the previous minister was willing to spend time in the APY lands and see for himself the implication of decisions made in an air-conditioned office in Adelaide. I trust that the current minister understands this. My questions, therefore, are:

1. Why is the minister consulting the APY Executive, given the current allegations against and dysfunction of the same?

2. How soon will the minister be visiting the APY lands?

3. How often does the minister expect to visit the APY lands this year?

Members interjecting:

The PRESIDENT: Order!

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (15:11): I think they've finished, Mr President.

Members interjecting:

The PRESIDENT: Order! The honourable minister has the floor.

The Hon. K.J. MAHER: If the Hon. David Ridgway would like to let his colleague have the opportunity to hear my answer, I am prepared to start.

The Hon. D.W. Ridgway interjecting:

The PRESIDENT: Minister, just go on with the answer, please.

The Hon. K.J. MAHER: I thank the honourable member for his question and, as I said yesterday, his very genuine interest in this area. I met with some members of the APY Executive last week. I had a request—they were in Adelaide and requested to meet with me and I was happy to do so. I am very keen to meet with anyone, if I am able, to hear as wide a views as possible before making decisions.

I will, in the not too distant future, be travelling to the lands myself. I visited there a number of times when I worked for the minister for Aboriginal affairs and have some very fond memories of sleeping in swags in creek beds, partly because I could not sleep in the same room as the former minister because he snored like a train. I am happy to talk to the honourable member about what I am doing and what results I get from my consultations.

BOB SUCH MEMORIAL SCHOLARSHIPS

The Hon. G.A. KANDELAARS (15:12): I seek leave to make a brief explanation before asking the Minister for Higher Education, Employment and Skills a question about how the government is commemorating the life work of the Hon. Bob Such, the former member for Fisher.

Leave granted.

The Hon. G.A. KANDELAARS: The Hon. Dr Bob Such passed away on 11 October 2014, having served as a South Australian parliamentarian for 25 years, an extraordinary length of time. Can the minister update the chamber on the Bob Such Memorial Scholarships?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (15:13): I thank the honourable member for his interest in this area. I am sure that all members in this place share a similar sadness at the passing of Dr Bob Such, former member for Fisher, in October last year. Our colleague, Dr Such, certainly was a very proud South Australian and served as a parliamentarian for 25 years in a long and distinguished parliamentary career. He was the minister for employment, training and further education and minister for youth affairs and Speaker of the House of Assembly for a period.

Dr Such was also a graduate of all three of this state's public universities, receiving a Bachelor of Arts (Hons) in economics and politics and a PhD in environmental politics from Flinders, a Diploma of Teaching from the University of South Australia and a Diploma of Education from the University of Adelaide. To honour the life and passionate work of Dr Such, this state government and Flinders University have provided funding to establish the Bob Such Memorial Scholarships.

The state government will allocate $30,000 annually over three years for the establishment of the Bob Such Memorial Scholarships. The scholarships will be targeted at first-year university students studying at Flinders University who reside in the southern suburbs and who are experiencing financial hardship. Flinders University is within Dr Such's electorate, and the focus on disadvantaged students reinforces Dr Such's commitment to improving the life of disadvantaged South Australians.

The scholarships will have the following disciplinary attachments: education (to reflect Dr Such's lifelong interest in education) and science, technology, engineering and maths (to reflect the government's STEM priorities); this means any education or STEM-related bachelor degrees will be eligible. There will be 12 scholarships annually, valued at $2,500 each. Students will use their funds to support their educational expenses, which can include paying their HECS contribution or student amenity fees.

Dr Such was held in great esteem by all the politicians he worked with during his long distinguished career. He was also a well-loved local member in his electorate of Fisher. These scholarships are a fitting reflection of Dr Such's lifelong passion for education and his continuing and ongoing commitment to helping disadvantaged South Australians. Furthermore, they are targeted

specifically at areas of higher education which are important to South Australia's future. The scholarships will be welcomed by Dr Such's constituents and the wider public and are a worthy tribute to his service to the South Australian community.

PARLIAMENTARY REFORM

The Hon. K.L. VINCENT (15:16): I seek leave to make a brief explanation before asking the Minister for Employment, Higher Education and Skills questions regarding the work our Victorian counterparts are undertaking to reform parliamentary accountability.

Leave granted.

The Hon. K.L. VINCENT: I note that, with the resumption of the Victorian parliament this week, the newly-elected Labor government in our neighbouring state has undertaken a bold reform agenda of their parliamentary processes. In Victoria, the state Labor government will introduce a series of parliamentary reforms, which include the abolition of Dorothy Dixer questions asked by government members of their own government. This was a pre-election promise of the Labor Party, where they admitted that the practice is 'a total waste of time'.

The reforms also discuss ordering ministers to answer questions directly, succinctly and factually and that, if the Speaker decides that the question has not been answered adequately, ministers may be forced to write a letter of explanation. My questions are:

1. Will the minister, as leader of government business in this place, commit to a ban on Dorothy Dixer-style questions?

2. Would the minister, in the interests of accountability, be prepared to provide a written explanation if the President deemed that the answer to the question was not adequate?

3. What other measures might the minister consider to improve efficiency in this place so that particularly non-government members can get the information they require out of ministers to properly inform and assist their constituents?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (15:18): I thank the honourable member for her most important questions. Let me say that I believe that government questions can play a very important role, and I would be most reluctant to follow the path of the Victorian reforms in that respect. They can play a very important role in allowing the backbenchers to raise issues and matters that are important to them and ways of profiling particular issues of government interest. So, I think that they play a very important role. In relation to answering questions, I believe that ministers make every genuine attempt to answer questions directly and succinctly—

Members interjecting:

The Hon. G.E. GAGO: I don't think I could do an eight-minute response to this question; it would depend on how many interjections and supplementaries I had. We attempt at all times in a most genuine way to answer questions directly and succinctly, and I am sure, on behalf of all ministers here, we will continue that commitment.

In relation to the third part of the question, which was about how else the minor parties and Independents particularly, I think, could access information, I know that my office is always available to assist backbenchers in all their requests. There have been a number of requests from the minor parties, and the opposition, in relation to briefings on both specific issues as they arise and general matters. To the best of my knowledge, we have always made the appropriate either agency people or office people available to provide that information.

We attempt to answer and prioritise particularly any correspondence from parliamentarians. Whether it is our own backbenchers or oppositional crossbenchers, we prioritise that correspondence, because we know how important our role is in representing our constituents and responding to their requests. I think you will find that wherever possible we do respond to that correspondence in a most timely way.

I think that we are always open to fresh and new ideas, so if honourable members have views or ideas about how we can continue to improve the performance and behaviour in this place, I am more than happy to meet with them and hear their ideas, but in relation to those three matters I think I have been quite clear about where we stand at present.

PARLIAMENTARY REFORM

The Hon. K.L. VINCENT (15:22): Given that the minister seems pretty well convinced that the best way to get information out of ministers in this place is not in the chamber itself but through their officers, is she perhaps suggesting that we abolish question time altogether?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (15:22): I am quite astounded at the member's response. I did not say that the only way that members could receive information was through briefings. That is an absolute nonsense and quite a disingenuous representation of my response, which was in fact incredibly genuine.

If the honourable member wants to play word games and misconstrue my answers, then she is simply wasting the time of this chamber. She is wasting my time. If she wants to have a genuine discussion and debate about considering options, I have outlined to the member how we might proceed, but I think misconstruing the responses that I give and the information I give is a most disingenuous way to get off in relation to any considerations of further reform.

PARLIAMENTARY REFORM

The Hon. T.A. FRANKS (15:23): I have a supplementary question. Given the minister's original answer and her complaint earlier on in this day's sitting that she had to table something that was available online, will she undertake that if a backbencher from her own party asks her question and the answer is available online, she will refer them to that instead of giving an answer here?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (15:23): I do regularly, so the honourable member needs to get online and not waste trees by insisting that we table documents that are already in the public realm and are already online, so that we do not have to chop down more trees to stroke the egos of members in this place.

Ministerial Statement

TAXATION REFORM

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (15:24): While I am on my feet, I seek to table a ministerial statement by the Treasurer, Tom Koutsantonis, on the state tax review discussion paper.

Question Time

VOCATIONAL EDUCATION AND TRAINING

The Hon. A.L. McLACHLAN (15:24): I seek leave to make a brief explanation before asking the Minister for Employment and Higher Education Skills a question regarding skills shortages in South Australia.

Leave granted.

The Hon. A.L. McLACHLAN: It was reported in *The Advertiser* late last year that the Adelaide-based manufacturer Tomco Technologies specialises in the design and manufacture of radio frequency power amplifiers for scientific and commercial uses, MRI machines and radars used in weather prediction and climate change research. The article described how Tomco has bucked recent trends in manufacturing by doubling its workforce over the last year after securing new export contracts from the US, Germany and Russia.

Despite this, however, the company may still be forced to relocate overseas due to a severe shortage of skills coming out of South Australian universities. Tomco's chief executive, Dr Janice Reed, has stated that finding suitably qualified staff in South Australia has been an infuriating process as many electronic engineers and technicians have very little hands on experience, and that this shortage may cause the company to relocate to the US.

My question to the minister is: can the minister advise the chamber what measures the government is taking or considering taking to address the lack of practical skills training provided to electronic engineering students and graduates?

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (15:25): This is a very similar question to the question that the Hon. Jing Lee asked earlier on today, and it goes to most important matters for this state. I guess the principle that underpins the issues of concern that the honourable member raises today is one of supply and demand and, really, the government's role in relation to that, as I stated earlier, our responsibility—we can't make individuals, force individuals, to study particular courses or force them to take particular training. Our job is to make sure that we try to understand the industry needs in an ongoing way because industry needs evolve and change as some industries take off and others might not.

The technologies are changing very quickly as well, so their skill sets are often evolving and changing quite quickly. So the responsibility of this government is to ensure that we understand what the current needs are and forecast needs and to feed that into our training and education institutions so that they can use that information in planning the courses that they design and the particular, if you like, skill sets or subjects that might be involved in the particular qualification, to ensure that they capture those within their training and education program and to make those places available as part of their business plan.

There is always a challenge when highly unique or specific skill sets are required in small industry sectors. That then does produce particular challenges for us but, as I said, we try to work with the industry and bring together education and training providers to make sure they understand the skill sets and qualifications needed and that they can be provided within the planning of those organisations.

Matters of Interest

ON-FARM IRRIGATION EFFICIENCY PROGRAM

The Hon. G.A. KANDELAARS (15:28): I rise to talk about an event I went to representing the Hon. Ian Hunter, Minister for Water and the River Murray, at the Wurst family farm at Waikerie to announce the signing of the fourth and final round of the On-Farm Irrigation Efficiency Program. Senator Anne Ruston representing the Hon. Bob Baldwin, parliamentary secretary for the Minister for Environment, the federal member for Barker, Tony Pasin, and the state member for Chaffey, Tim Whetstone, also attended.

The program is a funding agreement between the commonwealth government and the South Australia Murray-Darling Basin Natural Resource Management Board. Sharon Starick, presiding member of the board, outlined the aim of the program which is to support projects that will modernise and improve the efficiency of irrigation on South Australian farms whilst returning water savings to the environment and to secure a long-term future for irrigation communities in South Australia. This is very important because, as we all know, when it comes to the health of the River Murray, every drop of water counts.

This is the final round of funding. We will see an additional $31.5 million invested in these important programs. The natural resources management board conducts an assessment of each individual irrigator's project to determine water savings generated by improving on-farm irrigation and/or management. A minimum water saving of 20 megalitres must be generated for each irrigator's project of which at least 50 per cent or 10 megalitres must be returned to the environment for environmental purposes.

The types of projects funded by this program include converting sprinklers to drip irrigation, modernising existing drip irrigation, laser levelling of paddocks, converting to centre pivot irrigation systems as well as installation of on-farm automation, monitoring and control technologies. This popular program has been delivered by the South Australian Murray-Darling Basin Resource Management Board since 2010 for an impressive three rounds already—the only organisation to win funding in all four rounds. To date, 293 projects are underway across the southern connected system of the Murray-Darling Basin. The fourth round will fund a further 122 projects, resulting in 14,300 megalitres of water being saved.

Once the fourth round has been completed, the South Australian Murray-Darling Basin Natural Resources Management Board will have completed over $81 million worth of funding through the on-farm irrigation efficiency program, which represents investment in 421 projects. These projects are spread across the southern connected basin, with the majority of funding having been invested in irrigation areas in the River Murray in South Australia.

By sustainably managing our water resources, supporting and providing greater certainty to our irrigated agriculture sector, which is worth $1.4 billion annually, and using our natural resources efficiently and sustainably is an essential part of safeguarding our world-renowned food and wine producers for generations to come. Improving efficiency of on-farm irrigation systems not only saves water but it also can result in lower nutrient run-off, increased crop quality and yield, and provide crop rotation flexibility.

I was fortunate to see and understand the practical benefits of the program firsthand at the Wurst family farm, owned and run by Tony, Lyn, Paul and Alison Wurst. The Wursts were kind enough to open their home for this event and share their experiences. I understand this farm has received funding through rounds 1 and 2 to convert, among other things, their existing micro irrigation to a fully automated drip irrigation system with soil moisture monitoring.

Since the first project commenced in 2012, the family has noticed a huge water saving and their citrus crop yield has significantly increased, with fruit being larger and of better quality. It is fantastic to see a third-generation family farm like the Wursts' prospering and contributing to South Australia's premium horticultural and wine industries. I congratulate everybody for this important and ongoing program, and in particular I thank the Wursts for hosting the event.

FEDERATED GAS EMPLOYEES INDUSTRIAL UNION

The Hon. D.W. RIDGWAY (Leader of the Opposition) (15:33): I rise to speak about allegations of corruption, chicanery and bribery within the Federated Gas Employees Industrial Union during the late 1970s and early 1980s, when the now President of this chamber, the Hon. Russell Wortley, was actively involved in that union as an organiser and secretary.

I will table two statutory declarations and one statement later in this contribution. The first is from Mr Bill Ryan, a former Sagasco employee and former industrial relations manager. Mr Ryan states that while he was at Sagasco he observed how the union dealt with Sagasco, its members and other unions. He believes that union secretaries, presidents and organisers, including Mr Ron Hill, Mr Pat Savage, Mr Dan Moriarty and Mr Russell Wortley, ruled the Federated Gas Employees Industrial Union through intimidation and fear.

He said he was aware that union officials made threats to members of the union which covered white-collar employees, that is, the Gas Industry Salaried Officers' Federation. In making those threats, there were suggestions the union knew where their members lived, where their children went to school and where their wives worked. The union's actions resulted in the GISOF lodging an application to the Industrial Relations Commission for a dispute over the matter. The commission ruled in favour of the GISOF; however, after that ruling, nothing really changed.

