LEGISLATIVE COUNCIL

Tuesday, 16 June 2015

The PRESIDENT (Hon. R.P. Wortley) took the chair at 14:17 and read prayers.

The PRESIDENT: We acknowledge Aboriginal and Torres Strait Islander peoples as the traditional owners of this country throughout Australia and their connection to land and community. We pay our respects to them and their cultures and to the elders both past and present.

Bills

THE UNITING CHURCH IN AUSTRALIA (MEMBERSHIP OF TRUST) AMENDMENT BILL

Assent

His Excellency the Governor assented to the bill.

Parliamentary Procedure

ANSWERS TABLED

The PRESIDENT: I direct that the written answer to question on notice No. 67 of the last session be distributed and printed in *Hansard*.

Parliamentary Procedure

PAPERS

The following papers were laid on the table:

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

Suppression Orders made pursuant to Section 69A of the Evidence Act 1929—
Report, 2013-14
The University of Adelaide—Report, 2014
Regulations under the following Acts—
Legal Practitioners Act 1981—Fees
First Home and Housing Construction Grants Act 2000—General
Agreement between the Commissioner of Police and the Police Ombudsman, signed on 27 April 2015 and 1 May 2015
Review of the Legal Practitioners Act 1981

By the Minister for Sustainability, Environment and Conservation (Hon. I.K. Hunter)—

Fisheries Council of South Australia—Report, 2013-14
Regulations under the following Acts—
Coast Protection Act 1972—General
Fisheries Management Act 2007—Fees
Livestock Act 1997—Miscellaneous

By the Minister for Manufacturing and Innovation (Hon. K.J. Maher)—

Corporation By-Laws—
City of Onkaparinga—No. 7—Dogs

Ministerial Statement

ALINTA ENERGY

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) (14:21): I table a copy of a ministerial statement made earlier

today in another place by my colleague the Premier, the Hon. Jay Weatherill, on the issue of Alinta Energy announcing closure of its Flinders operation.

POLICE TECHNOLOGY UPGRADES

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) (14:21): I table a copy of a ministerial statement made earlier today in another place by the Hon. Tony Piccolo on technology upgrades for our police force.

Question Time

WOMEN'S SPORTING EVENTS

The Hon. D.W. RIDGWAY (Leader of the Opposition) (14:24): I seek leave to make a brief explanation before asking the Minister for the Status of Women a question about women's sporting events.

Leave granted.

The Hon. D.W. RIDGWAY: I was interested to read in yesterday's *Advertiser* that South Australia will create a new major sporting event to boost tourism, nurture trading relationships and showcase local talent. In particular, the move will supposedly capitalise on Asia's growing love of and interest in sport. Premier Weatherill, when speaking about the pledge, was adamant about clearly targeting certain events. He said:

> Instead of going for a premium, existing international event…we might create a new event [and] instead of a major, tier 1 event, you might go for, say, a women's event.

I do not assert to be a sporting guru but most South Australians, I am sure, have heard of the Hockeyroos: a decorated field hockey team, five time winners of the Australian Team of the Year, two World Cups, three Commonwealth Games gold medals and six championship trophies are just a few of the team's honours. They have also earned three Olympic gold medals and unanimously won the title of the Best Australian Team at the 2000 Olympics. A small detail—they are women.

The Australian Netball Diamonds are the national team that was crowned world champions 10 times. They have won two gold medals at the Commonwealth Games since the organisation's first international match in 1938. They are widely considered one of the most successful netball teams in the world—also women. If you are not into team sports, how about swimming? In Australia's Olympic history, nine of the nation's 10 top medal winners have been swimmers—five of them women. My questions to the minister are:

1. Does the minister support the Premier's assertion that female sport does not classify as 'top tier'?

2. How does diminishing the status of female athletes, in comparison to their male counterparts, support the objective of making South Australia an appealing place to visit or invest?

3. Does the minister believe that the Premier's comments will be helpful in nurturing trade relations with China and other countries where a great deal of people involved in those trade deals are likely to be women?

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) (14:26): I thank the honourable member for his questions. Indeed, we are incredibly fortunate to have as Premier the Hon. J. Weatherill who is a strong advocate for women and the advancement of women and, in particular, removing barriers that exist at all levels of our society that operate in a way—

Members interjecting:

The PRESIDENT: Order! The minister has the floor.

The Hon. G.E. GAGO: They operate in such a way that women are not able to reach their full potential. The Premier is very much aware of that and is a very strong champion for women. Indeed, I agree with the Hon. David Ridgway that we have many areas right across society where

women make a significant contribution, particularly in sport. However, as I said, there are other areas of society where women are very much under-recognised and are not acknowledged in the way they should be or in the way that their male counterparts are.

He has mentioned hockey, netball and swimming but there is golf, tennis—the list goes on. Women have done exceedingly well and yet we know that they are not afforded the same status, there is not same focus in terms of media coverage, there is not the same status associated with their particular competitions, there is not the same level of prize money, and so the list goes on. That is one of the reasons why Katrine Hildyard, from another place, has been appointed a parliamentary secretary around the area of recreation and sport.

One of the areas that she is particularly focused on is women's representation in recreation and sport. I know that she is looking at number of initiatives in that area and there is considerable support from both my ministerial office and also the Office for Women. As I said, we should consider ourselves very fortunate to have a Premier who is such a strong champion for the advancement of women.

WOMEN'S SPORTING EVENTS

The Hon. D.W. RIDGWAY (Leader of the Opposition) (14:28): I have a supplementary question: can the minister reconcile the Premier's statement that 'instead of a major, tier 1 event you might go for, say, a woman's event'—what does the Premier mean by that?

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) (14:28): I do not accept any of the assertions made in this place by the opposition. We see them come in here day in and day out with misconstrued statements and inaccurate statements. We had them waving some figures in question time last week. They had no idea what the figures were and could not understand them. They made absolute fools of themselves, between the Hon. David Ridgway and the Hon. Rob Lucas. They did not have a clue. They were construing all sorts of things around those figures.

Members interjecting:

The PRESIDENT: Order! Will you please have a little bit of respect for a woman who is on her feet as a minister giving an answer to one of your questions. Minister.

The Hon. G.E. GAGO: Thank you for your protection, sir. I do not accept any of the assertions made by the opposition. They regularly come into this place with inaccurate statements that are completely out of context.

WOMEN'S SPORTING EVENTS

The Hon. J.M.A. LENSINK (14:30): How would the minister have responded if a Liberal had uttered those words?

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) (14:30): It's not worth answering, Mr President.

SITE CONTAMINATION, BEVERLEY

The Hon. J.M.A. LENSINK (14:30): I seek leave to make a brief explanation before asking a question of the Minister for Environment and Sustainability on the subject of Beverley contamination.

Leave granted.

The Hon. J.M.A. LENSINK: The EPA has conducted some further testing at Beverley and, according to its media release of 29 May, has discovered higher levels of contamination than previously discovered. In an interview one of the employees of the EPA stated that groundwater is at lower levels than previous testing, but soil vapour shows testing with higher levels than expected. Honourable members would recall that the key issue in relation to Clovelly Park contamination was the soil levels, which I note from the report were in the order of some 5,000 times the national

guideline for concern, which is 20 micrograms compared to some 97,000 micrograms in some of the tests. My questions for the minister are:

1. What is the worst potential risk to residents in that area from these levels?

2. When was the last testing of groundwater conducted?

3. Can he guarantee whether any relocations will be required within this testing area?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:31): I thank the honourable member for her most important question with regard to Beverley and the EPA's investigations. Ongoing environmental assessments undertaken by an industrial company in Beverley in 2007 identified the presence of trichloroethylene, TCE, in shallow groundwater outside the site boundaries. As a result SA Health, in conjunction with the EPA, conducted groundwater investigations in 2007 and 2008 to assess the extent of the area affected by groundwater contamination.

Based on the results of these investigations it was determined that the extent of the TCE contamination was delineated to a zone incorporating approximately 2,800 properties located within the suburbs of Beverley, Woodville South, Woodville West, Findon and Allenby Gardens. In March 2011 SA Health recommended ongoing management of the risk associated with TCE through a recommendation not to use groundwater for any purpose.

A review of this information in July 2014, prompted by the intention to establish a groundwater prohibition area under the Environmental Protection Act, identified concentrations of groundwater contamination beneath both residential dwellings and industrial properties within an area adjacent to the former Electrolux site at Beverley, which warranted further assessment for potential risk to human health through vapour intrusion. I understand that SA Health has advised that the information available to date is not sufficient to ascertain whether there is a risk to public health.

In response to SA Health's advice, the EPA proposed works focusing on assessing the potential risk to human health associated with the identified soil vapour and groundwater contamination of the area adjacent to the former site. Due to the likelihood of multiple contamination sources in the area, I am advised the EPA has not yet been able to determine who is responsible (or which company is responsible) for the contamination that occurred many decades ago. The EPA is managing the assessment program and at the same time will try to identify who caused the contamination.

The assessment works commenced on 13 April this year for the installation of wells and soil vapour bores. Monitoring of groundwater and soil vapour was undertaken during April and May. On 27 May the EPA received preliminary results, which provided screening assessment of the area and show that TCE is present in both groundwater and soil vapour. Further assessment works are required to better understand the nature and extent of the contamination, and further soil vapour testing commenced in the week of 1 June.