Mr Ryan became extremely concerned at the practices of the gas employees union, believing that when you let a bad seed get control, you have got problems. It was Mr Ryan's understanding that the union had significant influence and an effective power of veto over which people should be employed at Sagasco and who should not. From his observations, the company was scared of the union and of the damage it could do to the company. Mr Ryan believes the company tried to buy industrial peace by avoiding disputes with the union or turning a blind eye to union practices. He says

that when he sees some of the people involved in the executive of the union in those days now in positions of power and influence, it makes him feel sick.

I will also table a second statutory declaration from a former Sagasco employee, Mr Warren Sinclair. Mr Sinclair said that, while Dan Moriarty, Mr Ron Hill and Mr Pat Savage and the Hon. Russell Wortley were in control of the union, it engaged in strongarm tactics. He says that when Sagasco discovered unionists were moonlighting and taking Sagasco earthmoving equipment and diggers home with them to do private work after hours for their own gain, the union threatened to strike unless the practice was allowed to continue.

Further to these statutory declarations and the statutory declarations of union members Allan Cotton and David Butler, which have been tabled previously, other ex-Sagasco employees have spoken out and seemed to support earlier allegations regarding payments to the union for redundancy packages. Mr Peter Crossman has stated that it was common knowledge that if you paid the union, then the union would say your position could be made redundant.

Mr Ron James heard that the commissions were paid and, while they had an inkling something was going on, there was no way they could prove it. Mr John Stone believes payments were going on. While he has no knowledge of any individual case, they knew things were not as they should be. He says the union members had to pay union officials to secure redundancy during the time that Russell Wortley, Pat Savage, Ron Hill and Dan Moriarty were variously president, secretary or organisers of the union. This is extortion and blackmail.

A former gasfitter, who is still too frightened of the union to allow his name to be disclosed today, says this:

> We heard that the union president Ron Hill visited employees at their homes and demanded they keep out of union business. To add to the intimidation, he visibly wore what looked like a real handgun.
>
> It was obvious that the union had a blatant disregard for the agreement or the company, and that it was the stronger hand.

According to the gasfitter, the union was so corrupt it could blackmail its own members. He said:

> It became clear that the gas employees union was selling additional services to its members. Its offer was to negotiate redundancy packages that were in excess of entitlements, but this service came at the cost of five thousand dollars and was to remain hush.
>
> Having known and heard accounts of Russell Wortley as an apprentice, gasfitter and union representative and union secretary for a 30-year period, I cannot understand how Mr Weatherill and Labor have elected him as one of their elite.

I am told that the company then known as Australian Gas Limited attempted to bribe a union official, who I stress was not the Hon. Russell Wortley, to keep industrial peace. We know some allegations have been referred to the Royal Commission into Trade Union Governance and Corruption. I table these two statutory declarations today and I also indicate I have forwarded these today to the royal commission for their consideration. I table the two statutory declarations and a statement.

LAND ACQUISITION

The Hon. J.A. DARLEY (15:39): I rise today to speak about compulsory acquisitions. Over the past few months, I have been contacted by many constituents who have raised serious concerns about the way in which the compulsory acquisition of their property has been conducted. The compulsory acquisition of a person's home is a matter which needs to be handled not only in accordance with the act but with sensitivity and compassion in recognition of the disruption it causes to the dispossessed owner. It is therefore disturbing for me to hear repeated stories of people feeling like they have been forced out of their homes without receiving compensation that they feel is adequate to cover their losses.

In my time as chief executive of Lands I oversaw the compulsory acquisition of properties for a number of projects, but perhaps most significant would have been properties acquired for the Entertainment Centre. Both then and now, dispossessed owners are reasonable in not wanting to stand in the way of progress. Very seldom do people steadfastly refuse to move; the main point of contention is invariably about the compensation payable. It is therefore disturbing when I hear stories of people being offered supposed market value for their property and then finding it impossible to

move because the funds they have been offered are inadequate to purchase a comparable property. It is heartbreaking to hear stories of pensioners who have lived their entire life and raised their family in a single property, only to feel like the government has not only pushed them out of their home but also ripped them off.

In all my dealings with dispossessed owners, they have all been reasonable and realistic with their expectations. It is disappointing that they feel that the points they raise and the questions they ask are ignored or dismissed as mere complaints from a minority of unhappy owners. People have told me that promises that were made by one representative are forgotten about or dismissed by others. Offers and assurances of assistance are never delivered.

I have been told by DPTI that they have managed to amicably finalise over 200 purchases or acquisitions for the Torrens to Torrens project; however, I have yet to encounter even one owner who is satisfied with the process, let alone describe it as being 'amicable'. I am particularly concerned when I hear of owners who have been approached to surrender their properties outside the compulsory acquisition process. The Land Acquisition Act was written to protect not only the dispossessed owner but also the government. To try to circumvent this process can not only leave the government exposed to an unnecessary risk but is often perceived to be a way of hoodwinking dispossessed owners on an uneven playing field.

I have heard of owners being told that if they do not sell to the government then they will be stuck, as nobody will want their land and certainly they cannot sell the land. I have been told that owners are advised that moneys for acquisition are limited, and if they are not one of the first to sell then the government may run out of compensation money. Owners are inexperienced in such processes, in the main, and believe what they are told, so begrudgingly agree. Again, this all seems far from amicable.

All this is particularly worrying as I consistently hear the same stories from different constituents who are unrelated. If complaints are somewhat isolated it may be justified to paint those as disgruntled owners; however, I am hearing the same grievances time and time again. As a chief executive, I would have taken these criticisms very seriously and sought out the owners directly to come to some amicable resolution. I am not saying that compulsory acquisition is easy by any means, but I do not believe that it needs to be as difficult as it has become.

HIGHER EDUCATION

The Hon. T.T. NGO (15:43): Today I would again like to draw members' attention to the Abbott government's attack on higher education funding. Since I last spoke in the parliament on this matter the Senate has, thankfully, blocked the federal government's original funding proposals, which included a 20 per cent cut in public funding, indexing of university fees to the government bond rate, and the complete deregulation of university fees.

It would seem that minister Pyne is trying to buy his way to his ultimate goal of fee deregulation by scrapping his proposed 20 per cent cut to public funding in return for allowing universities to set their own course fees. As result, any remaining opposition to the reforms within Australia's Group of Eight universities appears to have largely dissipated, with the group's CEO Vicki Thomson coming out in support of minister Pyne's proposal to scrap the 20 per cent funding cut. This support is due to minister Pyne allowing them to keep all their existing funding and giving them the green light to charge what they want.

This tactic of dividing students and universities is just another example of this government's divisiveness. The Abbott government calls themselves Liberals, yet what they are proposing is to deregulate fees but not deregulate the market. I do not necessarily agree with this myself, but I find it rather hypocritical of the minister to suggest that fee deregulation will mean cheaper fees in the long run.

It is not a bad deal for the vice chancellors—charge what you want and continue with the same government protections from foreign universities entering the Australian market. Adelaide has three universities. Many degrees are only offered at one campus. My question to minister Pyne is: where is the competition that will supposedly drive down fees? These proposed changes will only ensure students will still be the ones carrying the financial burden. Especially those undertaking

degrees such as medicine could end up with a HECS debt well in excess of $100,000. I have heard recently it could reach $200,000.

Instead of deregulating fees, the Abbott government should focus its efforts on proper reform of the tertiary sector, in particular tackling the growing issue of universities producing ever higher numbers of graduates for sectors where there simply is no demand, which contributes to lower levels of graduates in full-time employment. Data from the federal government's own budget papers supports this, suggesting that approximately 30 per cent of graduates will be jobless four months after completing their studies. All the Abbott government's plan does is increase inequality without improving educational and employment outcomes for students.

DOMESTIC VIOLENCE

The Hon. T.A. FRANKS (15:47): I rise today to speak about domestic violence and, particularly, violence against women. I rise to pay tribute to the Australian of the Year, Rosie Batty. Rosie Batty, I think, is the most extraordinary of women who has become known to the whole of this nation, and indeed honoured as Australian of the Year, for what is unfortunately the most ordinary of events, that is, domestic violence and, in this case, the murder of Luke by his own father. Ms Batty said, on her receipt of the award of Australian of the Year:

> To the Australian people, look around. Do not ignore what you see and what you know is wrong. Call out sexist attitudes and speak up when violence against women is trivialised. To men, we need you to challenge each other and become part of the solution. Raise the conversation and don't shy away from this uncomfortable topic. We cannot do this without you. To the women and children who are unsafe, in hiding or living in fear, who have changed their names, left their extended families and moved from their communities to find safety, you do not deserve to live a life that is dictated by violence. You are not to blame.

Just as Luke was not to blame and Rosie Batty was not to blame, those who find themselves the victims of violence and intimidation are not to blame.

I commend the Labor Party, the new Labor government in Victoria, for their stand on this issue which transcends simple rhetoric, and the announcement during the election campaign in that state of a royal commission has been made good by the new Premier, Daniel Andrews. I commend also that in that state there is now a Minister for the Prevention of Family Violence.

I think all political parties should take this issue seriously, and there is no more visible way for any political party to show that they take this seriously than by dedicating a ministry to this issue. Minister Fiona Richardson is working with the Premier and there will be a royal commission in Victoria this year to address the issue of domestic and family violence.

We know the effect is profound. We know that one person every week is killed at the hands of an intimate partner, someone they do love or have loved. We know that this is one of the biggest impacts on the health of women. We know that it affects women's capacity to work, to live their life to the fullest, and, for financial sustainability, it impacts on their ability to maintain contact with the workplace and on their future super.

It is a priority for any government, and while I commend the Weatherill government for its words recently on this issue and note that they are looking at perpetrator-pays programs, working at ensuring that those who suffer domestic violence will have the ability to break leases and working with landlords on that particular issue, and while I welcome the Weatherill government's signing up to Our Watch, there is more that can be done here.

If we are to have a royal commission into the nuclear industry in this state, and if we are to refer equality for a legal review, then surely domestic violence should be given that same import by this government and take the lead of the new Premier in Victoria, Daniel Andrews, and refer domestic and family violence in our state to a royal commission so that we do not stand here and mourn victims.

I think everyone in this place would have, at some stage, shown their support in opposing violence against women. I think that community conversation is happening, but with the power and the force and the recommendations of a royal commission behind that perhaps we will see real action. With that, I urge the Premier to consider a royal commission into domestic violence.

ST JOHN AMBULANCE SA

The Hon. A.L. McLACHLAN (15:52): I rise today to speak about the work of St John Ambulance and to pay tribute to their incredible efforts during the Sampson Flat bushfires at the beginning of this year. While the media was focused on the great work of our CFS brigades, St John was diligently working to support the CFS and South Australians impacted by the fires.

Having been active in Australia for over 130 years, St John has become one of the most well-respected and trusted organisations in the country. Today's contemporary organisation is founded on a long and proud heritage which can be traced back to the days of the first crusades, when the Knights of St John (also known as Hospitallers) cared for the sick and injured pilgrims travelling to Jerusalem some 900 years ago. In the 19th century, a group of citizens revived the Order of St John in England, drawing inspiration from the example of these knights.

St John Ambulance was subsequently formed to put its humanitarian ideals into practice in the new industrial society, promoting the cause of first aid for the sick and wounded through volunteer effort, which was a novel concept at the time. The movement spread to Australia in 1883, and it has since developed into the organisation that we know today.

St John provides a vast range of services for the benefit of our community, including first aid for special events, first-aid training, health care and support services and, of recent importance, disaster relief. In South Australia alone St John is now fortunate to be supported by nearly 2,000 volunteer members as well as 79 paid staff and trainers. It is estimated that these volunteers have given nearly 196,000 hours of service, which in 2013-14 were valued in monetary terms at over $6 million.

As I said, St John members worked closely alongside other emergency services and support agencies to support the state during the bushfires. St John volunteers were a continuous presence at the CFS staging points throughout the bushfires, both at Sampson Flat and Tantanoola. It is estimated that St John volunteers committed over 4,500 hours during the fires by providing first aid and other health support services at CFS staging sites, as well as at other locations throughout the affected areas.

The volunteers assessed and treated many patients for trauma and minor medical issues, as well as providing eyewash and other health care for the many firefighters who were battling the blaze. St John volunteers were also in attendance at the Golden Grove evacuation centre, providing support and assistance to those unfortunate members of our community who were forced to evacuate from their homes. As well as having volunteers on site, St John also provided command, communication and logistical support services 24 hours a day, which provided essential support to those out in the field.

Throughout the Sampson Flat bushfires the St John communications team logged vehicle movements and messages. Between 6 pm on the day the Sampson Flat bushfire started until 11.59 pm on the day the fire was brought under control, the following statistics were generated:

- 28 St John vehicles made 110 trips, and that is not including return trips;
- St John vehicles were used for 887 hours of travel and 469 hours stationed at various sites; and
- 272 members crewed the vehicles, with 2,614 volunteer hours used in, or with, the vehicles.

It is important to note that these statistics relate only to vehicle activity and not to member activity. However, they do offer an important insight into the extraordinary effort of the dedicated volunteers of St John, and their important contribution to fighting the devastating fires. Their extraordinary efforts did not even stop once the fires had been brought under control.

On 12 January St John, together with Bendigo and Adelaide Bank, launched an appeal to help South Australian communities recover from the bushfires. The appeal will focus on rebuilding community assets and services, as these disasters inevitably impact more widely than just on those unfortunate enough to suffer property damage. The aim of the appeal is to ensure people in the fire

affected regions are able to quickly recover their normal lives. To this end, St John will involve community representatives on an advisory committee to decide the funding priorities.

Indeed, the work of St John members, not only during this disaster but every day of every year, is invaluable to the South Australian people. After spending many years volunteering for St John and sitting on its board, I have witnessed firsthand the exceptional work of its volunteers, often behind the scenes and going unnoticed or unappreciated.

I commend St John Ambulance and its dedicated members, both in South Australia and around the country, for their work and endless dedication in supporting the community through not only first-aid services but also education and social care. I acknowledge and thank each and every one of the volunteers who continuously give their time and energy to make a difference to the lives of others and our community. In particular, I acknowledge their enormous contribution during the Sampson Flat bushfires, and thank them for their selfless commitment to helping those most in need.

GOVERNMENT APPOINTMENTS

The Hon. R.I. LUCAS (15:57): I refer to a *Media Watch* program in the year 2000 and quote a caller to radio station ABC Radio on 22 August 2000. Catherine was calling to support a Labor politician's complaint that Darwin police had failed to investigate a burglary at her home because she told them she opposed mandatory sentencing. Catherine said:

> They were there very quickly but as soon as they found out I was not a supporter of mandatory sentencing, they um, they really gave me the impression they didn't want to know, and I felt really, really cheated by the whole process. They didn't take any fingerprints, they didn't sort of follow up, I never heard from them again. They sort of left me with the impression that because I didn't support it, they weren't really interested.

Paul Barry, the host of *Media Watch*, then pointed out that Catherine was not really Catherine; Catherine's real name was actually Adele Young, and she was the chief of staff working for the Labor leader, Clare Martin, in the Northern Territory.

Various other references to Ms Adele Young in the Bushranger column, 3 November 2013, stated:

> Adele Young—the strategist who is attributed with spearheading Labor's three Northern Territory election victories—is off to Adelaide after 16 years in the territory.

A profile piece written in *The Australian* on 22 July 2008 by Natasha Robinson says:

> There is a wily political team behind the [Labor] minister, driving the policy. His chief of staff, former union power broker Adele Young, is the bovver-girl and policy powerhouse of the Territory government, not afraid of launching verbal tirades on the telephone to backbenchers who step out of line.

The reason I have given that background of Adele Young is that Premier Jay Weatherill has just appointed Adele Young as the Director of Reform in the Department of the Premier and Cabinet here in South Australia, together with Mr Paul Flanagan, Director of Government Communications, a former Labor government staffer, together with the Executive Director, Implementation and Delivery, Mr Rik Morris, another former Labor government staffer—and, of course, under the tutelage of Mr Kym Winter Dewhirst, another former Labor government staffer, as the chief executive officer.

What we are seeing in the Department of the Premier and Cabinet at the moment is the politicisation of the senior levels of the Department of the Premier and Cabinet and the senior levels of the Public Service right across the board, as Labor government staffers and fellow travellers are parachuted in—in many cases, without competition—to the various executive positions.

This has come to the fore because many long-serving public servants are furious at the way Mr Weatherill and his chief executive treated 11 executives in the last week of January who were sacked on the spot and escorted from the building. Some of these executives had been loyal servants of both Liberal and Labor governments for between 30 and 40 years. They were aware that they had accepted fixed-term contracts, which meant that they no longer had permanency, but their criticism, and the criticisms of their friends and colleagues, is the fact that they were treated by this Premier and his chief executive as if they were dirt.

They were marched into the chief executive's office. They were told that they were being dismissed; in one case, one executive was only one year into a five-year contract. They were told

that they were would be escorted from the building immediately. In one case, they were unable to go back to their desk to take their personal belongings. In another case, they were able to go and get their coffee mug. In a couple of other cases, they were quickly able to go back to their desk to get some of their personal belongings before someone from human resources escorted them from the building.

These public servants were not accused of anything, other than that the Labor government and the Premier had decided that they wanted jobs for Labor supporters and Labor fellow travellers and Labor staffers to be plonked into these senior positions within the Department of the Premier and Cabinet.

I laugh at the fake outrage of the Premier and other ministers and Labor members in this chamber when they talk about the attitude of conservative governments to the public sector when here their own Premier treats long-serving, loyal and hardworking senior executives in the Premier's own department like dirt, like criminals and outcasts and dismisses them and, as I have said, escorts them from the building, in some cases without their being able to collect their own personal belongings.

Bills

ANIMAL WELFARE (COMPANION ANIMALS) AMENDMENT BILL

Introduction

The Hon. J.M.A. LENSINK (16:03): I move:

That the bill be restored to the *Notice Paper* as a lapsed bill pursuant to section 57 of the Constitution Act 1934.

Motion carried.

FAMILY RELATIONSHIPS (SURROGACY) AMENDMENT BILL

Introduction

The Hon. J.S.L. DAWKINS (16:03): I move:

That the bill be restored to the *Notice Paper* as a lapsed bill pursuant to section 57 of the Constitution Act 1934.

Motion carried.

COMMISSION OF INQUIRY ON WATER PRICING BILL

Introduction and First Reading

The Hon. J.M.A. LENSINK (16:04): Obtained leave and introduced a bill for an act to provide for a commission of inquiry into water pricing; to provide evidentiary powers and immunities in connection with the inquiries; and for other purposes. Read a first time.

Second Reading

The Hon. J.M.A. LENSINK (16:05): I move:

That this bill be now read a second time.

This bill is to introduce a commission of inquiry into water pricing, and it fulfils a Liberal Party commitment to establish an independent inquiry into our state's water pricing. The Liberal leader, the member for Dunstan, Mr Steven Marshall MP, has initiated this. He moved an almost identical bill in the House of Assembly on 4 December 2014. I will just quickly discuss the clauses.

The bill establishes the terms of reference, and the terms of reference have been added to since last year to include investigations about third-party access, which I will refer to in my speech. Its first term of reference is to look at water pricing for consumers and users of water in South Australia, why the charges here are higher than in other jurisdictions, any other economic, legislative or other reform which would promote water pricing to lower charges to consumers and particularly in reference to the Essential Services Commission and the third-party access scheme. The commission of inquiry is established under clause 4, to be appointed by the Governor, and there are standard clauses in relation to the processes.

One of the important matters which relate to commissions is that there is an obligation to provide evidence in a number of inquiries that this parliament may promote from time to time, namely, select committees. We have a number of ministers who refuse to attend and to give evidence; they would have certain obligations under this bill. It is clearly intended to have an independent role because South Australians do not have any confidence in the setting of water prices in this state.

We have all suspected in South Australia that we have been gouged by SA Water's profits for many years, and the figures bear that out. These are not my figures; these are figures which come from Treasury papers. In 2002-03, $164.8 million was the profit taken by the state government as a dividend. In 2012-13, it is $235.8 million, and the forecast for the next four years alone is some $915 million.

The fact that SA Water is being used as a cash cow and its pricing structure is a farce was confirmed in spectacular fashion when *The Advertiser* published the resignation letter of the former independent regulator, the CEO of the Essential Services Commission, Dr Paul Kerin (now Professor Paul Kerin at Adelaide University), on 27 October 2014, which had to be obtained under freedom of information laws. Dr Kerin joined the commission in 2011 and quit shortly after the 2014 election because of this government's lack of reform of the water industry, lack of concern for water consumers and the stifling of ESCOSA's role as the independent regulator.

The legacy of this Rann/Weatherill government in South Australia, as far as water policy is concerned, is to deliver us the highest capital city prices in Australia. In 2002, the base price for water consumers was 38¢ a kilolitre. That is now $2.32 and many people pay a higher rate because Labor has changed the threshold for the cheapest water, from 120 kilolitres per year to 30 litres per quarter. There is a range of other tiers, including the highest price which people get bumped up to more quickly under this changed regime, which has also increased monumentally. The supply charge has gone up from $125, in 2002, to $282.80, in 2014.

We also know—and these are all official figures; I again repeat that I did not make these up—the annual household bill has gone up from $243 to $790 in 2014-15. We expect some increases over time, as we all know that the certainties in life are death, taxes and increases in prices, but certainly not of that magnitude.

As the millennium drought took hold, Labor had scoffed at our proposal to build a 45-gigalitre desalination plant to secure our long-term water needs and kept saying that they were praying for rain. When the need was finally realised and we came close to trucking in our water, Labor caved in but said, 'Our desalination plant is bigger than the Liberal's desalination plant,' so it became 100 gigalitres. It was recommended against by Infrastructure Australia, criticised by the federal Auditor-General, yet Labor still continues to defend this decision. So we now have a $2.2 billion, 100-gigalitre desalination plant.

The Hon. R.L. Brokenshire: Unpaid for.

The Hon. J.M.A. LENSINK: Unpaid for—well, we will pay for it for the next 50 years, Mr Brokenshire.

The Hon. R.L. Brokenshire: You bet we will, and so will our grandkids.

The Hon. J.M.A. LENSINK: Yes, indeed, those of us who have grandkids. In this post-drought period, as our rainfall has returned to normal averages, it has been being mothballed from 1 January 2015 and costs $30 million just to sit on standby.

One of the matters which is often overlooked in the debate these days—it was quite prominent in the lead up to the 2010 election—is the missed opportunities. We have overinvested in desalinated supply and missed out on opportunities to diversify in areas such as stormwater harvesting and aquifer storage and recharge and invest in more opportunities for industrial re-uses for treated wastewater.

This has negative consequences for both volume and quality of wastewater and stormwater which flow into our gulf, and in recent years we have seen the death of dolphins and fish and other species which is linked to poor water quality. We get notifications from the EPA every time there is a rainfall event and we are warned that some beaches are not safe to swim at.

In terms of pricing and the role of ESCOSA, there are a few urban myths that I will discuss, but the structure of our water in South Australia is that SA Water is a vertically integrated monopoly provider of drinking water and sewerage services for metropolitan Adelaide, the majority of industry and a significant number of country customers. Prior to 1 July 2012, cabinet had complete control over water prices and oversaw increases in each component of water bills, that is, usage, sewer and supply charges.

The Water Industry Act 2012 was heralded with great trumpets, and the role of cabinet in setting those prices was moderated (I think, that is probably an understatement, but it is the word I will choose to use), and the Treasurer was able to issue pricing orders, which is code for setting the parameters within which ESCOSA must adhere in terms of its role in water pricing regulation.

As usual, the government overegged expectations about ESCOSA taking on water regulation at the time. In his second reading speech, I note the Hon. Ian Hunter, who is now the water minister—I think he was a backbencher at that stage—made the following claim, and this is from the *Hansard* of this place of 10 November 2011:

> The bill lays an appropriate legislative foundation for an efficient, competitive and innovative water industry—

and we now know it is not—

> A key element of this is the introduction of independent economic regulation for the industry, with the appointment of the Essential Services Commission of South Australia (or ESCOSA).
>
> Independent economic regulation provides a transparent means of setting service standards and prices. Ultimately this is about protecting the long-term interests of customers and encouraging efficient investment in infrastructure.

They are nice words which we know are not true. Furthermore, this has not taken place and is one of the key issues which has arisen from Professor Kerin's evidence to the Budget and Finance Committee on 28 November 2014. The Hon. Ian Hunter on 10 November 2011 goes on to say:

> ESCOSA will also be empowered to make final price determinations on retail prices for water and sewerage services, with the first determination for SA Water to be applied from 1 July 2013. The Government has heeded the advice of industry and local government on the need to encourage participation by alternative providers and for this reason ESCOSA will have a range of option for regulating prices and service standards.

Bear in mind the frustration that the former ESCOSA chief felt because his role in that was undermined. The water minister at the time, the Hon. Paul Caica, described ESCOSA, in a media release in its new role entitled 'Historic water industry legislation passed' in April 2012, as an 'independent umpire'. He said:

> The passage of this legislation which combines and improves several acts of parliament will deliver a more efficient, competitive and innovative water industry in South Australia. This legislation provides an independent umpire, giving the Essential Services Commission of South Australia the power to regulate pricing and standards for water and sewerage services.

Again, it was all a load of nonsense, as we now know. Dr Kerin appeared at the Budget and Finance Committee last year and in his evidence he said that his early advice in 2012-13 pricing included setting water prices and a range of other things to benefit consumers in the long term. However, this led to Treasury's intervention including redrafting of pricing orders to be signed by the Treasurer so that ESCOSA would be limited to only regulating SA Water's revenue caps and would not be able to regulate the regulated asset base (RAB), which is something I will talk about in more detail.

This was the basis of treasurer Snelling and minister Caica making false and misleading statements to the public about ESCOSA's position. They had been saying on radio that ESCOSA wanted to increase supply charges. Professor Kerin believes that the real reason for the intervention was to protect Treasury revenues. He said that Treasury officials were incensed and absolutely appalled that ESCOSA would dare to make suggestions about the RAB.

I will quote from his evidence because I think it is quite telling. He described ultimately that due process in all of this was trashed and what he said took place was that, in the misleading of the public by ministers, ESCOSA was given particular parameters where they were told that Treasury wanted to increase prices by 25 per cent overall. ESCOSA, therefore, had no role in recommending that those prices be increased by 25 per cent, but they said 'That is what you are telling us is going to happen then you are going to have to increase usage charges which are already above long run

marginal costs and then raise supply charges.' Given those constraints, you would also have to raise tier 1 charges because they seemed to be below SA Water's estimate of long-run marginal cost. They did, and I quote again from Dr Kerin:

> However, if you do this, supply charges are already high. In South Australia they are 130 per cent above the average supply of comparable water utilities, which is the top 10 largest water utilities.

He then goes on to talk about the RAB and how critical it is in terms of how it drives up water prices, and I will quote the particular paragraph in relation to that as well:

> In that context, ESCOSA's advice to government was that while it hadn't been part of their terms of reference, they should consider reducing RAB values in the long-term interests of consumers—

which is what set the Treasury officials off and resulted in ESCOSA's role being curtailed. So, we had the first pricing order for 2013-16, which was issued by treasurers Snelling and Weatherill to set revenue caps for SA Water, which is a calculation of a regulatory rate of return on its regulated asset base, operational costs and capital expenditure.

Under the government's current pricing orders that we are in at the moment, SA Water sets its prices based on ESCOSA's set revenue caps. The first pricing order for the period 2013 was signed by treasurer Snelling on 24 September 2012. It limited ESCOSA to regulating revenues rather than prices and a subsequent order for 2013-16 was signed by treasurer Weatherill on 17 May 2013, and this is the one which set the RAB. It set drinking water retail services for $7.77 billion and for sewerage retail services at $3.58 billion.

What is so important about the regulated asset base (RAB)? Well, to quote Professor Kerin in his evidence:

> Seventy per cent of the costs that are used to work out prices for SA Water are entirely driven by RAB values. Because it is a capital intensive industry and because RAB values are high, the depreciation charges and the return on capital that must be allowed for SA Water are totally driven by the RAB. Therefore, with one stroke of a pen, setting a RAB value determines 70 per cent of the costs that are taken into account in setting prices.

What Professor Kerin is saying there is that whoever controls the setting of the RAB determines what the prices will be, and it is not a transparent process at all. It takes that role away from the Essential Services Commission, and there were so many lofty words talked about in its role initially.