In order to best characterise the area, the assessment is being undertaken in a staged approach, including: resampling of 15 existing soil vapour bores, a passive soil vapour survey at up to 46 new locations on council verges, footpaths and vacant land, and crawl space testing in three DPTI-owned homes. The result of this assessment will inform an interim human health risk assessment and vapour intrusion risk assessment, which is expected to be received by the EPA in late July-August. It is likely further assessment works will then be required at a date to be determined once the findings of the interim human health risk assessment have been considered.

In regard to communication with residents, I can say that on 28 May letters were distributed to approximately 170 residential properties within the reviewed assessment area to provide an update on the assessment program and next steps to be undertaken. Fifty-five of these properties in the immediate vicinity of the further assessment works were visited personally by the EPA on 29 May. As part of the communication undertaken on 29 May, the EPA personally contacted tenants of two DPTI-owned properties to explain the data collected from below the surface of their properties and the next steps required to validate the results. Letters from the EPA also sought expressions of interest to join a local community working group to meet regularly during the assessment program.

On 29 May, the EPA also distributed letters to approximately 2,800 residential properties in the greater assessment area, which is the current area with recommended no groundwater usage, to provide an update on the assessment program. All letters from the EPA reiterated ongoing advice that bore water should not be used for any purpose until further notice. They also included contact details for further information and any questions residents might have.

In regard to the communications history, I can advise that residents were first contacted on 18 December 2007. SA Health doorknocked residents identified as having groundwater bores located adjacent to contamination detected in groundwater in the Beverley area. SA Health requested access to sample and test bore water to assess whether groundwater was situated beneath residents' properties. On 10 January 2008, SA Health contacted owners of seven of these properties and provided them with a verbal summary of the test results.

On 15 January 2008, I am advised, based on the reassessment of the potential area affected, SA Health contacted residents in an expanded area requesting access to sample and test bore water. I am advised that on 16 January 2008, SA Health provided letters to properties within the assessment area. The letters informed residents of the investigation into groundwater contamination. SA Health also issued a media statement which advised residents not to drink bore water or use it for other domestic purposes such as filling swimming pools.

On 30 January 2008, SA Health provided verbal and written information to residents outlining the results of the testing in the expanded area. In addition, based upon a revised assessment of the potential area affected by contamination, SA Health provided letters to residents notifying them of the expanded area of investigation in Beverley, Woodville South, Woodville West, Findon and Allenby Gardens. On 20 February 2008, SA Health contacted several residential property owners, requesting access to sample and test bore water to assess whether groundwater beneath their property had been affected.

On 21 February 2008, SA Health with EPA assistance sampled an additional eight groundwater wells within the expanded area of investigation. SA Health provided the results of this testing verbally to residents on 3 March 2008, I am advised. On 1 July 2008, a joint SA Health and EPA letter was sent to properties within the entire area of concern summarising the investigations carried out and results. The letter advised residents of the SA Health requirement that owners of private bores did not use the groundwater for any purpose and that continued extraction of the groundwater would contribute to further spread of the contamination. SA Health also issued a media release stating that groundwater investigation was complete.

The file was subsequently reopened by the EPA in July 2014 with the intention to establish a groundwater prohibition area under the Environment Protection Act 1993, as I just outlined. Based upon a review of this area initiated by the EPA and learning obtained from other environmental assessment programs in relation to vapour intrusion, it was decided that further assessment was required in the area adjacent to the former Electrolux site at Beverley. As I outlined earlier, the purpose of the assessment was to determine the existing groundwater and soil vapours and conditions in relation to TCE and other chlorinated hydrocarbons in order to assess the magnitude of potential vapour intrusion, which is quite different from vapour in soil.

The work involved installation and monitoring of a groundwater well and soil vapour bore in the area adjacent to the former Electrolux site. On 8 October 2014, letters were sent to all residents and property owners and other community stakeholders who reside within the original 2007-08 assessment area. Letters contained information about the proposed assessment, a map of the assessment area, and an information sheet from SA Health regarding health issues relating to TCE. The EPA also held two community sessions in October 2014 to provide detailed one-on-one information to concerned community members. On 8 and 9 April of 2015, the EPA communicated with property owners and occupiers via letter to advise of upcoming works.

The PRESIDENT: A supplementary from Ms Lensink.

SITE CONTAMINATION, BEVERLEY

The Hon. J.M.A. LENSINK (14:39): Can the minister advise whether any relocations may be mooted at this stage or not?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:39): I just outlined the program of testing that's required before the—

The Hon. J.M.A. Lensink interjecting:

The Hon. I.K. HUNTER: The honourable member is clearly trying to outrage the council in some way or other.

The Hon. J.M.A. Lensink: No, it's a simple question.

The Hon. I.K. HUNTER: I have just outlined the body of work that needs to be done before the Department for Health and the EPA can make any assertions about that. She should not put the cart before the horse. Let the officials make those assessments and communicate with the residents involved.

TAFE SA

The Hon. S.G. WADE (14:40): I seek leave to make a brief explanation before asking the Minister for Employment, Higher Education and Skills a question relating to TAFE.

Leave granted.

The Hon. S.G. WADE: On 21 May, the minister announced a 90 per cent subsidised training monopoly for TAFE. In a letter to stakeholders dated 10 June 2015, TAFE said that they would soon begin the consultation process of becoming more locally responsive. To quote the chief executive of TAFE, Mr Robin Murt, he said that he will 'soon commence consultation around our state to assist us in identifying how we can improve our vocational education and training offering'. My question to the minister is: would it not have been prudent for this process to have been undertaken before the minister decided to give TAFE an almost monopoly responsibility for subsidised vocational training places in South 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) (14:41): I thank the honourable member for his most important question. Indeed, I very much welcome TAFE's announcement that outlines the consultation process that it will undertake to help transform the way it's going to deliver training to South Australians.

The TAFE reforms are indeed consistent with the government's WorkReady policy. We have said that we would support TAFE to transition to a more innovative and flexible training delivery model for it to become more sustainable in a competitive market, and that's because TAFE continues to be very important to the government as a major public institution, and its activities are integral to a stable, reliable and innovative VET sector.

TAFE SA has advised me that this process will be part of ongoing reforms and that this will specifically target increased access, flexibility and job outcomes. TAFE has assured me that it has the capacity to deliver all of the training places that it's been allocated. I certainly look forward to seeing the results of the regional training consultations and would urge industry groups, students and other interested people to participate in that process.

TAFE, as we are aware, has advised that it will commence a consultation process to transform the way that it's going to be delivering training to South Australians. It's basically said that it will look at the way it does things, the way it does its work, how it does its work and where it does its work and will be looking for other very creative and innovative ways to increase training accessibility to South Australians, particularly those people in our regions. TAFE SA has advised me that it intends that this process will be part of, as I said, the ongoing reform, and this will specifically target access flexibility and job outcomes and build on its reputation as Australia's largest training provider.

TAFE has already undergone significant reforms. It's transitioned, as we are aware, from three institutions to one, becoming an independent statutory body with an independent board and streamlining its operations to deliver 30 per cent more training with the same level of spending. However, the TAFE board has indicated that more needs to be done to improve the effectiveness

and efficiency of how they deliver training. They have assured me that this means improved training outcomes for students, and this is why they have indicated that they will undertake this consultation process.

As I have already put on the record in this place, in discussions with TAFE I outlined WorkReady and indicated that TAFE needed to move to a dollar-for-dollar parity with the private sector in relation to its commercial activities by 2018-19. I also outlined the transition model for the three phases to transition WorkReady through to an open, contestable marketplace. TAFE indicated to me that for them to be able to do that they would need to undertake considerable reforms, and they indicated to me the level of support that they would need, particularly in 2015-16, to enable that very difficult and challenging task to be done.

For the reasons I have outlined, we have offered them that support. It is an interim position, so as each year goes by, we intend to have a larger and larger contestable part to the market, particularly as completions. As I have indicated here previously, we have a very high level of current enrolments. The pump is very heavily primed and, as that empties out, those moneys will be redirected into particularly the private providers to assist them. It is for those reasons that this government has determined that it will support TAFE during this transition process, with the ultimate aim of it being, as I said, on a dollar-for-dollar parity with the private providers for its commercial activities by 2018-19.

TAFE SA

The Hon. S.G. WADE (14:46): Supplementary question: given the minister's comment that TAFE indicated to her the level of support that they felt they would need to make the transition, could the minister confirm that TAFE requested a 90 per cent monopoly on subsidised training?

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) (14:47): No, because that is not so at all. TAFE would be completely unaware of our final decisions in relation to our subsidised training lists and the number of places associated with that, the levels of Jobs First placements, etc. It just indicated to me the level of activity that it would need and we went away and designed a system for 2015-16, or a distribution of training in 2015-16, that enabled TAFE to undertake the reforms that it needs to undertake to reach its objectives in 2018-19.

SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS

The Hon. J.M. GAZZOLA (14:48): I seek leave to make a brief explanation before asking the Minister for Science and Information Economy a question about STEM.

Leave granted.

The Hon. J.M. GAZZOLA: Career options for STEM graduates are diverse and exciting: an aerospace engineer, an environmental manager, developing new software or vaccines, or creating the next Google, indeed. Will the minister update the chamber on this year's Science and Engineering Challenge?

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) (14:48): I thank the honourable member for his most important question. Mr President, we know that STEM lies at the heart of the future of the South Australian economy and, in order for us to transition from a traditional manufacturing economy, we need to ensure that students are equipped with the right skills for the state's future jobs.

One of the ways that South Australian students are being inspired to consider and pursue STEM subjects and careers is through the annual Science and Engineering Challenge, which is taking place this week. As part of the challenge, year 9 and 10 students will be pitted against each other to undertake a variety of tasks which challenge stereotypes about what it is to be a scientist and an engineer. Anything from constructing a hovercraft to creating an earthquake-resistant tower or crafting an environmentally sensitive model house will be used to encourage students to undertake science, technology and mathematical subjects at SACE level and beyond.

This year marks South Australia's 14th year of participating in the challenge. Last year, the challenge involved more than 800 schools and 24,000 students, including more than 2,000 students from 70 South Australian schools. This experience is vital for giving students a non-traditional learning method and exposing them to aspects of science and engineering they otherwise might not experience.

Feedback tells us that students learn best when science is taught in the context of its application to everyday life, and the government is pleased to contribute funding of $30,000 in order to offset the cost of participating in the challenge. The challenge is also supported by the state's leading universities—UniSA, Adelaide and Flinders. Last year, South Australia had three schools placed within the top six in the finals: Prince Alfred College, which came third; Loxton High, fourth; and Cummins Area School, sixth. I would like to congratulate those schools.

The government's commitment to STEM is evidenced through our Investing in the Science Action Plan. For example, we are investing in several new STEM specialist schools, such as the $2.3 million Advanced Manufacturing Centre at Seaview High School; the over $600,000 defence specialist school at The Heights; and the $200,000 for a STEM specialist school at Hamilton Secondary College. This adds to the existing Le Fevre Maritime High School and the Australian Science and Maths School.

We are supporting an industry-led pilot program to encourage more girls into STEM, recognising that girls are often underrepresented in many STEM areas, especially IT and engineering. At tertiary level, the government funds the Defence and STEM Scholarships and Internships program which will enhance students' learning by linking their studies through joint projects and internships with local defence and STEM companies.

This week's challenge is being held at UniSA's Mawson Lakes campus, with other events being held at Flinders' Tonsley campus, Mount Gambier, Port Pirie and Whyalla in the lead-up to the state final on 25 August. I wish all students participating the very best of luck and hope they are inspired to pursue STEM careers.

PORT AUGUSTA

The Hon. T.A. FRANKS (14:52): I seek leave to make a brief explanation before asking the Minister for Manufacturing and Innovation questions about a solar thermal future for Port Augusta.

Leave granted.

The Hon. T.A. FRANKS: I note Alinta Energy's announcement last week that it is set to close its Port Augusta coal stations and the associated Leigh Creek mine by 2018, with the devastating loss to that region in the order of at least 440 jobs. I commend to the minister the strong community push for solar thermal and the fine work of Repower Port Augusta, and I acknowledge through you, Mr President, that ministers Maher and Brock have recently visited these communities and that the Premier will soon do the same.

As the two-year feasibility study undertaken by Alinta Energy, the Australian Renewable Energy Agency and the government of South Australia determined earlier this year, there exists a significant funding gap preventing solar thermal from becoming economically viable at this stage. I also note the Premier's response with an allocation of an initial $1 million for support to the region and his statements that the SA government intends to request funding from the federal government, and I note that the Alinta chief executive has been quoted previously as saying an amount of around $65 million would be required. My questions are:

1. Will the state government be actively pursuing a solar thermal future for the region?

2. Will the Premier's announced funding request be based on a transition to solar thermal; if so, will that be the exclusive purpose of the funds requested or will other options be canvassed?

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 her question and her continuing interest in these matters. As the

honourable member pointed out, there is an initial $1 million allocated to support the work of the Upper Spencer Gulf and outback community engagement team.

We are not going to rule anything out or anything in at this stage. We are open to talk to industry and the community about what future industries will provide jobs in that region. I was up in in Leigh Creek and Port Augusta yesterday and met with a representative of Repower Port Augusta. We are open to discussing a whole wide range of options.

WATER DIVERSION ALLOCATIONS

The Hon. J.S. LEE (14:54): I seek leave to make a brief explanation before asking the Minister for Water and the River Murray a question about water diversion allocations.

Leave granted.

The Hon. J.S. LEE: The 2014-15 Murray-Darling Water Allocation Framework was prepared by the Department of Environment, Water and Natural Resources to ensure transparency and consistency in the water allocation process. The framework seeks to optimise management allocation and the use of water through equitable water sharing arrangements. However, many SA irrigators have shown concerns about the carryover of water allocations. My questions to the minister are:

1. What are the current Murray-Darling Basin storage figures as of today?
2. When will the minister make an announcement on South Australia's 2015-16 Murray-Darling Basin water diversion allocations for SA irrigators?
3. Will SA irrigators be given carryover water allocations in the next water year?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:55): I thank the honourable member for her most important question. As she probably knows, private carryover is only allowed in years where there is less than a 10 per cent chance of a spill from a catchment area. My advice at this point in time, although I don't wish to make any formal announcement just yet, is that the risk of spill is greater than 10 per cent at the minute, and I am waiting on further advice from my agency. As the determinations of these things have the potential to impact on decision-making in terms of businesses, I won't be making any further statement until such a time that I release my position.

DISASTER WASTE MANAGEMENT

The Hon. T.T. NGO (14:56): My question is to the Minister for Sustainability Environment and Conservation. Will the minister tell the chamber about the South Australian government's recent scoping study regarding disaster waste management contingency plans for the state?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (14:56): I thank the honourable member for his most important question. Natural disasters, obviously, leave great devastation in their wake. In South Australia we need only to think about recent bushfires to comprehend that. But there is one side of natural disasters which is often ignored in contingency plans and which we advocate organisations and communities and, indeed, individuals, to put in place, and that is what happens after the disaster in terms of waste and how it is managed.

Natural disasters, in particular large-scale natural disasters, can generate overwhelmingly large quantities of waste materials. These can exceed the normal waste management capacity of the affected area and threaten public health, hinder reconstruction and impact on the environment. Disaster waste management affects almost every aspect of an emergency response as well as the long-term recovery of a disaster-affected area. If planned for in advance and managed properly, risk to environment and health can be prevented or minimised.

Waste generation can become, often times, a useful resource in the disaster recovery and rebuilding process and can have a positive effect on social and economic recovery for communities. Waste planning, therefore, is critical prior to experiencing our disasters, but very few regional and local governments either in Australia, or indeed around the world, actually plan ahead like this.

The current South Australian Emergency Management Framework and plans do not provide clear guidance and clarity when it comes to the roles and responsibilities of disaster waste management. The review of the *South Australia's Waste Strategy 2011-2015* has also identified disaster waste management as an important area of policy development.

So, to fill this gap, Zero Waste SA has proposed to undertake a multiple phase disaster waste management contingency plan project. It has successfully applied for grant funding of $40,000 under the commonwealth government's Natural Disaster Resilience Program to undertake phase 1 of the project.

There are a number of overriding objectives for the project. First is to support capability building for disaster resilience in the state through enhanced clarity of responsibility. It also aims to increase accessibility of information and understanding on disaster waste management issues and to improve the state's preparedness to enable timely, effective and sustainable decision making for local response and recovery activities. Phase 1 of the project includes a scoping study for disaster waste management contingency plans with a number of key elements, including:

- assessment of disaster waste profiles associated with each of four major disaster types, (bushfires, earthquake, floods and storms) and for certain scenarios;
- mapping of waste management facilities and their capacity currently;
- identification of disaster waste management options, issues and potential suppliers;
- a review of current disaster waste management practices, including case studies of local incidents;
- a review of regulatory and policy settings pertaining to disaster waste management; and
- development of a holistic and structured planning methodology applicable to detailed zone-level disaster waste management contingency plans. In addition, Zero Waste will also undertake an internal investigation to identify location-based data needs and requirements for disaster waste management.

The results of the phase 1 scoping study will help to inform the development of an appropriate policy instrument to fit in the current state of emergency management framework, with clearly defined roles and responsibilities for disaster waste management.

The public tender for the phase 1 scoping study was released on the SA tenders website, I am told, on 19 January of this year and closed on 6 February. I am advised that six submissions were received and assessed against weighted selection criteria. A consortium combining local and international experts was selected to undertake the scoping study, which was led by a local South Australian firm. An initial stakeholder round table, I am advised, was held on 19 March, and further stakeholder engagement will be undertaken during the study.

This is a very timely project. It is likely the first of its kind, at least that I am aware of, certainly in the Australian context, and I would like to commend Zero Waste and all the parties working with them involved in progressing this important and valuable work for our state.

HEALTH AND HOSPITAL CARE

The Hon. K.L. VINCENT (15:00): I seek leave to ask the minister representing the Minister for Health questions regarding palliative care service cuts in the South-East of South Australia.

Leave granted.

The Hon. K.L. VINCENT: It has come to my attention that dramatic cuts in staffing levels in the South-East regional palliative care service will come into effect on 1 July 2015, that is, in a fortnight's time. This will see palliative care services, I understand, become consultative in nature and therefore rely heavily on clinicians across the health spectrum to deliver their hands-on or face-to-face care to patients and families. For most, tending to patients who are dying is not an everyday occurrence and in line with many other conditions requires active support from those with a distinct body of specialist knowledge and expertise.

I have been advised that a reduction in these services can only be reflected in increased occurrence of complicated grief for families facing bereavement. For patients and families facing death at home, it can be a very lonely time, with the future unknown and often feared. People need to have confidence in the knowledge and skills of those who attend to them and from the competence of these professionals gain the courage to continue at home. In reducing the skilled support available, the demand on hospital beds, I am told, can only increase, at a time when many of the health system decisions seem to be predicated on reducing demand on hospital beds.