Professor Kerin also talked about the inflation of the regulated asset base in what I think was quite a disturbing set of circumstances that led to it, and he talked about how the RAB was set. His evidence to the Budget and Finance Committee was that it was automatically increased by $700 million through a process that the current Premier and the current Minister for Transport were complicit in. He talks about the fact that ESCOSA was due to make a final draft determination around about May 2013. He then says, and I am quoting from his evidence:

> That process was hijacked after we made our Draft Determination because DTF was incensed by our Draft Determination so they decided that they didn't want us to give any advice on the RAB and they insisted that they were going to take a Cabinet paper to Cabinet early to get them to set the RAB. In my view, that was to pre-empt the Commission doing what it had said it was going to do, which was to provide advice on RAB values in the Commission's Final Determination and publish that so the public could see it.
>
> I think about two days before the Commission was due to make its Draft Final Determination, after the Commission papers had been sent, I got a call from Stephen Mullighan, the Premier's Deputy Chief of Staff, asking me, 'Can you consider a few alternative scenarios?' I said, 'Well, Commission papers have already gone out. What are they?' He said, 'Can you tell us what the revenue caps would be if the RAB is increased by 5 per cent, 10 per cent and 15 per cent? And can you tell us what they'd be if demand is 190 versus if demand is what the Commission thinks it should be and all combinations of those?'

Dr Kerin then replies:

> Well, look, if you want it, we'll do our best to do it, but I'm incredibly frustrated because these are very complex things and you tell us now'—I said this in a nice way—'when the Commission papers have already gone out and we're about to make our Draft Final Determination.

Then he says that he took two pages of charts which showed 'the best numbers we could do in 24 hours on what the revenue caps would be under all combinations of those scenarios that the deputy chief of staff had given us'.

They took those charts to the Treasurer, who was the Hon. Jay Weatherill, and he apparently said, 'Which combination of RAB increase and demand will I choose?' This is the menu option. So after ESCOSA goes through a whole range of complex calculations and takes several months to formulate its advice, it is given 24 hours to come up with a set of charts. It does its best and provides the table to the Treasurer and he looks at the menu and says, 'I'll have that one, thanks.'

I find this incredibly disturbing. Professor Kerin then went on to describe the fact that DTF wanted to micromanage everything the commission did. He said that basically DTF and SA Water decide what the RAB was. He also said that the RAB process was 'not decided on any sensible basis.' So that, ladies and gentlemen, is how your water prices are set in South Australia.

The RAB is also overvalued because it includes a range of things that ESCOSA does not think should be there, including what is described as 'contributed assets' (those which have already been paid for), and has been over indexed above CPI over successive years. So conservatively, at least, it has been overestimated by some $2 billion, and lots of costs have been included against the judgement of ESCOSA.

The pricing order for 2016-20 is pretty much the same as it is for the period we are in currently. I note that the government gave the distinct impression that pricing order parameters for 2016 were a transitionary measure and in future there would be more independence provided to ESCOSA. The Premier himself said, on FIVEaa on 28 May 2013 on the Leon Byner show, when Leon Byner asked, 'Are you going to give ESCOSA the true independence to set the price of water, not SA Water, and when are you going to do this?' that, 'I think that's contemplated for the next pricing round.' However, the pricing order that he himself signed on 2 May 2014, as then Acting Treasurer, has the same parameters.

We have had an inquiry into drinking water and sewerage retail prices reform conducted by ESCOSA, initiated in September 2012 by treasurer Snelling to examine the mix of pricing, but it is within the existing revenue envelope. Basically what they are saying is, 'Don't touch the revenue, business as usual.' But how can you change the structure of what the pricing is within that set revenue?

It is really just asking ESCOSA to come up with a set of winners and losers, because we know that we all look at our water bills. One of the first things I did when I became a homeowner was to examine what relationship there was between usage and trying to be efficient and actually reducing your water bill, like it is with most things. Indeed, I note that we had this as the subject of a question during question time, so it is clearly an irritant to a lot of people.

The National Water Initiative has recommended that all water utilities try to push water prices towards actual usage charges. We know there will be winners and losers, particularly for those people who are asset rich and income poor and for people in the country. I think the minister was talking about social policy considerations, and I certainly agree that those need to be taken into consideration. However, you give this job to ESCOSA and make it run a whole set of calculations and churn out a set of recommendations at the end, so it is really kind of a pointless exercise.

The initial report was released in September 2013 and a final one earlier this year, and I note the government rejected the initial report's recommendations out of hand because, clearly, with winners and losers, that was going to be a political hot potato. But I do note that ESCOSA had its hands tied. Professor Kerin used the word 'sham' to describe this inquiry because it excludes consideration of the value of the RAB and it reports for the 2016-20 period, so I think it is probably an exercise in trying to be seen to be doing something but actually having no intention of doing anything at all.

Our criticism of the inquiry is that it is considering options for improving the efficiency of SA Water's pricing structures but not the efficiency of SA Water's prices. The questions that you would think would be asked would be, firstly, what is the cost of providing services and, therefore, what revenues are required to achieve cost recovery (which is what Water for Good said we should do); and, secondly, how should prices be structured and collected in order to obtain the required revenues? However, ESCOSA's inquiry really only addresses the second point and we believe that an inquiry needs to consider the following matters:

1. What the process should be for determining economically efficient costs and, therefore, revenues of providing these services, including the RAB;

2. What the prices for providing these services should be, having established the economically efficient cost of providing the services; and

3. Which regulatory and legislative changes are needed in order to implement the revenue and price-setting process that achieves an economically efficient outcome while having due regard to equity and environmental objectives?

Third-party access is one of the areas that people in the industry tell me is absolutely critical to start some process that will keep future water prices as low as possible. Theoretically, bulk water has been able to be purchased through trade since the liberation of water licensing. However, this government, in particular, has been dragging its feet on providing a third-party access regime to SA Water's customers.

The scheme, which is often lauded, is Barossa Infrastructure Limited (BIL), which provides approximately 6 gigalitres to irrigate wine grapes from the Warren reservoir, supplemented with water supplied by the Mannum-Adelaide pipeline and the Warren transfer main, from the River Murray. But this scheme was initiated by John Olsen when he was the water minister, which is some time ago, and it would not have happened if he had not driven it through SA Water, which was very reluctant.

The Hon. R.L. Brokenshire: He was a hands-on minister.

The Hon. J.M.A. LENSINK: Indeed, he was. The Salisbury council's world-renowned wetlands (which often receive a lot of gongs) and aquifer storage and recharge scheme were actually rejected by SA Water, so they had to establish their own pipe network scheme, which was a very costly exercise.

As far as third-party access is concerned, we have a bill, which I think is about to be retabled for the third time. It was supposed to be initially released by mid-2013 for public discussion, but it was introduced into parliament in September 2013 and tabled too late prior to the election for any progress to be made. It has now been another year. Well, 2014 came and went. I think it was tabled on the last sitting day last year and the minister is about to retable it tomorrow. So it has been nearly three years and we still do not have a third-party access regime.

The Hon. R.L. Brokenshire: Slower than a snail.

The Hon. J.M.A. LENSINK: Well, these things take time, Mr Brokenshire. We all need to be patient—and we might be dead before it happens. Other issues: Labor's secret plan to sell SA Water. This was confirmed by Professor Kerin's evidence to the Budget and Finance Committee. In here, we can only take it that the minister doth protest too much with his constant accusations of the Liberal Party having a secret plan. It was actually his government. Treasury paid KPMG for advice and they consulted ESCOSA, and I suppose if you have a monopoly you can expect to get more for your utility.

We also had the issue of bullying behaviour by Treasury officials and the current Treasurer's attempts to character assassinate Professor Kerin on radio, which I think was an absolute disgrace. We have seen similar behaviour with the Gillman issue, where learned people's opinions are dismissed—but I will not digress.

We have lack of competition in the SA water market, which is clearly a critical issue. I do not have a crystal ball, but I anticipate what the government will say in response to this bill—that it is a stunt—to which I say it is independent. The government gets to appoint the commissioner and, in that instance, what are they afraid of?

The minister was on radio recently and in his comments he defended the Adelaide desalination plant and drew comparisons with Western Australia. We often refer to the 45-gigalitre Kwinana plant, which was completed in 2006, at a cost of $387 million. I think they probably got themselves a bargain. The minister then went on to refer to their second desalination plant which was, as he says 'at huge extra cost'. The Binningup desalination plant is 100 gigalitres and was completed in 2012 at a cost $1.4 billion, which is $400 million shy of the Adelaide desalination plant which was completed with the same volume (100 gigalitres) and in the same year (2012). In other

words, Adelaide's desalination plant cost 30 per cent more than Binningup and that is not even throwing in the $400 million interconnector which takes ours to $2.2 billion.

The minister also said that the desal plant only costs $30 per customer. Well, for 773,500 customers—

The Hon. I.K. Hunter: That's not what I said; do not mislead this house.

The Hon. J.M.A. LENSINK: You will get your chance.

The Hon. I.K. Hunter: Don't mislead this house.

The Hon. J.M.A. LENSINK: You do it all the time, give me a break! I will look forward to the minster's contribution delivered by him, I hope. So it is an extra $30 for those customers—that is $23 million per annum. We have calculated that there is some $100 million a year that the government is ripping off consumers because it is a regulated asset base, and there is also the other issue of the renewable energy that they intransigently continue to force customers to pay for.

The plant has been mothballed from 1 January. We now have some process where, having been running at various volumes for the last two years, it is now being tested for another three months to see whether it will be shut down completely and refired up at some point in the future when we have our next inevitable drought.

For all the reasons that I have outlined, I urge honourable colleagues to support this bill. It is high time we had an independent look. If the government tries to refer to ESCOSA in its rebuttal my answer to that is, 'Well, the inquiry that's just been had is a sham.' The cat has been belled and it is time that we had a proper look at why South Australian consumers are paying more than everybody else in Australia.

Debate adjourned on motion of Hon. J.M. Gazzola.

Motions

EMERGENCY SERVICES

The Hon. R.L. BROKENSHIRE (16:38): I move:

1. That a select committee of the Legislative Council be established to inquire into—
   - (a) the government establishment of the commissioner to replace chief officers in the proposed emergency services reform;
   - (b) the process involved in consultation and what consideration was given to matters raised during consultation in developing the reform proposal;
   - (c) the business plan;
   - (d) cost-benefit analysis and probity regarding the proposed reform;
   - (e) consideration and consultation with volunteer organisations affected by the government proposal;
   - (f) the establishment of legal requirements for the chief officer and chief executive officer of emergency services and SAFECOM and the SAFECOM board; and
   - (g) any other relevant matters.
2. That standing order 389 be so far suspended as to enable the chairperson of the committee to have a deliberative vote only.
3. That this council permits the select committee to authorise the disclosure or publication, as it sees fit, of any evidence or documents presented to the committee prior to such evidence being presented to the council.
4. That standing order 396 be suspended to enable strangers to be admitted when the select committee is examining witnesses unless the committee otherwise resolves, but they shall be excluded when the committee is deliberating.

I move for this select committee because I believe that the very spirit and core of this state is built and based on volunteering, particularly so when it comes to emergency services. I believe that any reform, particularly radical reform like this, that any government proposes, irrespective of the colour

of government, needs to be done with the utmost care and with strong consideration for all the concerns that particularly the volunteer organisations may have. I say 'particularly the volunteer organisations' because, first, without those volunteers we simply would not have the emergency services, be it the CFS, the SES, marine rescue or surf life saving, to protect life and property in this state. We simply could not afford to have a fully-paid service.

I highlight to the house that with this proposal, whether or not you think the minister and the government have good intentions, the reality is that by setting up this structure we will say goodbye to the current culture and the efficiencies and effectiveness of the CFS and SES as we have known them since they first evolved a very long time ago—well before the emergency fire service (EFS) was set up.

We have rhetoric in the house from the government at the moment whereby they are congratulating a broad range of organisations and services for the good work done at Sampson Flat. Brilliant work was done at Sampson Flat with the fires, but we need to do more than acknowledge the brilliant work there: we need to support those volunteers and listen to what those volunteers are saying.

Whilst I know the minister is getting a little angry with me at the moment for being out there and supporting these volunteer organisations, I do not apologise for that because the minister, the parliament and the government, as far as I am concerned as one member of this parliament, are subservient to organisations like the CFS, the SES, Volunteer Marine Rescue and Surf Life Saving, because, as I see it, those organisations are above any individual in the parliament, the government or the ministry.

The minister says that he has been out and consulted widely across the state. I know that the minister has travelled across the state, but the reality is that when you get reports back there are question marks about whether it was true consultation or more travelling across the state so that you could get into the media and defend the actions of the government and the orders and instructions you are under as minister, from the cabinet on behalf of the government, to say that you have widely consulted.

Volunteers tell me that they experienced a whiteboard and the minister putting up a lot of diagrams, notes and viewpoints on that whiteboard but very little detail on the real in-depth proposal for this reform. If you have worked with volunteers, you find that not only are they dedicated and caring people to their communities and to South Australians as a whole, but they actually show respect.

They were not in a position to jump up and down as the minister travelled across the state, and they had to reflect, consider, discuss and work with the associations that represent their memberships before they could come up with a decision. Unfortunately, even today, they do not have the detail—and let's remember that the devil is always in the detail—with which they can make final decisions.

I want to talk a little more about why I am moving for this committee. The purpose of the committee is because the reform, as I am advised by volunteers, was short on detail, leaving volunteers nervous (rightly so, I add) about what might eventuate. The CFS Volunteers Association, which has a member base as large as about 14,000, said that many volunteers had expressed concerns about the government's plan to push through this reform without providing key details.

CFS members have been noted in the media as having concerns about the potential for the creation of one fire service, commonly called a 'single fire service'. There is concern among volunteers about the reform and how it will impact them doing their job. The firefighters fear that the CFS could lose its identity under the proposal, and I can say, having met with the SES Association, that they have been consistent in raising the same concerns and have been consistent in questioning and objecting to the proposal of a commissioner-based structure.

Volunteers have threatened to quit the Country Fire Service amid fears they will be cast aside in the state government's emergency services reform. CFS members have spoken out against the proposal, saying that they have lost confidence in the government, and the SES have indicated similarly when I have met with them.

I want to put on the public record a few direct quotes because I think they will be very important for my colleagues to consider when they are deciding whether they will support the establishment of this select committee. The CFS Volunteers Association, in a statement, made this very important point:

> Following extensive consultation with the CFSVA, the majority—

'the majority' is the important thing here—

> of CFS volunteers have indicated that they will not accept the amalgamation or integration of services at any level that directly impacts on the current CFS chain of command and will vehemently oppose any such attempts.

CFS Volunteers Association executive director, Ms Sonya St Albans, said:

> We're asking the government to hold off on the reform on the basis they haven't produced a business plan or a justification…We've always said we wouldn't accept change for the sake of change.

The media reports that Ms St Albans' requests to see the plan were denied. It is quoted:

> We want Mr Piccolo to put a hold on the search for a commissioner until a plan is formulated and we have had a chance to comment on it.