My understanding is that the following cuts have been made to the South-East palliative care service: clinical lead position in palliative care; bereavement counselling; nursing halved from full-time equivalents of 2.4 to 1.2; part-time nursing position for Bordertown; manager of geriatric evaluation and management (GEM), meaning the service is without a manager; and all GEM services across Country Health South Australia. My questions to the minister are:

1. Why is the minister tearing the heart out of the South-East regional palliative care service and these regional communities in the same process?

2. Does the minister understand that not all medical and allied health staff are trained in the end-of-life care process and very often do not have the necessary skills and aptitude to provide standards-based palliative care at home or in hospital or in residential aged care?

3. What does the minister suggest as an alternative for families and their dying loved ones in the South-East region?

4. What other cuts are being made to country health services in South Australia?

5. Is the minister aware of the challenges already faced by regional South Australians in accessing health care?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (15:03): I thank the honourable member for her most important question. I will take that question about changes in the delivery of services for palliative care in the South-East to the Minister for Health in the other place and seek a response on her behalf.

The PRESIDENT: The honourable, debonair and gallant Mr McLachlan.

AUTOMOTIVE TRANSFORMATION SCHEME

The Hon. A.L. McLACHLAN (15:04): Thank you, Mr President, for noticing. My question is directed to the Minister for Automotive Transformation. Have the 15 registered training organisations been approved which will assist in training workers as part of the Automotive Workers in Transition Program?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (15:04): I thank the honourable member for his question and his interest in matters of manufacturing and automotive transformation. In relation to the specifics of what training programs have or have not been approved I will take that on notice and bring back an answer.

I might speak to the honourable member afterwards just to clarify whether these are training programs that the government will be providing through the Automotive Workers in Transition Program or are training programs that Holden's itself will be providing to its workers. I will seek clarification later and bring back the appropriate reply.

AUTOMOTIVE TRANSFORMATION SCHEME

The Hon. G.A. KANDELAARS (15:05): My question is to the Minister for Automotive Transformation. How is the government assisting automotive supply chain companies and their workers to transition to new opportunities as the closure of automotive manufacturing in South Australia approaches?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (15:05): I thank

the honourable member for his important question and his interest in this matter. I note that the honourable member has made significant contributions recently in this place on this topic, so I thank him for his very genuine interest in these matters.

Following the announcement by Holden that it would cease manufacturing cars by the end of 2017, there were a number of responses from the state government. There is a comprehensive program called Our Jobs Plan to support the manufacturers and their employees in transitioning to different industries and new markets. As part of this, we established an $11.65 million Automotive Supply Diversification Program specifically to support eligible companies to diversify to secure alternative revenue streams for a sustainable future.

I can announce to the chamber that I have recently approved two additional recipients of grants through the retooling component of the program. Rope and Plastic Sales Pty Ltd is a privately owned company based at Regency Park. I understand that company has about 85 per cent of its revenue exposed to the automotive sector because they manufacture primarily plastic car battery components. Rope and Plastic Sales has been awarded a $200,000 grant to assist the company to develop and manufacture a portable, fully adjustable clothesline system here in South Australia. The clothesline will be targeted at small and large-scale aged care, health and urban living environments.

This niche market is currently serviced by one other company that imports 100 per cent of its product. The innovative approach to transforming what this company produces will ensure that it has the best chance of remaining competitive following the closure of the automotive sector at the end of 2017. It is a testament to this company's willingness to transform what they do and look to have a different future, and the government is proud of the fact that it has been able to assist this company.

I understand that Rope and Plastic Sales has chosen to work with a number of other South Australian companies that will be affected by the automotive industry closure, to supply goods and services for the project. John Packer Design will assist with the design and working drawings, Gadac Plastics will supply the tooling and plastic parts, Custom Cartons will supply the packaging, while the Phoenix Society will assemble, test and package the final product.

I can also announce that grant funding of $243,755 will be provided to Numetric Manufacturing. Numetric is located at Wingfield and is a contract manufacturer using state-of-the-art computer numerically controlled equipment to supply high quality machine components to Holden, Toyota and Ford. I understand the company also has a very significant revenue exposure—about 80 per cent—to the automotive sector.

The company will use this grant to establish advanced aerospace manufacturing. I understand Numetric has been selected by BAE Systems Australia as a long-term key partner to support its advanced F-35 aerospace tail fin component manufacturing facility based at Edinburgh Park. This new project will enable Numetric to upgrade its facility to support the semi-finishing of titanium tail fin components that will support BAE Systems. The project will see new tooling and significant upgrades to Numetrics' manufacturing facility to ensure that it is internationally aerospace accredited to Aerospace Standard 9100, as well as BAE quality accredited and international traffic in arms regulation-ready.

This is a great example of a company responding to the challenge to change what it manufactures and how it goes about it. The government has also been able to provide support through the Automotive Supply Diversification Program to support this diversification to secure alternative revenue streams for a sustainable future for Numetric and its 48 employees.

I can inform the council further that there have been recent changes to expand the Automotive Supply Diversification Program, which will ensure that more companies affected have access to support provided through the program. Previously companies requesting support through the program were required to have a minimum automotive manufacturing revenue exposure of 40 per cent. The government has lowered this revenue exposure requirement to 20 per cent, which will ensure that a number of additional companies employing around 650 people will have access to the program.

The state government is open to amending our existing programs as we move forward to meet the needs of industries transitioning to new markets in the wake of Holden's closure. The

government has also expanded the support provided to the Automotive Workers in Transition Program to eligible workers. Previously, workers seeking to access the scheme needed to be employed by an automotive supply chain company, with a minimum automotive revenue exposure of 40 per cent. Similarly, we have amended this program to increase its eligibility to companies with exposure of 20 per cent.

The changes in these programs are a proactive response to the changing conditions and changing needs of companies. The government is also extending the 12-month support period for automotive workers who are displaced to a 24-month support period, which will encourage more workers to register for and be supported through the program. The state government is listening to what companies want and to workers' feedback about the support programs we have established to assist them and how we might change them in future. We are open to further changing schemes as conditions change and as we find out the needs of further companies.

AUTOMOTIVE TRANSFORMATION SCHEME

The Hon. R.I. LUCAS (15:11): By way of supplementary question, when the minister gives grants to companies, such as the ones he has outlined, does he include in the grant agreements jobs targets and requirements and, if so, are there clawback provisions if the job requirements are not met?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (15:12): I thank the honourable member for his supplementary question. I do not have all the details of exactly what are included in the grants. There are a lot of conditions included in many grants about what is expected from companies in relation to performing once they are given grants. I will seek the exact nature of these particular grants and bring back a reply for the honourable member.

UNEMPLOYMENT FIGURES

The Hon. D.G.E. HOOD (15:12): I seek leave to make a brief explanation before asking the Minister for Employment, Higher Education and Skills a question regarding unemployment levels in South Australia.

Leave granted.

The Hon. D.G.E. HOOD: The state's recorded unemployment rate of 7.6 per cent is up from the national average of 6 per cent and is the highest unemployment figure recorded in the state in the last 14 years. This sets an estimated number of 66,100 people in South Australia currently unemployed. There have been significant job losses throughout the mining sector, as well as others. Additionally, production and manufacturing sectors have seen significant job losses, with century-old Custom Coaches ceasing production in South Australia in recent times, Aldinga Turkeys moving their processing to New South Wales, and Caroma closing completely. These are of course just a few of the many South Australian businesses that have determined that the economic climate here is untenable.

The Australian local government report by National Economics found that the lack of job opportunities in Adelaide in particular prevented the state from, in their words, 'realising its potential to play a key role in easing Australia's housing affordability crisis because people were reluctant to move to a city struggling with high unemployment'. The report further noted the potential for large scale private investment to bolster jobs as well as government investment. My questions to the minister are:

1. What is the government doing to combat these significant unemployment figures and change the interstate perception of our spiralling unemployment problem?

2. What role will the government take to address issues of structure, governance and effective management to ensure South Australians can get back to work?

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 most important questions. It was an extremely disappointing outcome to see May's unemployment figures

for South Australia increase to 7.6 per cent, an extremely disappointing result. No doubt that is contributed to by the fact that South Australia's economy is so heavily reliant on that traditional automotive manufacturing base. There is a whole range of features that have operated to heavily impact on that in a way that is causing it to contract considerably.

Members interjecting:

The PRESIDENT: Order!

The Hon. G.E. GAGO: Also, the downturn in our minerals as prices have dropped has had quite a devastating impact as well. It was very concerning to see those figures. I have said in this place before that in South Australia we do have a jobs plan. We remain steadfast in our commitment to ensuring that all South Australians have an opportunity to find meaningful employment.

This commitment is supported by our strategic policy for training, employment and skills; investment; the diversification of our economy; encouraging further investments; and the transformation of our automotive industry. We have invested considerable money into our jobs plan to help stimulate the economy and encourage investment, grow business, and build a skilled workforce.

We announced our jobs plan around the automotive industry and the six actions in relation to that, and that was about accelerating the transformation of our manufacturing sector into advanced manufacturing through support of clusters, funding for collaboration and other innovation; accelerating significant infrastructure projects to create jobs during that transition to help lift productivity; the creation of our new jobs accelerator fund to help drive growth in jobs in key industry areas; and retraining displaced automotive workers to help secure new jobs in emerging sectors and helping the transition of automotive supply businesses into new markets.

We have also invested quite a lot into our businesses and continue to explore ways to work better and grow our business sector. We have developed detailed plans for jobs and supported that through a raft of measures to help grow business. We have supported business growth with investment through things like payroll tax concessions, reforming WorkCover at an estimated $180 million of savings to business, building a skilled workforce, supporting skilled migration, and providing more help for businesses to win government work through initiatives such as Tender Ready in collaboration with Business SA.

We have conducted small business roundtables that help better collaboration and communication between state government and the small business community. Of course, we have also put in place the new private sector development coordination role for the chief executive of Premier and Cabinet to assist lodged projects valued over $3 million to help clear bureaucratic hurdles, and of course the establishment of a new, simpler regulator unit to work with industries to remove and improve regulations so that businesses can better support jobs growth.

There are a number of initiatives that we see on the horizon. We have a Major Developments Directory which lists 326 projects that will result in considerable jobs. We see a number of councils investing in significant projects, particularly infrastructure projects, and we see a number of other businesses expanding and doing well. So, we continue our work around jobs growth and stimulation to our economy to help diversify our economy to attract investment, grow business and grow jobs.

VOCATIONAL EDUCATION AND TRAINING

The Hon. T.J. STEPHENS (15:19): My question is to the Minister for Employment, Higher Education and Skills. Given the government's recent claim that non-governmental training providers should have seen the new WorkReady changes coming, can the minister indicate when her government announced that the competitive funding market launched in June 2012 would only last for three years?

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) (15:19): I thank the honourable member for his most important question. We made it very clear from the outset of that record spending of new money in our VET sector when we released those once-off, new, additional funds that they were linked to achieving an outcome of 100,000 additional training positions.

The sector expanded and grew rapidly. It took advantage of that new money. We saw businesses expand, we saw new businesses coming into the market, but we made it quite clear from the outset that that was once-off additional money associated with delivering the state government's goal of achieving 100,000 additional training positions.

That was achieved ahead of time; we have achieved that. We have exceeded the 100,000 additional jobs, and we have expended all of that once-off additional money. As I have indicated in this place, we have now returned to levels of funding that are sustainable over the long term. The levels of funding are still slightly above the pre Skills for All level of funding, and our training activity remains above pre Skills for All levels of training activity as well.

VOCATIONAL EDUCATION AND TRAINING

The Hon. T.J. STEPHENS (15:21): A supplementary question: when specifically did the government advise private training providers that there would be significant changes in the competitive funding agreement for vocational training paces in South 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) (15:21): I don't understand the nature of the question. We have undergone funding and subsidised list changes annually over significant periods of time. We have remained in a state of change for many, many years, so I am not too sure which change he is actually referring to.

TRANS-PACIFIC PARTNERSHIP

The Hon. M.C. PARNELL (15:22): My question is for the Minister for Manufacturing and Innovation, representing the Minister for Investment and Trade, about the Trans-Pacific Partnership. Is the minister aware of the news today that Democrat presidential hopeful Hillary Clinton is urging her government to put the brakes on the Trans-Pacific Partnership? Has the minister—

The Hon. R.I. Lucas: Had discussions with her?

The Hon. M.C. PARNELL: —been briefed on the Trans-Pacific Partnership and the potential impacts it would have on South Australian businesses and South Australian citizens?

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (15:23): I thank the honourable member for his question, and I will refer that to the minister—the excellent minister, the former Liberal member, now minister—in another place and bring back a reply. I did note interjections that perhaps the minister has already had these discussions with Hillary Clinton and, given how well he is received right around the world in pushing the interests of South Australia, it is entirely possible.

CONSUMER EDUCATION

The Hon. J.M. GAZZOLA (15:23): I seek leave to make a brief explanation before asking the Minister for Business Services and Consumers a question about educating our younger generation on the risks involved when signing contracts.

Leave granted.

The Hon. J.M. GAZZOLA: Young people—

Members interjecting:

The PRESIDENT: The Hon. Mr Gazzola has the floor.

The Hon. J.M. GAZZOLA: Young people are often at risk of signing contracts without being fully aware of terms and conditions which can later result in significant charges or conditions they were not aware of. My question is: minister, will you advise: what education programs does CBS have in place to protect the younger community when signing contracts for the first time?

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): I thank the honourable member for his most important question, and I am delighted to report on the fantastic work that Consumer and Business Services continues to do to educate consumers and traders on their rights and responsibilities.

CBS conducts regular monitoring of local businesses to ensure that traders are aware of their obligations and responsibilities under the Australian Consumer Law. Consumer education is also a high priority for CBS, not only to assist and empower our community to resolve issues when they arise, but more so to avoid them in the first instance.

It is evident that our younger community are at risk when signing contracts, in particular phone contracts and lease agreements, which can result in significant charges or conditions that they may not be aware of. Consumer and Business Services has always focused on protecting our most vulnerable and particularly our younger community, with no exception.

This year, South Australia's Consumer and Business Services was present at the 2015 Aboriginal Power Cup. Hundreds of students gathered at the Alberton Oval with an opportunity to learn how they can take charge of aspects of their own lives and their own futures. CBS offered advice and tips to students about topics that will help them in the transition from high school to young adulthood.

The Aboriginal Power Cup was initially developed as an early intervention strategy to engage at-risk young children in sporting activities to encourage them to continue with their education and make positive lifestyle choices. CBS hosted a stall at the Aboriginal Power Cup expo, and students were able to visit while teams participated in the round-robin football games at the carnival.

The CBS stand provided an opportunity for students to learn about issues such as renting rights and the pitfalls of mobile phone contracts, with CBS developing a questionnaire about two common scenarios that are faced by young consumers: renting a place to live for the first time and dealing with bill shock when an unexpected expensive phone bill arrives.

The stand also provided an opportunity for students, and their accompanying teachers and parents, to discuss and explore employment opportunities. Approximately 350 students completed the renting and consumer rights quiz and entered a competition to win an iPad. I am advised that the winner of the iPad was a lucky student from Immanuel College.

It is critical to ensure that students in their senior years of schooling are aware of their consumer rights before they sign a contract or a lease agreement, to prevent problems arising down the track. CBS also distributed consumer rights publications designed for Aboriginal consumers, which can be helpful tools when shopping and making those big decisions, such as entering into mobile phone contracts, renting a home or flat and purchasing a car.

In addition to that, I would like to acknowledge the assistance provided by the Deputy Premier, who through the AGD provides a $200,000 grant each year plus administrative support for the Power Cup, and the continued work from the Hon. Kyam Maher, Minister for Aboriginal Affairs and Reconciliation.

Bills

SUPPLY BILL 2015

Second Reading

Adjourned debate on second reading.

(Continued from 4 June 2015.)

The Hon. A.L. McLACHLAN (15:29): In accordance with convention, I express my support for the Supply Bill for the appropriation of $3.29 billion from the Consolidated Account. This will provide sufficient appropriation to meet government expenditure from 1 July 2015 to ensure government services continue to be provided until assent is given to the Appropriation Bill following the bringing down of the budget in the other place.

The Liberal philosophy is that a strong economy provides meaningful opportunities for employment for those who seek it, which in turn ensures a greater quality of life for all our citizens. The Liberal Party also believes that a strong economy is also equally important to safeguard the

most vulnerable in our community. Abundant employment opportunities are the best way to keep families out of poverty and allow them to avoid welfare dependence. The approach of this government is to believe that the more it taxes and spends will somehow lead to a magical recovery. The policy settings of this government are essentially driven by socialist sentiments and, in my view, will lead to an inevitable economic stall.

Governments must focus on providing the environment for economic activity. Governments and their bureaucracies do not have the skills to conduct economic activity in their own right—that is the role of the free individual and their enterprises in a dynamic marketplace. The only justification for government intervention is when there is market failure or to assist sections of our community to transition and adapt to new market conditions. The only recent policy initiative from this government that I can observe is privatising assets and begging the federal government for more money, even to the point of advertising their complaints. This is a poor substitute for what should be done—that is, encouraging innovation in our economy.

For success, we have to take responsibility for ourselves and not leave our future up for grabs. We must seek to shape our future and not let it rest in the hands of others who reside outside this state. I encourage the government to genuinely seek to reform our economy, rather than continually lay the blame on everyone but themselves. They have held the reins of power for too long to enjoy that luxury.

South Australia is currently in an unsustainable fiscal position, assuming no dramatic changes by the government of its extant policy settings. The government's attitude reminds me of Narcissus, a handsome Greek youth who rejected the desperate advances of the nymph Echo. These advances eventually led Narcissus to fall in love with his own reflection in a pool of water. Unable to consummate his love, Narcissus lay gazing, enraptured, into a pool hour after hour, unable to do anything else. All we hear from the government is that it is creating a vibrant city but we hear nothing about a vibrant state and its regions, while the deficit grows and the underlying structural drivers of the deficit's growth are ignored and remain untended. Our community withers as we gaze into the murky and diseased pool that is the Torrens.

It is no secret to informed opinion that we can expect that our state will continue to be challenged by expenditure growth, largely driven in the health, education and welfare sectors. At the same time, revenue growth is more tied to market conditions, as it is collected through taxes on goods, services and payroll. To restore fiscal sustainability, our revenue system needs to be aligned to match expenditure; one or other or both have to be adjusted. In some of the projections I have seen, they meaningfully suggest that expenditure growth is expected to be greater than revenue growth well into the future and gather pace, trending out dramatically beyond the forward estimates.