Another quote:

> Volunteers were getting quite agitated that this was moving faster than anticipated without any justification or basis.

Just on that, for my colleagues' interest, although I am sure they have already noted it, I put this on the public record the following for their consideration when they consider again supporting, hopefully, this select committee. Notwithstanding the fact that we have just gone through the Sampson Flat fires and that a lot of concern was raised openly, publicly and with transparency, through the media, it appears that the minister accelerated his desire for a commissioner and advertised it very quickly in *The Advertiser*—he accelerated even though he knew that he had problems. In other words, he tried to move all of this through as quickly as possible, without even the parliament being briefed and advised about the legislative aspects.

I expect that, if this does eventuate, the minister will say, 'We have appointed the commissioner. We have all things in place. Now we request the parliament, in a non-democratic manner, to rubberstamp legislative changes.' I would have thought that the better way would have been, after proper consultation with all of the volunteers, a joint house briefing from the minister and then an explanation as to what legislative changes were needed and then, with the consent of the parliament, to proceed to the next step, namely, the consideration of appointment and advertising for a commissioner.

The Salisbury Heights group officer and CFS Volunteers Association member, Mr Rod Styling, was quoted as saying:

> There were concerns about the lack of detail in the plan. We want to see the benefits, whether worth, costs or operationally and whether there are financial benefits. The whole process is flawed. There is no business case and no business plan. The original plan was not to touch the service's operations. They're not talking about changes at the regional level and above, and that's now what we originally understood. We want our regions to stay the same; they very ably support us in what we do.

The MFS, SES and CFS also say, 'We have similar values but the culture is different,' and that is true—the culture is clearly different.

There is potential inherent danger long term in trying to amalgamate and therefore do away with those cultures. We have seen the problems in Western Australia. We have seen the problems in Queensland, where they went down something not quite as draconian as this. Notwithstanding that, they went down a path of significant restructure and for the last 10 years they have been trying to go back. South Australia and New South Wales currently lead Australia when it comes to emergency services management, I would suggest because of the current structures that we have that work, and there are the cultural benefits of the independence of the organisations. Finally, Mr Styling says:

> We are a fully volunteer service and we want someone in leadership with a perspective that understands volunteers. We expect the MFS wants a professional leader who understands their culture.

Just on that—and this is another reason for moving this select committee—the parliament actually expects the same, because there is legislation in place now that actually differentiates and says that you must have separate chief fire officers for the CFS and the MFS. The SES has a chief as well. I have a couple more quotes. The Salisbury CFS captain, Mr Rob Turnbull, said:

> All we're asking for is transparency in the process…We asked to look at the modelling and even the financial modelling, and no one seems to have an answer.

Captain of a brigade in region 2, Mr Tony Lange, said:

> If we go down this line and the Minister gets what he wants a lot of us will just pack it in.

The Northern Barossa group officer, Kim Haebich, said:

> Why structure the whole organisation with a volunteer force of 15,000 when the Holloway report indicates that the operational arms of the services are working well on the ground.

Many volunteers have said to me, 'Why reinvent the wheel when it's not broken?' We saw a situation back in the 1980s when a former Labor government decided that they were going to, effectively, get rid of emergency services at the front line, namely, ambulance transport and paramedic assistance, the St John. One of my colleagues in here raised, rightly so, the very good work St John did at Sampson Flat, and I support that. St John is a marvellous organisation, but it got done over badly back in those days.

Also, let us just remember what happened, historically, as a result of that. We saw a publicly paid—partly publicly paid, because there are still a lot of volunteers there—South Australian ambulance service. It is a great service but at what cost. Now we have seen the government put the South Australian Ambulance Service away from the autonomy that it had, to be a small part of the health department. Of course, now we see them struggling like mad with their budgets.

This Labor government, earlier on its terms, actually got rid of the CFS board. I am on the public record as saying that I thought that was the wrong thing to do, but with a lot of goodwill—a lot of goodwill—the CFS took at face value what the then minister told them and agreed that they would support the removal of a CFS board. History shows now that that was probably not a good move.

In fact, I would say that if we still had a CFS board today there is no way I would even be moving this select committee because the CFS board had more power than I had as a minister when I was their minister, and more power than any other minister, and could have told the minister of the day just where to stick certain proposals. They have lost that opportunity now, but it is still not too late to maintain the autonomy of the organisations.

All the volunteers say to me that they are always happy to look at proactive reform and some restructure, and also certainly to look at other initiatives that can create more economically effective and efficient emergency services for our state. They all agree with that, but they say to me, and I have to agree with them, that we have not had an explanation or a proper debate on a fundamental that potentially will change forever what we all know with our emergency services today and that is the role of and the reasons for a commissioner.

Some members of the house may not know this but I understand from my sources that the chief fire officers have been advised that they are going, and I understand that the government is moving fast at the moment to work out packages with them and they will be gone by the middle of this year; the commissioner starts on 1 July.

As someone who is totally inactive when it comes to operational CFS now, I had the privilege of being active for many years before coming into the parliament and, like the rest of us here, still have an active role and an important role to play in looking after those volunteers and organisations from a parliamentary aspect, and I cannot understand why you need a commissioner.

The only thing that I can say to the house is that if you want to go back to the late 1980s, a report was put out by the then Labor government called the Bruce report. That Bruce report recommended a single fire service, and I know in my briefings when I first became minister for emergency services that the association said to me, 'If you want to get on with the organisations do not go down the track of the Bruce report and a single fire service.' It is an old chestnut that has been around for a long time, but now that the government have slipped over the line and are back in office

they are more bold and brave than they were and so it appears that they are potentially going down a similar track to the Bruce report recommendations.

The other point that I would raise with the house is that we have not heard hue and cry from the United Firefighters Union. That is a concern to me because of my experiences previously with the UFU, and if there is any potential risk for them in losing anything or not being able to gain additional benefits, they will be out there, just like they were when the Hon. Wayne Matthew was the minister for emergency services, and they were not happy and they put the snorkel unit up with firefighters in it, right in his face at his desk at a multistorey building in Adelaide.

When I was bringing in some changes they had stickers all over their fire trucks, and you would pull up at the traffic lights and look at your name and think, 'Oh, that's my name, what's that about?' and then you would read it, and it was the United Firefighters Union having an intense go at you as a minister. So I do ask: why are the UFU so quiet on this occasion?

I have just floated some of the issues and concerns. This is not a personal thing for me with minister Piccolo, and I think minister Piccolo is just there doing a job for cabinet and the relationship is probably between government and UFU. I am not going to get personal with minister Piccolo. I notice that he has, even as recently as today, had a crack at me about the fact that I have been out there saying that he will not meet with the CFS volunteers, and I stand by what I said because they asked for a private meeting with the minister one on one.

They have some serious issues that on behalf of all South Australians they want to discuss with the minister and, rightly so, they may not want to actually discuss all of that in an open forum around this reform later in February, which is where the minister has said he is happy to hear from them. I simply appeal to the minister to actually meet with them.

One of the thousands of dedicated volunteers, Mr Jeff Clark, has been out there publicly raising some concerns and that is what you do when you have issues that you are worried about in a democratic society. But I was concerned to see that, in a debate on radio recently where Mr Clark, myself and the minister were all on that FIVEaa program, the minister was being condescending to Mr Clark, I believe, and I do not think that that is good in the spirit of what we are trying to achieve, particularly when the minister said something like, 'You're back, Jeff.' Mr Clark has always been absolutely dedicated to the Country Fire Service, as I know, and I commend him for that dedication as, indeed, I do all the volunteers.

With those words, I know that the Legislative Council is involved in a lot of select committees, and I know that all members in this house—government, opposition and crossbenchers—have an enormous amount of work. I would not envisage this committee having to meet for too long because I know that time is of the essence, but I think that there needs to be some real openness, some real transparency, and that people can come in under parliamentary privilege to tell the parliament what they believe is the situation with regard to this proposal.

Who initiated this? Who was involved in setting it up? Were all the experts in our emergency services involved in this prior to its being announced? Why are the volunteers associations on behalf of the volunteers not being listened to in the way we believe they should be? What is the true cost-benefit analysis, if any? Will there be savings and, if so, where will they go? What guarantees are there in the future, once this structure comes into place, that it will not further develop into a single fire service, as an example? These are just some of the things I think we all need to be able to investigate on behalf of the services and the South Australian community.

I advise the house that it will not be my intention, if it approves this select committee, for it to be too long. It would be my intention to get all the facts on the table, give all the players—including the minister if he would like to come before the select committee—an opportunity to put to the Legislative Council just what is behind this proposal, and from there we can all deliberate on its real purpose and intent and, most importantly, where in the future it is best to have the support for these services and whether or not that autonomy should continue.

All those sorts of things need to be considered. I ask the house to support my motion for a select committee. I advise the house now that I would like to put this to a vote on the next Wednesday of sitting.

Debate adjourned on motion of Hon. S.G. Wade.

EMERGENCY SERVICES

The Hon. R.L. BROKENSHIRE (17:02): I move:

That this council calls on the state government to immediately—

1. Withdraw the calling of applications for the position of Commissioner for Emergency Services; and
2. Not further proceed with foreshadowed changes to the structure of emergency services pending consideration of the report of the select committee of the Legislative Council, should it be established.

I have covered most of this, so I will be brief. The reasons for this motion I have already put on the public record but, to summarise, there is great concern out there. There is justification for that concern. This is a huge and important issue. I call on the government to listen to the people and, if this house on their behalf calls for a halt to this, if a select committee is passed and produces a report, I believe we would be starting to show the proper appreciation and that the people who have expressed concern have been listened to. I advise the house that I will seek a vote on this motion next Wednesday of sitting after we have voted on the select committee.

Debate adjourned on motion of Hon. T.J. Stephens.

TRANSFORMING HEALTH

The Hon. K.L. VINCENT (17:05): I move:

That this council notes that the Delivering Transforming Health document—

1. Plans to shut down the Repatriation General Hospital and Hampstead Rehabilitation Service thus disenfranchising the clientele who are both familiar with and confident in the services these facilities provide;
2. Ignores the additional positive rehabilitation benefits of the community outreach programs offered by the Hampstead Centre which facilitates reintegration into family, community and work;
3. Fails to recognise the ongoing rehabilitation value of access to attractive outdoor environments in contrast to an acute clinical environment;
4. Fails to address the shortage of adequately equipped hydrotherapy pools in metropolitan Adelaide;
5. Ignores that mental health services in South Australia are already overstretched;
6. Fails to address the issue of people with mental illness presenting to emergency departments due to a lack of support services;
7. Completely ignores the June 2014 SA Health report on borderline personality disorder which recommends establishing a statewide borderline personality disorder service;
8. Fails to address the critical shortage of primary healthcare services available in the community following the minister's cuts to these services in light of the McCann review; and
9. Remains silent on the poor communication between SA Health, Disability Services, Housing SA and other commonwealth social services and that this miscommunication prevents people returning home once they have been declared fit for discharge, and in doing so continues to waste taxpayers' money.

As members will be aware, the Minister for Health, the Hon. Jack Snelling MP, released the Delivering Transforming Health document. This document outlines a number of hospital closures that are of great concern to Dignity for Disability and members of the community who have been in contact with my office, in particular, rehabilitation services, the Repat, St Margaret's and Hampstead. I know that there are many veterans who have spoken of their concern about the Repat at Daw Park closing, but I would like to address the issue of Hampstead Rehabilitation Service in particular.

Before I go on, however, I want it understood that Dignity for Disability is not opposed to health system reform point blank. The system is already stretched to breaking point and this necessitates a serious change in thinking if the situation is to improve. However, I think it is important to note that the government's own website about Hampstead points out the difference between longer-term rehabilitation and rehab in an acute hospital setting. Dignity for Disability is very

concerned that SA Health's Transforming Health paper is failing to heed its own words from the Royal Adelaide Hospital website, and here I quote:

> Rehabilitation is very different from being 'treated' in an acute hospital care setting. In all areas trained allied health, medical and nursing staff work with clients, clients' families and friends, and others, to design and implement rehabilitation programs using an integrated team approach.

We are concerned that, in moving all rehabilitation services into an acute hospital setting, people who have a very successful rehab at places like Hampstead will lose the community outreach programs that they have been able to access thus far, such as the Mensheds program, which enables men to get together and talk about their experience with accident or injury that has led them to become part of Hampstead.

These are particularly important programs because I think any holistic rehabilitation program needs to take into account the psychological and emotional effects of injury as well as the purely medical repair of any injury or illness. People may also lose access to an appropriate hydrotherapy pool, of which we already have a marked shortage here in Adelaide, and they will no longer be able to enjoy the peaceful garden setting that Hampstead currently offers.

All these things provide for a much more holistic recovery, it is my understanding, than may be available in a strictly hospital setting. Yes, access to rehabilitation allied health staff seven days a week is very important, but that can occur, I believe, without needing to shut Hampstead down and move those services into an acute hospital setting.

When I announced via my Facebook page that I would be moving this particular motion today, a lot of positive comments about the services at places like the Repat and Hampstead quickly came to me. To illustrate my point, I want to share just a couple of those comments with members in the chamber. One lady said to me:

> My partner has an ABD and without this world-class facility and later physio at the Repat he would not have challenged the belief that he would be a 'vegetable'. He now walks, talks, drives a car, etc.

Another person said to me:

> If people saw the number of returned servicemen who are currently waiting for admission to Ward 17 at the Repat for treatment of PTSD, depression and other mental health issues, they would have a better understanding of the situation. Closing the Repat & Noarlunga ED will place even greater strain on our already over burdened and broken system! FMC [Flinders Medical Centre] is frequently over status and on bypass…So many issues and potential consequences have been ignored or not even considered. Unfortunately it will probably result in fatalities via lack of treatment and then will be looked at when it is too late!

I hasten to make it clear that these are not my words. These are comments I have received, but I think it is important to put them on the record to illustrate the depth of concern that is out there in the community about some of these proposals.

Dignity for Disability is also surprised, to say the least, to see that mental health featured in less than three pages of this 60-page document. Bizarrely, it did mention the government is recruiting a chief psychiatrist, as if advertising for a standard pre-existing position is somehow revolutionary or transforming. There was no mention of the mental health council which has been promised to members of the mental health community, and there was no mention of co-design of systems and programs alongside mental health consumers. So, again, this does not involve mental health consumers as the experts in their lives and as the experts in their own experience with their mental health conditions.

There was definitely no mention of the June 2014 SA Health report on borderline personality disorder, or BPD, called A Way Forward. On that basis, perhaps in the two years we have waited for SA Health to sanitise this document, SA Health should have renamed the document 'Doing things the same way and expecting a different result' or something similar. I believe it was Albert Einstein who said that the definition of insanity is doing the same over and over again and expecting a different result.