It is simply unacceptable to continue to run deficits. It is also not a long-term solution simply to sell off assets, for which this government has developed a hearty appetite. This is a government of privatisation, selling off the prized state assets to compensate for their failure to lead and facilitate economic recovery. The government's hunger will only be satiated when there is nothing left to sell. In all likelihood, we will see a deteriorating net operating balance going forward.

The sale of assets, such as the Motor Accident Commission, is not a fix for an unsustainable fiscal position: it only delays the inevitable. I remind the government that the need for the privatisation of state assets came to South Australia not because of any inherent desire of the Liberal Party but out of necessity because of the collapse of the State Bank and the need to ameliorate the desperate financial circumstances created by the previous Labor government. The Liberal government was given no choice, unlike the choice the Labor government has in respect of the Motor Accident Commission.

I pause to acknowledge the great contribution to restoring the fiscal health of the state at that time of my colleague the Hon. Rob Lucas. During the early nineties, the collapse of the State Bank doubled South Australia's debt, leaving it more than $8 billion in the red. If only we had $8 billion in debt today to repay we would not be so concerned. Non-financial public sector debt is expected to hit $10.84 billion in 2014-15 and forecast to reach $13.2 billion in 2016-17—even higher than the debt incurred when dealing with the State Bank collapse. The net operating deficit for the general government sector alone is expected to reach $185 million in 2015, and this will only be achieved

after stripping $459 million in profits out of the Motor Accident Commission, revenue which will not exist in the future because the government are privatising the prized asset.

I cannot help thinking of the novel *Heart of Darkness.* You can trace many of the difficulties our state is now experiencing back to the Labor Bannon government, but our Labor friends do not want us to journey up the river to reveal the true horror of the misguided administration of our state. They seek to deflect blame onto everybody else for their failed oversight of the economy. They wear their time in government as a badge of honour, yet they refuse to shoulder responsibility for their failure.

Indeed, while some on the other side of this chamber decry the loss of the automotive industry and seek to blame the federal government, they have had plenty of time to understand the nature of global markets and the need for transformation and transition strategies to assist our people. They have been asleep behind the wheel of the figurative steamer as it plies its way in our federated and global economy.

Industry adjustment takes time and needs the whole of community support, not petty partisan jibes based on falsehoods and the revision of history. One only needs to look at the United States and those cities which have successfully revived their fortunes. It was not only a whole-of-government approach but a whole-of-community approach. There are no easy answers. Unless the state dramatically increases its revenue or seeks to review its expenditure, we will continue to be on this disappointing projection. I fear that many of the cuts that will inevitably come from Labor's policy settings will target the most vulnerable in our community.

I do accept that there needs to be a recast of federal and state fiscal relations. It has been advanced by some that one of the best ways of ameliorating the vertical fiscal imbalance is to consider giving the states a share of income tax or giving the states an agreed share of total federal revenues or even leaving the states to increase their own taxes.

I am not advocating a particular position, for each policy setting will require a number of trade-offs. What is important to acknowledge is that the revenue base of the state is very narrow. The implications of increasing stamp duties is that it is potentially economically distorting. Increasing payroll tax maybe efficient as a tax but it also attacks unemployment, which all governments, whatever colour, do not wish to encourage.

Increasing gaming taxes may also be efficient, but the tax base is being eroded and it relies on an industry which many believe is socially destructive. Introducing a land tax places an unfair burden on South Australian families unless there are other tax offsets and reductions. I am not opposed to recasting our tax system, but South Australian families should not be made to bear the burden of poorly considered spending decisions by the government and a lack of discipline in managing its overall expenditure.

The South Australian economy is already suffering under the yoke of continued increases in state taxes and charges. The people of South Australia need to have a government that places them at the centre of its growth strategy. Our people should not be seen just as taxpayers, as this government is wont to do, whose sole purpose is to provide funds to underwrite the imaginings of a tired government. Innovation cannot be directed by the commissariat: it must be nurtured and rewarded. Our people must be set free to flourish and grow.

A strong public service is fundamental to good government. An independent, professional and highly qualified public sector is critical to a better South Australia. We have one of the highest number of public servants per population amongst our sister states. This huge investment in our people also needs the leadership to ensure that it makes a meaningful contribution to creating an environment for our long-term prosperity.

Given the size of our public service, we must do all that we can to encourage innovation in the public sector. It is essential to ensure our future wellbeing, for as the pressure on our state finances grows, we will continue to need to provide reasonable public services with fewer and fewer resources. Put simply, we have to find new ways of doing business in this state.

I am confident that with the right leadership our public servants can assist us to find new ways to ensure our future prosperity. I know that there are thousands of public sector employees

who are passionate about the outcomes for the people they serve. The public wants to see the government live within its means. The public also wants the government and the public sector that serves it to facilitate change and encourage enterprise in the community. The cost of inertia and inaction will mean that those generations that follow us will bear the double burden of a large debt and an ageing population. We need to accept responsibility for the future of our state now, as did those who came before us. I commend the bill to the council.

The Hon. R.I. LUCAS (15:40): I rise to support the second reading of the Supply Bill. Put simply, the Supply Bill provides an appropriation of $3.3 billion, approximately, to allow the continued provision of public services in South Australia until such time as the Appropriation Bill, or the budget bills, pass the state parliament. Given the budget is not to be introduced until later this week and the passage of the budget bills may take some weeks, or indeed in some cases, months, there is an essential requirement for public services to continue during that particular period, which obviously takes part of the new financial year, and the Supply Bill is the mechanism which the parliament uses to allow that to continue until new appropriations are approved by the state parliament.

As we look at this Supply Bill in the context of a budget bill being brought down later this week, the budget, as my colleague the Hon. Mr McLachlan has indicated, is in a mess. We have seen a continuing series of budget deficits. Six out of the last seven budgets have produced, or are estimated to produce, budget deficits. We have the situation where, as the Leader of the Opposition often quotes, if one looks at what the budgeted expenditure at the start of each year of this government was meant to be and then compares it with what the actual expenditure is at the end, the total, to use the phrase 'unbudgeted expenditure' as defined by those parameters, is nearing $4 billion during the term of this Labor government. So there is an average of more than $300 million a year in unbudgeted expenditure.

As we look at that, one accepts that in some cases there are decisions taken through a financial year which are not included in the original budget for that particular financial year, but we see, by and large, too many examples of massive government waste by this government. As we enter the 14th year of this government, it is a bit hard for the government to argue that it is on its trainer wheels or that it has learned the lessons, or that these were the errors of the past.

We have continued to see over recent months continuing examples of massive government waste, which is what so infuriates people, but which, of course, is a prime cause of the budget problems that we are confronting in South Australia. The biggest infrastructure project that the government is involved with is the new Royal Adelaide Hospital. One remembers the debate of 2010, when the government attacked the Liberal Party proposition for a cheaper alternative: an almost complete rebuild on the existing site, on the basis that it could not be achieved for the cost that the Liberal Party indicated and by the same token indicated that it had locked-in rolled gold guarantees, that their new hospital could be built for $1.7 billion. As we now know, even as they were mouthing those words, they had already received advice at cabinet from Treasury that it had already blown out to $1.8 billion. There had been a $100 million blowout even as they uttered those words to the people of South Australia in 2010.

Sadly, without tracing the long, sordid history of the continued blowouts, the total cost is now in and around $2.3 billion for the new Royal Adelaide Hospital, compared to the $1.7 billion. That is a $600 million blowout in costs; that is approximately the sum of money that has been spent on the Adelaide Oval. When one looks at the cost of the Adelaide Oval redevelopment, that is just the cost or the size of the blowout on the new Royal Adelaide Hospital.

Of course, that is not the final number because it has only been in recent months that a further $170 million blowout in the new Royal Adelaide Hospital was publicly revealed when the government finally conceded that it actually had not costed transferring people from one site to the other, and it had to also include the costs of running two sites at the one time for a period of time; something they had long denied. Many stakeholders had highlighted that it was going to be impossible to meet the time line they were promising but, nevertheless, finally they have been forced to concede a further $170 million or so in terms of additional cost. That will not be the end of it. The $2.3 billion figure will not be the final figure for the final cost of the new Royal Adelaide Hospital.

There are so many examples in the IT area. I will not go through all the examples, other than to briefly list them. EPAS in Health is a fiscal disaster and scandal combined. RISTEC in the Treasurer's own department is a project which has blown out by some $25 million to $30 million—an IT project in the Treasurer's own department. The only way it has been kept to that level of blowout (believe it or not) is by significantly reducing the scope of the project so that it is now going to deliver a much smaller level of service, or more restricted level of service than was originally promised in the original budget.

There are the examples in the hundreds and the tens of millions of dollars, and there are many others but I will not go through all of them today. Perhaps the appropriation bill debate will be a time for greater detail over a wider range of areas. However, just look at some of what might be the smaller areas in dollar terms where the government wastes money: the recent announcement of a former Labor Party staffer to be the chief executive of the Department of the Premier and Cabinet with a $125,000 pay rise. This man is paid more than three hardworking members of the Legislative Council—other than the Hon. Gerry Kandelaars, of course, who is the original $200,000 man.

For the base salary of $150,000 or so, the CEO of DPC is being paid $550,000, and I suspect there is more to come out about the Hon. Mr Winter-Dewhirst's package in due course. That is the publicly-proclaimed position: as I said, a pay rise almost equivalent to what is paid to a back bench member of parliament—a $125,000 pay increase. How on earth the Premier justifies that I do not know.