I simply do not understand why we would be looking at fundamental changes to our health system, and yet are ignoring the significant contributors to stresses on our emergency departments, for example, mental health being one of those. Why are we not opening a statewide specialist

borderline personality disorder service, as one example, following report after report? If we do not, it is more of the same, and certainly not a way forward.

Speaking of ignoring features of our health system that bring pressures to bear on our hospitals brings me neatly to the issue of primary health care.

The Hon. S.G. Wade: It's not in the budget.

The Hon. K.L. VINCENT: I am getting to that. The Hon. Mr Wade rightly points out that primary health care is not even in the document, but I will ignore that interjection and get on with making that very point. I agree that our mental health system needs reform, but you simply cannot reform our hospitals in isolation. They interact with the rest of our health system, with the rest of the community, our housing department, disability services and many, many commonwealth and state departments.

Of great concern is the Transforming Health document's silence on the provision of primary health care. Fundamentally, primary health care is an umbrella term for the services and supports that help to prevent people from getting acutely ill in the first place. Under the recent review of non-hospital based services, colloquially known as the McCann review, this government has already significantly reduced access to a number of these supports.

I have been told that a community music program in the southern suburbs, for example, helped people with mental illness to feel connected to community, constructive, and gave them an arena in which to share their experiences with peers without the pressure that is often felt in the consumer/therapist relationship. Similarly, I understand that a successful partnership between state and local governments, which helped to promote positive physical and mental health in the Port Pirie community, was also defunded following the review.

Primary health care is essentially about recognising that health—physical, mental or otherwise—is something that we all have, and that it exists on a very wide spectrum. In other words, it is not the case that one is either perfectly well and in need of no help whatsoever or unwell and in need of immediate hospitalisation.

There are many shades in between, and proper primary health care helps us to recognise the signs of poor health and improve them before hospitalisation becomes necessary. To have a document which is essentially about overall improvement of health in this state silent on a matter of this vital importance is disturbing, to say the least. Surely, it would be beneficial for government to have its citizens well and participating to the fullest extent possible in work and community.

With those brief words, I commend the motion to the chamber. I encourage the government to pay heed to some of the comments not only that I have made but those I have put on the record from the community. There is very real concern in the community about a number of these suggested reforms, and we want to see genuine consultation and understanding about the true ramifications of those recommendations. I encourage other members to support this motion and to learn about the concerns that exist and support proper health care in this state.

Debate adjourned on motion of Hon. G.A. Kandelaars.

Citizen's Right of Reply

CITIZEN'S RIGHT OF REPLY

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (17:15): I move:

That, during the present session, the council make available to any person who believes that he or she has been adversely referred to during proceedings of the Legislative Council the following procedure for seeking to have a response incorporated into *Hansard*—

1. Any person who has been referred to in the Legislative Council by name, or in another way so as to be readily identified, may make a submission in writing to the President—

   (a) claiming that he or she has been adversely affected in reputation or in respect of dealings or associations with others, or injured in profession, occupation or trade or in the holding

of an office, or in respect of any financial credit or other status or that his or her privacy has been unreasonably invaded; and

(b) requesting that his or her response be incorporated into Hansard.

2. The President shall consider the submission as soon as practicable.

3. The President shall reject any submission that is not made within a reasonable time.

4. If the President has not rejected the submission under clause 3, the President shall give notice of the submission to the member who referred in the council to the person who has made the submission.

5. In considering the submission, the President—

(a) may confer with the person who made the submission;

(b) may confer with any member;

(c) must confer with the member who referred in the council to the person who has made the submission and provide to that member a copy of any proposed response at least one clear sitting day prior to the publication of the response; but

(d) may not take any evidence;

(e) may not judge the truth of any statement made in the council or the submission.

6. If the President is of the opinion that—

(a) the submission is trivial, frivolous, vexatious or offensive in character; or

(b) the submission is not made in good faith; or

(c) the submission has not been made within a reasonable time; or

(d) the submission misrepresents the statements made by the member; or

(e) there is some other good reason not to grant the request to incorporate a response into *Hansard*, the President shall refuse the request and inform the person who made it of the President's decision.

7. The President shall not be obliged to inform the council or any person of the reasons for any decision made pursuant to this resolution. The President's decision shall be final and no debate, reflection or vote shall be permitted in relation to the President's decision.

8. Unless the President refuses the request on one or more of the grounds set out in paragraph 5 of this resolution, the President shall report to the council that in the President's opinion the response in terms agreed between him and the person making the request should be incorporated in to *Hansard* and the response shall thereupon be incorporated into *Hansard*.

9. A response—

(a) must be succinct and strictly relevant to the question in issue;

(b) must not contain anything offensive in character;

(c) must not contain any matter the publication of which would have the effect of—

(i) unreasonably adversely affecting or injuring a person, or unreasonably invading a person's privacy in the manner referred to in paragraph 1 of this resolution, or

(ii) unreasonably aggravating any adverse effect, injury or invasion of privacy suffered by any person, or

(iii) unreasonably aggravating any situation or circumstance, and

(d) must not contain any matter the publication of which might prejudice—

(i) the investigation of any alleged criminal offence,

(ii) the fair trial of any current or pending criminal proceedings, or

(iii) any civil proceedings in any court or tribunal.

10. In this resolution—

(a) 'person' includes a corporation or any type and an unincorporated association;

(b) 'member' includes a former member of the Legislative Council.

This motion relates to the right of reply of any person who believes that he or she has been adversely referred to during proceedings of the Legislative Council. This is an identical motion to that which has been moved at the start of every session for a number of years now. The original form of this right of reply motion commenced in the period when Trevor Griffin was attorney-general, with some modification following a couple of cases in which it had been used, and it has now been in the same format for, I understand, the last five or six years, and I believe it is a worthwhile part of the procedures of this parliament. I therefore move this motion as a sessional order and seek the support of the council to ensure that this right of reply continues throughout this session.

Motion carried.

Bills

STAMP DUTIES (OFF-THE-PLAN APARTMENTS) AMENDMENT BILL

Introduction

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (17:17): I move:

That the bill be restored to the *Notice Paper* as a lapsed bill, pursuant to section 57 of the Constitution Act 1934.

Motion carried.

PUBLIC FINANCE AND AUDIT (TREASURER'S INSTRUCTIONS) AMENDMENT BILL

Introduction

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (17:18): I move:

That the bill be restored to the *Notice Paper* as a lapsed bill, pursuant to section 57 of the Constitution Act 1934.

Motion carried.

FAIR WORK (MISCELLANEOUS) AMENDMENT BILL

Introduction

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (17:18): I move:

That the bill be restored to the *Notice Paper* as a lapsed bill, pursuant to section 57 of the Constitution Act 1934.

Motion carried.

CHILD DEVELOPMENT AND WELLBEING BILL

Introduction

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (17:19): I move:

That the bill be restored to the *Notice Paper* as a lapsed bill, pursuant to section 57 of the Constitution Act 1934.

Motion carried.

WATER INDUSTRY (THIRD PARTY ACCESS) AMENDMENT BILL

Introduction and First Reading

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (17:20): Obtained leave and introduced a bill for an act to amend the Water Industry Act 2012. Read a first time.

Second Reading

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (17:21): Because this bill is coming back. and I believe that I have done a second reading speech on this last year, I might seek the indulgence of the council to insert the second reading explanation into *Hansard* without my needing to read it. 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.

Water is our most valuable resource, fundamental to our way of life, our economy and our environment. The millennium drought in the early 2000s challenged our traditional assumptions about the security of our existing supplies and highlighted the need for a longer term strategic approach to water security in South Australia.

In particular, our traditional reliance on a guaranteed minimum volume of flow into South Australia from the River Murray, under an agreement with other Murray Darling Basin States, was found to be vulnerable under severely reduced rainfall. In essence it never occurred to the State, from a water security perspective, that there could be situations where there is just not enough water in the system to allow for a 'guaranteed' level of water.

In response to the unprecedented drought conditions, the Government developed a long term water security plan for South Australia. *Water for Good* was released in June 2009 outlining its long-term strategy and actions needed to ensure safe, secure and reliable water supplies able to sustain continued economic and population growth. *Water for Good* is based around a number of core elements:

- Diversifying water supplies;
- Improving the way we use water;
- Improving governance arrangements; and
- Modernising the water industry through a new regulatory framework.

Progress with the implementation of *Water for Good* is reported annually and this report is made public and tabled in Parliament. In the most recent annual review, there had been significant progress in implementing actions, with 30 being completed, 50 on track and only 13 experiencing some minor delays.

A strong legislative base that provides sensible regulatory arrangements for the water and wastewater services sectors is a key foundation of the Government's approach to water sector reform.

The proclamation of the *Water Industry Act 2012 (the Act),* a key action in *Water for Good*, marked a significant milestone in the Government's reform of the water industry in South Australia and marked the first major legislative reform for the water and wastewater services sector for decades. The Act provides a new legislative foundation to promote competition and drive more efficient and innovative service delivery.

The Act declared water to be a regulated industry under the *Essential Services Commission Act 2002* and appointed ESCOSA as the economic regulator and licensing authority for retail water and sewerage services in South Australia. Other significant reforms to the sector include:

- Avenues for future pricing reform;
- Streamlining of technical regulation of the sector;
- A commitment to ongoing water demand and supply planning;
- The formalisation of SA Water's customer service standards through the SA Water customer charter and the standard customer contract;
- The requirement for external reporting and monitoring of SA Water's performance and compliance;
- The introduction of formal customer consultation requirements for SA Water's future regulatory determinations; and
- Requiring audited regulatory accounts for SA Water.

In May 2013, ESCOSA released its first Revenue Determination in respect of water and sewerage retail services provided by SA Water for the 3 years to June 2016. ESCOSA also identified savings of about $300 million in SA Water's operational and capital expenditure over the three years period of the Determination. The Government subsequently reduced water prices by 6.4 per cent in the first year and limited increases to inflation in the following two years. This provided relief for consumers from the recent increases in water prices as a result of necessary investments in water security measures.

To build on these reforms and to satisfy the requirement of section 26 of the Water Industry Act, a process to establish a state based access regime was initiated with the release of a Report on Access to Water and Sewerage Infrastructure in February 2013.

An effective access regime will promote the economically efficient operation of, use of and investment in water and sewerage infrastructure and encourage greater competition in upstream and downstream markets, increase standards of service and security of supply, and provide longer-term downward pressure on prices.

The current policy framework allows SA Water to pursue opportunities, on appropriate commercial terms, arising from spare water transportation capacity within their water infrastructure (eg in the Barossa and Willunga). However, this framework does not apply on an industry wide basis, nor does it include transparent pricing and negotiation principles, disclosure requirements, and provisions for review and arbitration, if an agreement cannot be achieved. A legislated state based access regime will address these shortcomings in the current arrangements.

The Access Report set out a range of issues relating to the amendment of the Water Industry Act to provide a right to businesses to negotiate access to water and sewerage infrastructure services and invited feedback from industry participants and interested community members.

Following feedback on the Access Report, a consultation draft Water Industry (Third Party Access) Amendment Bill was tabled in Parliament in September 2013 along with an accompanying explanatory memorandum.

Six submissions were received in response to the Access Report. They were from Business SA, ESCOSA, SA Water, Alano Water, the Roxby Council and Adelaide City Council. Business SA, ESCOSA and SA Water also provided submissions to the exposure draft Bill.

Based on the Access Report, and with appropriate consideration being given to the public submissions received, the *Water Industry (Third Party Access) Amendment Bill 2014 (the Bill)* introduces a further major reform to the water industry. The Bill was initially introduced into Parliament on 4 December 2014 and is now being re-introduced as a result of the last Parliament being prorogued.

The Bill is the end result of a long and inclusive consultative process. Part of this consultation involved a protracted negotiation with the Commonwealth Government regarding the interaction of the proposed access arrangements and Commonwealth Water Charge Rules.

The Bill amends the Water Industry Act by inserting a new part 9A that provides a light handed negotiate/arbitrate framework for businesses to seek access to services provided by natural monopoly water infrastructure (e.g. transport services via SA Water's bulk water pipelines).

The Bill establishes access arrangements to SA Water's bulk water transport services. The Bill does not relate to retail services or bulk water resources. Given the current stage of development of the South Australian water industry, it would be premature to establish full retail competition.

The Bill amends the Water Industry Act to ensure that access seekers and infrastructure owner are not limited from negotiating commercial agreements outside of the provisions of the access regime. The Bill, as a safety net, confers rights on the access seeker in relation to negotiating access and imposing obligations on the infrastructure owner when the access seeker exercises those rights.

The Bill appoints ESCOSA as the regulator of a state based access regime for water. ESCOSA will be required to adopt a light handed regime of monitoring and enforcing compliance with the access regime. ESCOSA will be required to report to the Minister each year about the work carried out by the regulator under the access regime.

The adoption of a light handed regime that facilitates commercial negotiation and arbitration in a low cost manner is considered appropriate in an environment where access negotiations are likely to be infrequent and specific to the needs of the access seeker. This approach has been adopted in South Australia's certified legislative access regimes for railways (set out in the *Railways (Operations and Access) Act 1997)* and port services (set out in the *Maritime Services Act 2000)*.

In an environment where access negotiations are likely to be frequent and the needs of the access seekers are common, then an access regime that involves prior determination and approval of access terms and conditions and associated prices is likely to be more cost effective for facility owner and the access seekers. This approach has been adopted for industries that have been vertically separated and subject to substantial economic reform, including the gas and electricity industries, where there is full retail contestability.

While important economic reforms to the water industry have been made in South Australia through the Water Industry Act, the water industry is not at the same stage of reform as the energy sector and such a heavy-handed approach cannot be justified. Interstate and international evidence shows that a gradual transition approach is more appropriate for introducing third party access regimes in an attempt to avoid unintended adverse outcomes and minimise potential costs to industry and general public.

The key to a well-balanced access regime is to promote greater competition while not disadvantaging SA Water customers broadly by, for example, facilitating private providers gaining access to infrastructure in the low-cost/high-revenue sections of the network, leaving SA Water's customers to bear the full costs of the high-cost/low-revenue sections.

The scope of the access regime established by the Bill includes all water infrastructure services that comply with clause 6(3)(a)(1) and (2) of the Competition Principles Agreement (CPA) and are significant to the South Australian economy. At this stage this would include SA Water's bulk water transport services. The access regime may apply to other services, such as water storages and treatment plants, to the extent that they are integral to the operation of the infrastructure services for which access is being sought (e.g. the transport services cannot be provided without passing through the water treatment plant).

The CPA requires that: *wherever possible third party access to a service provided by means of a facility should be on the basis of terms and conditions agreed between the owner of the facility and the person seeking access*. That is, to the extent possible, governments should avoid intervening in commercial negotiations between providers and access seekers.

The amended Water Industry Act will establish that nothing in the proposed legislation prevents a regulated operator from entering into an access contract with another person on terms and conditions agreed between the parties.

Water and sewerage infrastructure owned by water industry entities regulated under the Water Industry Act range from critical pipelines serving hundreds of thousands of people to local distribution networks serving less than one hundred. While the scope of the access regime should be broad in order to have consistent regulation across the South Australian water industry, it is not considered appropriate for the regime to be fully applied to all water infrastructure services.

The state based access regime will not be applied to community facilities, such as community waste management schemes and small water distribution systems, which are relatively small in scale and are unlikely to facilitate competition in dependent markets. Thus, it is considered that they do not meet the requirement of the CPA that the infrastructure be significant. Applying a formal third party access regime to these infrastructures would impose unnecessary costs and excessive administrative burdens on the owners of the infrastructure without any appreciable benefits being realised.

There is a range of water and sewerage infrastructure that does not easily fit into either of the categories described above (full application and not applied). Only some sections of Part 9A of the amended Water Industry Act relating to basic information requirements and reporting would apply to this infrastructure.

Over time, the significance of some infrastructure may increase and may then warrant full application of a state based access regime. But, at this stage the cost to the infrastructure service provider of complying with a state based access regime may not be justifiable.

The infrastructure operator will be required to provide information about access seekers to the regulator, and as part of its report to the Minister, ESCOSA will report on whether the access regime in relation to specific pieces of water or sewerage infrastructure should be extended.

ESCOSA will also be required to review the access regime established under Part 9A to ascertain whether the access regime should continue to apply to particular water infrastructure services in South Australia. ESCOSA will be required to conduct the review by 30 June 2019 and every five years thereafter. The report would be provided to the Minister and tabled in Parliament.

In an effective access regime, the right to negotiate will be supported by provisions to enforce that right. The Bill provides the access seeker the right to trigger an access dispute and commence binding arbitration after the regulator has first sought to resolve the dispute through conciliation.

The arbitrator will be appointed by ESCOSA and the decision of the arbitrator will be enforceable as if it were a contract between the parties.

South Australia is well placed in relation to its regulation of public health, environmental and safety standards and the community rightly expects the Government not to compromise these standards.

The Bill does not seek to alter existing frameworks in these areas and includes an explicit requirement that no decision taken by the regulator or arbitrator in relation to access to water infrastructure can override requirements or directions under the *Safe Drinking Water Act 2011*, the *South Australian Public Health Act 2011*, the *Natural Resources Management Act 2004*, the *Environmental Protection Act 1993*, or other law or other legislative requirement relating to health, safety or the environment.

Charges made by water industry entities in South Australia, including SA Water and South Australian irrigation trusts, may be subject to Commonwealth water charge rules made under the Water Act 2007 (Cth).

The Commonwealth water charge rules appear intended to exclude urban water supply activities from their remit, however, the precise scope of the application of the Commonwealth regime is not easy to determine. There is potential for inconsistency between the state based access regime and the Commonwealth regime where both regimes apply to the same infrastructure operator.

The Bill avoids this regulatory uncertainty by allowing for the use of the provisions of Part 11A of the *Water Act 2007* (Cth) to exclude or displace the operation of the Commonwealth water charge rules in the event that any

such inconsistency arises. The use of the displacement clause brings with it some obligations to other stakeholders under existing intergovernmental agreements.

Negotiations with the Commonwealth are continuing to find an alternative solution which does not necessitate the use of these displacement provisions.

The use of the displacement clause will not be automatically triggered with the passage of the Bill and will only come into effect if an inconsistency arises. This provides the opportunity for continued dialogue with the Commonwealth.

The Government regards the establishment of a state based access regime for water infrastructure, certified effective, as a necessary further step in the ongoing reform of South Australia's water industry.

Unlike some other industries subject to access regimes, the delivery of water and wastewater services presents some challenging social equity considerations including affordability, health and safety, as well as environmental issues. Careful consideration and incremental application of any access arrangements is necessary to ensure that unintended outcomes are minimised.

The amendments to the Water Industry Act contained in the Bill provide for the establishment of a light-handed access regime the Government considers appropriate given the current stage of development of the State's water industry. The access regime will be monitored and regularly reviewed by the regulator and, where appropriate, it can be adjusted to suit changing circumstances.

While it may take some time to fully realise their benefits, the extensive reforms implemented by the Government establish a foundation for the development of a competitive, efficient, innovative and safe water services sector so crucial to the well-being of the whole South Australian community.

I commend the Bill to Members.

Explanation of Clauses

Part 1—Preliminary

1—Short title

2—Commencement

3—Amendment provisions

These clauses are formal.

Part 2—Amendment of *Water Industry Act 2012*

4—Amendment of section 3—Objects

An additional object is included in section 3 of the Act for the purposes of proposed Part 9A.

5—Insertion of section 5A

This clause proposes to insert new section 5A:

5A—Provisions related to operation of Part 9A

The Governor may, by proclamation, declare the extent to which Part 9A will apply in relation to specified water infrastructure or sewerage infrastructure (or specified classes of such infrastructure) or specified infrastructure services (or specified classes of such services). A proclamation may limit the operation of the access regime. It will also be possible for the Governor, by proclamation, to activate a Commonwealth water legislation displacement provision in relation to Part 4 Division 1 of the *Water Act 2007* of the Commonwealth if this becomes necessary.

6—Repeal of section 26

Section 26 of the Act imposed certain requirements on the Minister relating to preparations for a third party access regime. This clause repeals the section.

7—Insertion of Part 9A

This clause proposes to insert new Part 9A:

Part 9A—Third party access regime

Division 1—Preliminary

86A—Interpretation

Definitions are set out for the purposes of the Part.

86B—Application

The access regime will apply to operators of water infrastructure or sewerage infrastructure, and infrastructure services to the extent specified by proclamation.

The access regime does not (and cannot) apply in relation to infrastructure operated by an irrigation infrastructure operator that may be subject to water charge rules under Part 4 Division 4 of the *Water Act 2007* of the Commonwealth (whether or not such rules have been made in relation to the infrastructure (or in relation to any service that may be provided in connection with the infrastructure)).

Division 2—Regulator

86C—Appointment of regulator

The Essential Services Commission of South Australia is the regulator.

86D—Report to Minister

The regulator must report to the Minister on an annual basis.

Division 3—Information to facilitate access proposals

86E—Segregation of accounts and records

Special accounting requirements will apply in order to assist in the implementation of the access regime.

86F—Information brochure

A regulated operator will be required to provide, on application, an information brochure giving terms and conditions on which access may be provided.

86G—Specific information to assist proponent to formulate proposal

A regulated operator will be required to give a person with a proper interest in making an access proposal detailed information about specified matters. A charge may be made for information provided under the proposed section.

86H—Information to be provided on non-discriminatory basis

Information is to be provided to persons interested in making access proposals on a non-discriminatory basis.

Division 4—Negotiation of access

86I—Access proposal

A person who wants access to regulated infrastructure or to vary an existing access contract in a significant way or to a significant extent may put an access proposal to the regulated operator.

86J—Duty to negotiate in good faith

The respondents to an access proposal are required to negotiate in good faith.

86K—Existence of dispute

The circumstances in which an access dispute exists are set out.

Division 5—Conciliation

86L—Settlement of dispute by conciliation

If a dispute is referred to the regulator, the regulator must, in the first instance, seek to resolve the dispute by conciliation (except in certain circumstances).

86M—Voluntary and compulsory conferences

The regulator may call voluntary and compulsory conferences of the parties to the dispute to attempt to resolve the dispute.

Division 6—Reference of dispute to arbitration

86N—Power to refer dispute to arbitration

The regulator may appoint an arbitrator and refer a dispute to arbitration.

86O—Application of Commercial Arbitration Act 2011

The *Commercial Arbitration Act 2011* applies to an arbitration.

86P—Principles to be taken into account

The principles which an arbitrator must take into account are set out.

86Q—Parties to the arbitration

The parties to an arbitration are defined.

86R—Representation

A party may be represented by a lawyer or, by leave, another representative.

86S—Participation by other parties

The Minister and the regulator may participate in an arbitration.

86T—Arbitrator's duty to act expeditiously

The arbitrator must proceed with the arbitration as quickly as possible.

86U—Hearings to be in private

The proceedings are to be in private unless all parties agree to public proceedings. The arbitrator may give directions about who may be present.

86V—Procedure on arbitration

An arbitrator is not bound by technicalities or the rules of evidence. The arbitrator may obtain information on matters relevant to the dispute in any way the arbitrator thinks appropriate.

86W—Procedural powers of arbitrator

The arbitrator has power to direct procedure including delivery of documents and discovery and inspection of documents.

The arbitrator may obtain expert reports and may proceed in the absence of any party given notice of the proceedings.

The arbitrator may engage a lawyer to give advice on the conduct of the arbitration and to assist with the drafting of the award.

86X—Giving of relevant documents to the arbitrator

A party to an arbitration may give the arbitrator a copy of all documents (including confidential documents) the party considers to be relevant to the dispute.

86Y—Power to obtain information and documents

The arbitrator may require information and documents to be produced and may require a person to attend to give evidence.

Information need not be given or documents need not be produced where the information or contents are subject to legal professional privilege or tend to incriminate the person concerned of an offence. The person concerned is required to give grounds of objection to providing information or producing documents.

86Z—Confidentiality of information

The arbitrator is given power to impose conditions limiting access to or disclosure of information or documents.

86ZA—Proponent's right to terminate arbitration before an award is made

A proponent has the right to terminate an arbitration on notice to the other parties, the arbitrator and the regulator.

86ZB—Arbitrator's power to terminate arbitration

Where the dispute is trivial, misconceived or lacking in substance, or where the proponent has not negotiated in good faith, the arbitrator may terminate the arbitration.

86ZC—Time limit for arbitration

An award must be made within the period of 6 months from the date on which the dispute is referred to arbitration. However, the period does not include time awaiting compliance with orders of the arbitrator for the provision of information or documents.

86ZD—Formal requirements related to awards

Before an award is made a draft must be circulated to the Minister, the regulator, the parties and each designated agency to enable representations to be made.

An award must be in writing and must set out the reasons for it. If access is to be granted, the award must set out the conditions.

A copy of the award must be given to the Minister, the regulator, the parties and each designated agency.

86ZE—Consent awards

An award can be made by consent if the arbitrator is satisfied that the award is appropriate in the circumstances.

86ZF—Proponent's option to withdraw from award

After an award is made, the proponent has 7 days within which to withdraw from it. If the proponent withdraws, the award is rescinded and the proponent is precluded from making an access proposal within 2 years unless the regulator agrees. The regulator may impose conditions on such agreement.

86ZG—Termination or variation of award

An award may be terminated or varied if all parties affected by the award agree. The provisions of Part 9A relating to an access proposal and arbitration apply to a proposal to terminate or vary an award (or a dispute arising out of such a proposal).

86ZH—Costs

The costs of the arbitration are at the discretion of the arbitrator except where the proponent terminates an arbitration or elects not to be bound. In that case, the proponent bears the costs in their entirety.

86ZI—Contractual remedies

An award is enforceable as if it were a contract between the parties.

86ZJ—Appeal on question of law

An appeal to the Supreme Court is allowed only on a question of law. An award or decision of an arbitrator cannot be challenged or called into question except by appeal under the proposed section.

86ZK—Injunctive remedies

The Supreme Court may grant injunctive remedies if required to enforce compliance with an award.

86ZL—Compensation

The Supreme Court may order compensation to any person where there has been a breach of an award.

Division 7—Related matters

86ZM—Confidential information

The regulated operator is required to ensure that confidential information (which is defined) remains confidential.

The regulator may, however, disclose confidential information to the Minister or the public if it is in the public interest to do so.

86ZN—Access by agreement

The proposed section clarifies that the new Part does not prevent a regulated operator entering into an access contract with another person on terms and conditions agreed between the parties.

86ZO—Copies of access contracts to be supplied to regulator

Copies of access contracts must be supplied to the regulator on a confidential basis.

86ZP—Regulated operator's duty to supply information and documents

A regulated operator must give the regulator specified information or copies of documents relating to the regulated operator's water/sewerage service business.

86ZQ—Unfair discrimination

A regulated operator must not unfairly discriminate in relation to access to regulated infrastructure. A regulated operator must not unfairly discriminate between entities in the terms and conditions on which it provides access to regulated infrastructure.

86ZR—Review of Part

The regulator must review the Part within the last year of each prescribed period (which is defined).

8—Amendment of section 90—Consultation between agencies

This amendment is consequential.

Debate adjourned on motion of Hon. T.J. Stephens.

LOCAL GOVERNMENT (BUILDING UPGRADE AGREEMENTS) AMENDMENT BILL

Introduction and First Reading

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (17:22): Obtained leave and introduced a bill for an act to amend the Local Government Act 1999. Read a first time.

Second Reading

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (17:22): I move:

That this bill be now read a second time.

The South Australian government recognises that economic development and environmental benefits are not mutually exclusive. The introduction of Building Upgrade Finance is a clear demonstration of this. The Local Government (Building Upgrade Agreements) Amendment Bill 2015 is a first step in delivering the state government's commitment to establish a Building Upgrade Finance mechanism in South Australia.

The South Australian government recognises the importance of improving the environmental performance of our ageing buildings. One-fifth of our greenhouse gas emissions comes from the energy used in buildings, with new development adding less than 5 per cent to our building stock every year. It is quite clear that upgrading our existing buildings is critical to achieving the state's long-term climate change, renewable energy, energy efficiency and sustainable water use targets and vibrancy aspirations.

Upgrading buildings also makes economic sense, not only for building owners and occupiers as a means of managing their utility costs but for the green industries that can provide the clean technologies and solutions that lift building performance. The state government has a proven record in supporting and encouraging sustainable developments. We introduced energy efficiency and sustainability performance requirements to government's own accommodation, we increased requirements for the energy efficiency of both residential and commercial buildings in line with the National Strategy on Energy Efficiency, and we introduced a cool rooves requirement for commercial buildings in the Building Code of Australia as a state variation.

We also introduced the Residential Energy Efficiency Scheme and continued it with some changes until 2020 as the Retailer Energy Efficiency Scheme. The new scheme will maintain focus on delivering energy efficiency benefits to low-income households and enable activities to also be delivered to small and medium businesses.