The Department of Premier and Cabinet in a series of moves—which I am sympathetic towards, I must admit—is actually jettisoning many of the additional elements that have been added to it over the years and becoming a true Department of Premier and Cabinet, with some exceptions. It clearly has the very significant Services SA section, but areas like arts and Aboriginal affairs and multicultural affairs and SafeWork SA and other areas have now been attached to other departments and agencies. So, the job Mr Winter-Dewhirst has got, with a $125,000 pay rise, is a significantly reduced one in terms of the numbers of staff and the numbers of functions for which he is responsible.

Of course, we then move down from his position, and one of his very first moves, I am told, in some cases without even meeting, interviewing or knowing anything about some executives in his department, was to organise the ritual beheading, in a corporate sense, of up to 11 executives on one fateful morning in January of this year. Some of those executives had never even met the chief executive.

In one case an executive was about to go in with his staff to celebrate his birthday with a birthday cake. He was asked to hold the birthday cake and candles for a moment because the chief executive wanted to see him. He went in and, as I said, was ritually beheaded in a corporate sense by the representatives of the chief executive.

It is interesting to put on the record the way some of these were treated. A representative of the chief executive read a series of paragraphs, which had been drafted for the executive, which said, essentially, 'We don't want you any more.' Someone from human resources was sitting next to them with a yellow envelope, and the representative of the chief executive said, 'HR has an envelope for you which has all your entitlements in it; you can take that away.'

They did not even get a chance to read the contents of the orange envelope. They were then told that the representative from HR would escort them down to their desk, where they could collect their personal belongs before being escorted off the premises. In the case of the fellow with the birthday cake awaiting, he never got back to see his staff and celebrate his birthday on that particular occasion.

These were not people who were under suspicion of corporate wrongdoing, impropriety or lack of performance in any way. They were people about whom the new chief executive, the former Labor Party staffer, had made a decision, based on some advice, because, as I said, he had not met some of them, that they were not suitable and were for the corporate high jump.

Where this comes in, in terms of waste, is that, for example, in one particular case one of the executives was actually employed on a five-year contract in the middle of 2014. That particular executive's contract did not expire until somewhere around the middle of 2019, so they had only just been through a process, won an executive position and been given a five-year contract. For this

particular executive it was between $170,000 and $230,000 a year at the SAES level 1 category of executive. So, as a result of this corporate beheading, taxpayers of South Australia had to pay out that executive somewhere between $200,000 and $300,000, because for every unexpired year of your contract you have to be paid out for about four months.

So, the taxpayers of South Australia have an interest in not only a sense of fair play, that is, how someone should be treated, even if you have decided that you no longer need them. There is a process you go through (and most chief executives do go through in terms of handling disengagement of executives), but in this case you have a series of them—and here is one example—where the taxpayers are having to fork out $200,000 to $300,000 as a result of the decision the chief executive has taken.

The Budget and Finance Committee has just so many examples of government waste that we see. The most recent example—the Hon. Mr Darley was there and he was probably as gobsmacked as I was—is from the Commissioner for Public Employment, the agency within Premier and Cabinet which is meant to be the role model, the template, for efficient public sector practice, the person and the office that issue guidelines and determinations on good practice in terms of management within the public sector.

We found that, on a budget of about $9½ million (a very small budget), there had been a $2 million blowout—a $2 million overspend in a $9½ million budget. If you were talking about the health department on $5 billion, you would be talking about a $1.25 billion blowout or something in the budget. It is an extraordinary position within the Premier's own department and responsibility.

The Premier and minister Close took a very close interest in the appointment of Ms Ranieri as the new Commissioner for Public Employment. I will not go over the details today, but there have been a number of examples where I have highlighted how the government engineered the appointment of Ms Ranieri to that particular position. I have laid on the record claims (still in a number of cases not denied by the Premier and the government) of concerns that public servants have had about that appointment process.

Still the details of a cabinet submission of 7 April 2014 from minister Close—if that cabinet submission ever sees the light of day, there is a very strong probability that minister Close will no longer be a minister, because there will be evidence of her having misled the parliament. So, minister Close is forever holding her breath that there is no leak of the cabinet submission of 7 April 2014 underneath her signature.

The final issue I refer to from the Budget and Finance Committee work, but there are many others I could have referred to, is the tortuous history of the forced redundancy policy. Mr President, as you know, both the government and the opposition took a policy of, if elected, introducing the parameters for a forced redundancy policy in the public sector. That is more than a year ago, in March 2014, but only in the last few weeks has the Commissioner for Public Employment finally issued the guidelines to departments as to how the forced redundancy policy will operate.

One of the concerns senior executives in departments have flagged with me about the policy is as follows. In some cases, chief executives have public servants who, more than five years ago, they declared surplus to their requirements, so we are talking about, prior to 2010, a chief executive and his or her department having identified a public servant whose job and position is surplus to the department's requirements. That particular person has refused to take a targeted separation package. Because it was voluntary, they refused to do so, so for more than five years they have had to continue to employ them and to find jobs for them.

Those senior executives were hopeful that, after March last year, in relatively quick succession they would be able to progress the separation of some of these officers. They knew it was likely that there would be at least a 12-month delay from March of last year, so they were hopeful that the period in and around about March, April or May of this year might have been the period that they could start taking some action. What has horrified a number of those executives now is that the new policy indicates that, even if someone has been surplus for more than five years, the 12-month period through which you cannot forcibly retire somebody and have to continue a task of trying to find alternative employment in the public sector for that person starts from the date that you send them the letter.

So, even if someone has been excess to requirements for six years, they still have to now be sent a letter, and there is another 12-month period that you have to go through before you can actually action the particular policy. As I said, some CEOs and senior executives are shaking their head at the decision that Premier Weatherill and Ms Ranieri and others have taken in relation to the forced redundancy policy. Enough on the waste side.

On the other side, on the revenue side, there is, as a result of the recent federal budget, significant good news for South Australia. Mr Acting President, as you will know, I have on a number of occasions, contrary to the untrue statements made by some government ministers, indicated our opposition to various commonwealth decisions which cut expenditure to important health and education programs, some road programs for local government and the concession commitments as well. That was a position not just of myself but also of Liberal leader Steven Marshall and Liberal members in South Australia as well.

Whilst a lot of taxpayers' money has been wasted attacking those federal government decisions, we have heard virtually nothing about a decision in the federal budget which will mean an extra $146 million unbudgeted GST windfall to South Australia for next year, for 2015-16. So, there is $146 million extra which the government did not think it was going to get. It is unbudgeted, so it is not as the treasurer often claims, 'I can't spend that money. Yes, it is additional federal money, but it is targeted to go towards hospitals, schools, roads' or whatever it is. It is not targeted, it is not tied: it is $146 million of unbudgeted GST windfall money for next year.

In total terms, the GST money for next year is actually a $571 million increase compared to this year. The difference between the $571 million and the $146 million is that just over $400 million of that has already been estimated by the state government as additional GST money, and they may well argue that they have allocated its expenditure. There has been precious little publicity, I might say, about that extra $425 million; nevertheless, it is additional GST money, but the government will claim that it has already been aware of that. This additional $146 million, however, they cannot claim as being expected income.

Similarly, we will see, although the exact numbers are not clear, that for the forward estimate years there are significant additional elements of unbudgeted GST windfall money for 2016-17, 2017-18 and probably 2018-19 as well. So, there is $146 million extra next year, and there is likely to be that and more for each of the forward estimate years, and the detail of that will need to be teased out during the estimates committee and possibly Budget and Finance Committee meetings as well.

The $146 million is significant because that would be more than enough, for example, to have prevented or to reverse the massive slug on the family home through the removal of ESL exemptions. It is also certainly more than enough to fund the additional cost of living concession that the state government is introducing, so it says, in this budget instead of the local government council rate concession. It is also more than enough to ensure the continued operation of the Repat Hospital and also the various existing emergency department services (at their current level) that are under threat at the moment. That is a significant issue in terms of the Supply Bill and as we enter the Appropriation Bill debate.

The second one is obviously the Motor Accident Commission privatisation. I note the confused—is the polite way of putting it—position of Treasurer Koutsantonis in relation to the privatisation of the Motor Accident Commission. Yesterday on ABC radio, in a heated interview with Matt Abraham and David Bevan on the breakfast program, the Hon. Mr Koutsantonis trenchantly claimed, and I quote, 'We're not privatising the MAC.' They were his exact words. That is completely contrary to any number of statements that the Treasurer has made both inside the house and externally about the decision in relation to the Motor Accident Commission. On ABC radio in December last year, he said:

> …we announced the privatisation of the Motor Accident Commission…we didn't try to…use any weasel words, I said it was a privatisation, it was a sale, we're going to get out of the business. We think the private sector can issue insurance a lot more efficiently than the government.

He is quite clear, unequivocal and explicit. He said, 'I said it was a privatisation. We announced the privatisation of the Motor Accident Commission.' He has said similar things in the House of Assembly. On 7 May he said:

The Leader of the Opposition will have to wait for the budget to see how the privatisation of the Motor Accident Commission will be treated.

On 26 March 2015 he said:

We are not closing the Motor Accident Commission, like the Leader of the Opposition has said: we are privatising it.

I do not know whether the Treasurer cannot remember what he said or whether he is suffering from memory loss or whether he just makes up the story as it suits his purpose. When he wants to argue that it is a privatisation, he says, 'Yes, I'm explicit. Of course I've said it's a privatisation.' When he is getting belted in a difficult radio interview, he says, 'We're not privatising it.'