We developed a water-sensitive urban design policy and we provided financial support to projects demonstrating innovative ways to reduce the carbon footprint of existing commercial buildings through the now completed $2 million Building Innovation Fund. We also facilitated the delivery of sustainable precincts, such as the Bowden and Tonsley developments and, previously, the Lochiel Park Green Village.

The South Australian government also understands the need for further action to tackle market barriers that often impede commercial building upgrades from going ahead. Key barriers include access to the capital to fund upgrade projects, and the split incentive between landlords and

tenants in leased buildings, where the building owner incurs the cost of the upgrade, but the tenant receives the benefits through reduced utility bills and improved accommodation.

The bill establishes a mechanism specifically designed to overcome these barriers, thereby helping to unlock retrofitting activity and realise the associated environmental and economic benefits. Equivalent mechanisms have already been established in the City of Melbourne and New South Wales, making South Australia the third Australian jurisdiction to establish a mechanism. In developing this bill we have drawn upon the best of the interstate legislative models, and have sought to harmonise with these as much as possible.

Under the Building Upgrade Finance mechanism, a local council can voluntarily enter into a building upgrade agreement with a building owner and a financier. Under a building upgrade agreement the building owner agrees to undertake upgrade works in respect of their building. The financier agrees to advance money to the building owner for the purpose of funding the upgrade works, and the council agrees to levy a building upgrade charge against the land on which the building is situated. This charge is paid by the building owner to recoup the money advanced by the financier for the upgrade works, and is passed on to the financier by the council once received from the building owner.

As a result of the arrangement, the loan is effectively tied to the property rather than the property owner, with loan repayments collected via the building upgrade charge. In the event of the transfer of ownership of the property, the charge can remain with the property if the purchaser so agrees. The strength of the mechanism lies within this statutory charge. The charge effectively secures the loan, being ranked senior to mortgages, taxes and other charges in the event of default. This provides heightened security to the financier, allowing them to offer finance to the building owner at more attractive terms.

Under many commercial leases, tenants pay local government charges. Building Upgrade Finance provides an avenue for building owners and tenants to share the costs and benefits of building upgrades. These features collectively help to overcome the access to finance and split incentive barriers previously described, thereby helping to unlock investment in building retrofits and realising the associated economic and environmental benefits. The bill provides for the introduction of this mechanism in our state and builds on an extensive body of work undertaken by the state government in collaboration with local government.

In April 2012, the Premier's Climate Change Council endorsed advice to the former minister for sustainability, environment and conservation, recommending that the South Australian government work with the local government sector to develop the business model and the business case for establishing Building Upgrade Finance for commercial buildings in South Australia.

The state government listened. In 2012, we issued a consultation paper seeking views from stakeholders regarding the establishment of the mechanism in our state. Feedback from the property, finance and local government sectors indicated overall support for the intent of the mechanism, and indicated the need for further investigations.

We also undertook an investigation into the location and potential scale of the commercial building retrofitting opportunity in South Australia. Modelling undertaken in 2012 concluded that the retrofitting potential of commercial office buildings in the Adelaide CBD and fringe alone could unlock significant capital investment in environmental upgrades, generate jobs and achieve greenhouse gas savings.

Further, in collaboration with the Local Government Association of South Australia and the Adelaide City Council, the state government undertook the development of a business model and business case for Building Upgrade Finance in South Australia. The business case completed in 2013 determined that Building Upgrade Finance could unlock significant investment in building upgrades in the Adelaide CBD alone.

We subsequently developed the draft legislation, which we released on 30 January 2014 for a 10-week public consultation process. Consultation closed on 11 April 2014 and feedback from the property, finance and local government sectors was received. It was carefully considered and has informed the bill.

In summary, the bill contains enabling amendments to the Local Government Act 1999 which:

- authorise South Australian councils to enter into building upgrade agreements with owners of existing buildings and finance providers;
- authorise councils to levy a building upgrade charge against land subject to a building upgrade agreement;
- provide for a building owner to recover contributions towards a building upgrade charge from tenants occupying the building, providing certain conditions are met; and
- provide for the establishment of subsequent regulations.

The bill extends the scope of the mechanism to environmental upgrades, which are defined as works that improve the energy, water or environmental efficiency or sustainability of a building. The bill also provides for flexibility to apply the mechanism more broadly in the future by extending the eligibility to other upgrades via the regulation. The state government intends to utilise this provision to deliver on the second part of its commitment to extend the mechanism to heritage upgrades. Stakeholders will be consulted regarding this approach prior to finalising a subsequent regulation.

The bill provides for the inclusion of buildings situated on various types of crown land. In cases where there is a custodian of crown land, the bill specifies that the minister responsible for administration of the Crown Management Act 2009 can delegate the power to enter into a building upgrade agreement to this custodian. The legislation restricts the application of the mechanism to existing buildings, which are defined as buildings constructed at least two years prior to the making of the building upgrade agreement.

It also provides for further restriction of the scope of the mechanism via the regulation. It is intended that the regulation will restrict the mechanism to commercial buildings, defined as buildings used wholly or predominantly for commercial, industrial or other non-residential purposes. The bill also authorises local councils to enter into a building upgrade agreement with a financier and a building owner to give effect to the arrangement described earlier. Other persons can also become a party to the agreement if the local council, the financier and the building owner agree.

The bill specifies an 'overleverage' test which is to apply to all eligible projects to minimise any financial risks to the financier and to the first mortgagee and to ensure the viability of projects that obtain building upgrade finance. The test requires that the cumulative debt against the property, when added to the total value of the building upgrade charge, must be no greater than the capital value of the land prior to the upgrade works being undertaken.

In addition, the bill specifies the requirements of a building upgrade agreement and its contents. Subject to the passage of the bill through parliament, the state government will develop a building upgrade agreement template to assist local councils, financiers and the property industry with entering into the tripartite agreement and to reduce their legal costs. The provisions stipulate that within 28 days after entering into a building upgrade agreement, the council is required to declare a building upgrade charge in respect of the relevant land and to issue the building owner with a notice.

The bill specifies information that needs to appear in the notice and provides for further specification via regulation if required. Money paid to the council in respect of the building upgrade charge must be passed on by the council to the finance provider, after deduction of any authorised council fees. To ensure that any prospective buyer of a property that is subject to a building upgrade agreement is informed of the building upgrade charge, the bill requires the building upgrade charge be included in the council's certificate of liabilities. It also provides for adjustment of building upgrade charge payments in the event of the termination of a building upgrade agreement before all funds are advanced to the building owner.

The bill provides for councils to sell relevant land if a building upgrade charge remains unpaid for more than three years. This is consistent with existing sale of land powers with respect to unpaid council rates under the Local Government Act 1999. It also specifies the order of payment of outstanding debts against the property, where the liability against a building upgrade charge ranks

above registered mortgages and any liability to the Crown. However, the sale of land provisions do not apply to crown land. Participation in the mechanism is voluntary and no party can be obligated to participate. For local councils this means that they can choose whether or not to offer this service within their municipal areas.

The bill is designed to ensure that local councils are not exposed to any additional financial liability associated with their role in administering the mechanism. Most importantly, the bill is clear that councils are not liable to pass any money on to the financier until the building upgrade charge has been paid to or recovered by the council. The councils are required to use their best endeavours to recover the charge but failure by a building owner to pay the building upgrade charge does not make the council liable to pay any outstanding amount to the financier.

This legislation provides for a building owner to recover contributions towards a building upgrade charge from a tenant occupying the building as a means of enabling building owners and tenants to share the costs and benefits of the building upgrades. This applies despite the provisions of the Retail and Commercial Leases Act 1995 for leases captured under this act. To ensure that this occurs in a fair and transparent manner without adding administrative complexity, the bill specifies two pathways under which the tenant contribution can be recovered by the building owner, which are if:

- the tenant consents; or
- the amount recoverable by the building owner as a contribution does not exceed a reasonable estimate of the cost savings to the tenant resulting from the upgrade works during the period to which the contribution relates. The cost savings must be estimated in accordance with an approved methodology which will be developed by the state government and published in the *Government Gazette*.

It is anticipated that further provisions relating to this pathway will be defined through a subsequent regulation. In particular, it is envisaged that, under regulations, building owners would be required to report regularly on the actual cost savings to tenants using the approved methodology, unless otherwise agreed. The subsequent regulation is also anticipated to provide for make-good provisions in the event that the tenant's contribution has exceeded their actual cost savings. Stakeholders will be consulted regarding these additional requirements prior to finalising the subsequent regulation.

The bill also requires participating councils to maintain a register of building upgrade agreements accessible to the public free of charge. It entitles the minister to require reports from councils on building upgrade agreements entered into by the council, and provides for the setting of regulations if required to support the enabling legislation.

To assist building owners with taking advantage of this new financing mechanism and to minimise resource impacts on local councils, the state government has committed $1.9 million over four years for the establishment and operation of Building Upgrade Finance in South Australia through the 2014 budget. Part of the funding will be used to develop the building upgrade agreement template and the approved methodology for estimating cost savings; to facilitate an initial suite of projects as a means of building capacity and educating the industry; and to undertake a review of the mechanism in its third year of operation.

The majority of this funding is envisaged to go towards the establishment, and operation over four years, of a central administrator. The administrator is expected to support participating councils, by undertaking most of the functions associated with the administration of building upgrade agreements, and to reduce associated costs to participating councils. This is consistent with the feedback we received through consultation. Subject to the passage of this bill through parliament, the state government will continue to work with local government to develop a robust delivery framework.

Since we have started on this journey, the awareness of this new financing mechanism has increased both nationally and in the state. Victoria is moving to extend the coverage of the mechanism beyond the City of Melbourne to all Victorian councils. The Australian government has also provided funding to Climate Works Australia and the Sustainable Melbourne Fund for a campaign to improve awareness, information, resources and skills across the property sector in relation to these mechanisms.

Two financiers have established dedicated Environmental Upgrade Agreement Investment Funds in partnership with the Australian Clean Energy Finance Corporation totalling over $100 million to invest in such projects, and a third financier is active in the market. Approximately $42 million has been invested to date in Victoria and New South Wales. Other states, territories and cities have commenced investigations into the establishment of similar mechanisms in their jurisdictions and are watching what is happening in South Australia.

This bill responds to the Premier's Climate Change Council's advice, 'South Australia's climate change vision: pathways to 2050', released in February of last year, which identified the development and promotion of Building Upgrade Finance as a priority action.

The South Australian Division of the Property Council of Australia is supportive of the introduction of the mechanism, and Business SA also gave its in-principle support via its 2014 Charter for a More Prosperous South Australia. The bill has the in-principle support of the Local Government Association of South Australia. The Adelaide City Council has also notified the state government of its continued in-principle support for the establishment of Building Upgrade Finance in South Australia.

The commitment to develop Building Upgrade Finance in South Australia is also outlined in the climate change sector agreement between the state government and the Local Government Association of South Australia, which was renewed in 2013. I commend the bill to members, and I seek leave to have the explanation of clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Part 1—Preliminary

1—Short title

2—Commencement

3—Amendment provisions

These clauses are formal.

Part 2—Amendment of Local Government Act 1999

4—Amendment of section 4—Interpretation

The proposed amendment inserts definitions related to proposed Schedule 1B.

5—Amendment of section 44—Delegations

The proposed amendment amends section 44 so as to prevent a council from delegating certain powers relating to building upgrade agreements, except to the chief executive officer of the council (who may not subdelegate the powers).

6—Amendment of section 187—Certificate of liabilities

This amendment is consequential on the insertion of Schedule 1B.

7—Insertion of Schedule 1B

This clause proposes to insert Schedule 1B into the principal Act:

Schedule 1B—Building upgrade agreements

Proposed Schedule 1B provides for a building owner, a council and a finance provider to enter into an agreement (a *building upgrade agreement*) under which the finance provider advances money to the building owner to undertake upgrade works on the building and the council agrees to levy a charge on the land on which the building is situated (a *building upgrade charge*) to be paid by the building owner for the purpose of recouping the money advanced.

Certain restrictions (for example, on the types of buildings that may be the subject of building upgrade agreements) are provided for.

Proposed Schedule 1B also makes provision in relation to the contents of building upgrade agreements, the voluntary nature of agreements and the variation or termination of agreements.

A council which enters into an agreement is required to declare a building upgrade charge in relation to the agreement and give notice of the charge to the building owner specifying particular details. The Schedule makes provision for the payment of the charge and provides that a building upgrade charge is a charge against the land.

Proposed Schedule 1B empowers a council to sell the relevant land if a building upgrade charge remains unpaid for more than 3 years. Provision is made in relation to matters related to the sale of land, including the order in which the proceeds from such a sale are to be applied.

A council is not liable for the failure by a building owner to pay a building upgrade charge; a council is required to use its best endeavours to recover a charge.

Proposed Schedule 1B authorises a lessor to recover a contribution towards a building upgrade charge from a lessee within a building so long as the lessor complies with specified requirements.

A council must keep a register of building upgrade agreements and may be required to provide a report to the Minister on building upgrade agreements.

Regulations may be made for the purposes of Schedule 1B.

8—Amendment of Schedule 6—Charges over land

This amendment is consequential.

Schedule 1—Transitional provision

1—Variation of term of lease—contribution towards building upgrade charge

This clause inserts a transitional provision for the purposes of the measure.

Debate adjourned on motion of Hon. T.J. Stephens.

Address in Reply

ADDRESS IN REPLY

The Hon. G.E. GAGO (Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for the Status of Women, Minister for Business Services and Consumers) (17:37): I bring up the following report of the committee appointed to prepare a draft Address in Reply to His Excellency the Governor's speech:

1. We, the members of the Legislative Council, thank Your Excellency for the speech with which you have been pleased to open parliament.
2. We assure Your Excellency that we will give our best attention to all matters placed before us.
3. We earnestly join in Your Excellency's desire for our deliberations to serve the advancement of the welfare of South Australia and of its people.

The Hon. G.A. KANDELAARS (17:38): I move:

That the Address in Reply as read be adopted.

I seek leave to conclude my remarks.

Leave granted; debate adjourned.

Parliamentary Committees

SESSIONAL COMMITTEES

The House of Assembly notified its appointment of sessional committees.

PARLIAMENTARY COMMITTEE ON OCCUPATIONAL SAFETY, REHABILITATION AND COMPENSATION

The House of Assembly appointed Ms Cook to the committee in place of Ms Hildyard.

SOCIAL DEVELOPMENT COMMITTEE

The House of Assembly appointed Ms Cook to the committee in place of Ms Hildyard.

At 17:41 the council adjourned until Thursday 12 February 2015 at 14:15.