I think the dilemma the state has is that here we have a bloke who at least formally has the title of the Treasurer of the state of South Australia, and at least for the moment represents the state in terms of the state's finances, and one cannot work out whether he knows what he is doing in relation to the Motor Accident Commission. Is he or is he not privatising it? Which particular statement of his are we to believe? Or, as I said, are we in the sad position where the Treasurer of our state just makes it up as he goes along, changing the argument depending on the circumstances, prepared to contradict himself completely on any number of occasions in relation to his public statements?

The budget impact of the Motor Accident Commission will be critical. Certainly, as the Hon. Mr McLachlan has indicated, the government is taking into the budget and out of the Motor Accident Commission approximately $1.15 billion in retained earnings. It is doing that in two ways: in part, through a dividend payment; in part, through a return on capital. It is done in that way because there are different budget treatments.

The budget treatment in the Mid-Year Budget Review is different from the budget treatment when the policy was originally announced in the 2014-15 budget. We understand that discussions are still going on between the Treasury, representing the government, and the Auditor-General in relation to the appropriate treatment of taking money out of the MAC and putting it into the budget, which bits can impact on the net operating balance and net lending and which bits have an impact only on the net debt.

Clearly, the way they have currently structured the documents, as per the Mid-Year Budget Review, there is an impact on the net operating balance for 2014-15 and also some impact on the net debt in 2014-15; there is no impact in 2015-16 and some impact on the net debt in 2016-17. However, it certainly would not surprise anyone if the government did not shuffle around the money, and maybe even shuffle around the accounting treatment, in terms of what the impacts on the net operating balance might be; it may well be different from 2014-15. We might even see the impact from 2016-17 being brought forward to 2015-16 financial year, if that suits the government's purpose in terms of the presentation of accounts.

Of course, that is not going to be the end of it. Whilst they are only informal estimates—the just under $1.2 billion that has been taken into the budget—ultimately, if the policy is implemented as broadly publicly outlined, another $500 million to $1 billion, depending on the performance over the next 12 to 18 months, might be able to be returned to the budget in one form or another. Of course, that is impossible to accurately predict at this stage; nevertheless, the initial estimates in relation to $1.2 billion have been accurate.

I can only refer members to a discussion the Budget and Finance Committee had with the Under Treasurer in the middle of last year when they were predicting only $500 million to be taken into the budget and indicate that, based on information that industry sources and departmental sources were talking about, over $1 billion would be taken into the budget. Five months later, of course, we saw that occur in the Mid-Year Budget Review. The issue of the MAC, its budget treatment and the actual policy parameters will be critical as we look at these Supply and Appropriation debates.

The final two areas to which I want to address some comments are what need to be—and again I can only agree with my colleague the Hon. Mr McLachlan—at least in the first case, the key aspect of what the government and we ought to be about, that is, the issue of trying to turn around what is an economic basket case. In question time today, when she was asked about the

government's promise in February 2010 of 100,000 jobs within six years, minister Gago listed a whole range of things she claimed that the government and she were doing.

Of course, the simple response which came by way of a number of interjections was, 'Well, whatever you've been doing has failed because, the promise of 100,000 jobs by February of next year, you have achieved about 6,000 of those.' You are about 94,000 short. There is a 7.6 per cent unemployment rate in South Australia and the national average is just on 6 per cent.

So for all of the pages and pages of carefully prepared Dorothy Dixer responses that the minister read onto the public record, the simple response to all of that was, 'You've been there 13 years, you've been given more than enough chances and you've failed. You've tried all of your programs—your economic programs, your jobs plans, trying to direct things and ultimately you've failed.'

And the minister said, 'We are going to have another jobs plan.' It will go the same way as all the other jobs plans have gone because it does not recognise, and this government does not recognise, this Premier doesn't recognise, and this Treasurer has no hope of recognising the simple fact that governments will not be able to create the jobs to turn the economic basket case around.

Governments can create the environment within which the private sector can operate in partnership with the public sector. There is a role for the public sector in terms of infrastructure provision and policy framework, etc., but the problem with this government is after 13 years, it is still beholden to the view that it knows best, and that it has a jobs plan.

Minister 'Mayer', as his leader refers to him, minister Maher as everyone else knows him to be, talks about a $11.25 million strategic investment package. Terrific. No particular argument about trying to do as much as you can but the problem with this lot is that they actually think that in and of itself that is going to solve the problem. They missed the point that the costs of doing business in this state are the highest or equal highest in the nation. We suffer the disadvantage of distance from market. It costs us more just to get to our markets in the eastern states if we are selling within Australia.

Yet we have a position with this government after 13 years, that the only area where it can now belatedly argue that it has done something, with the support of the parliament, is in fixing some of the problems that it created for itself, by itself, in relation to WorkCover over 13 years. In net terms, the WorkCover premium rate is still higher than the national average and higher than most of their competitors' firms in the other states.

The problem this government has got which it does not recognise is that somehow if you want to actually achieve something, we have to actually reduce the cost of doing business for small and medium-size enterprises in South Australia. When Liberal leader Stephen Marshall, the member for Dunstan, at the last election outlined a package of starting to provide reduced costs of doing business so that you could create jobs in South Australia, we had the class warfare response from Premier Weatherill and Treasurer Koutsantonis that this was just trying to provide extra dollars for wealthy business mates of the Liberal Party.

This was the line—and I am sure when we get to the Appropriation Bill we will be able to quote it chapter and verse—that the Premier and the Treasurer were using, that if you provide tax relief to businesses, all that is about is the Liberal Party providing extra dollars to their wealthy business mates. It will be interesting to hear how Treasurer Koutsantonis and Premier Weatherill justify any potential changes that they might make, modest in their nature I am sure, in relation to business tax relief, because surely at some stage they are going to have to recognise that whatever it is that they have been doing for 13 years has been an unmitigated disaster, it has been a failure.

The performance indicators are there: 7.6 per cent unemployment, highest in the nation; business costs, highest or equal highest in the nation; and for 100,000 jobs meant to be delivered in six years they failed by the tune at the moment of 94,000 of those particular jobs. That is where the focus has to be and that is the problem that this state government has.

I turn to the final issue, which is, of course, the critical issue for people out in the community: the cost of living. This government may well, on the back of MAC privatisation and other decisions,

manufacture a surplus for the first time in six or seven years for the coming financial year. They will do so in part on the basis of privatisations, but I think that analysis misses the point.

The other key factor is the government will do it if it does it on the back of smashing long-suffering South Australian families with massive increases in taxes and charges and in the cost of living. We see the $90 million a year slug on struggling South Australian families with the ESL. We saw the attempt to slug families in relation to the car park tax, where they were unsuccessful. We have seen the threat in relation to concessions withdrawal, which they have been forced to back away from. We have seen the threats of a broad-based family tax on the family home, which the Treasurer now says he is not going to implement.

Let me put on the public record here and now that I do not believe Treasurer Koutsantonis. Given that he is known by many as the 'welsher from the west' in relation to not coughing up gambling debts to other members of parliament, I am in a particularly insightful position to know whether or not you can take this particular man at his word. Whether it be private gambling debts which he does not honour or, more importantly, political promises, I do not believe Treasurer Koutsantonis. I think he wants to tell the people of South Australia that he does not want a tax on the family home prior to the election, and then straight after the election, if they are re-elected, they will introduce a tax on the family home.

That is what they want to do. Treasurer Snelling talked about it and then backed off. Treasurer Koutsantonis talked about it, and when the campaigns commenced in some of the marginal seats elsewhere, the back bench told him, 'Back off, Treasurer, we're a bit nervous about you going down this particular path.' They have backed off for the moment, but mark my words, if they are to be re-elected then they will be introducing a land tax on the family home.

It is imperative for the Liberal Party to make sure that the people of South Australia in those marginal seats are aware of the stark choice that they are going to have. If Mr Weatherill and Mr Koutsantonis are re-elected, you will have a tax on the family home, because that is what they secretly want to do.

We have seen it in relation to MAC. They said they were not privatising, yet more than 12 months before the election they were spending $100,000 on UBS Consultants to scope out the privatisation of the Motor Accident Commission. They hid the expenditure in the annual report of Treasury and Finance under a cost item which referred to the privatisation of SE forests. That is how sneaky, that is how deceptive, Premier and Treasurer Weatherill was. He spent $100,000 of taxpayers' money on UBS to look at his privatisation of MAC and then he hid the expenditure under a line which referred to payments to UBS for their known work on the South-East forestry privatisation.

How anyone gets away with that sort of deception, I don't know. The media, from top to bottom, ought to be pillorying Premier and former treasurer Weatherill in relation to that particular act of deception in relation to the MAC privatisation. There is the example: they said one thing, 'We're not privatising,' but straight after the election they are privatising.

They have form. They wrote letters to the Australian Hotels Association at an election, promising not to increase gaming taxes for the next four years—coincidentally, they happened to get a donation of $100,000 from the Australian Hotels Association. The very first budget after that election, the Labor government introduced massive increases in gaming taxes. The treasurer at the time, Mr Foley, said that he had the moral fibre to break his election promises; he patted himself on the back because he had the courage to actually break an election promise. That is the sort of front that some of these Labor ministers have had and continue to have.

So, do not believe Treasurer Koutsantonis and Premier Weatherill when they say they are not going to introduce a tax on the family home, a land tax. Trust me: their form is there; it is evident for everyone to see. When they say they will not do something you know that they are already doing the work, they have already done the work and in the first budget after the election, if they were to be re-elected, they will be introducing it.

Struggling South Australian families are already being smashed, and if a budget surplus is delivered it is going to be delivered on the backs of long-suffering, struggling South Australian family

budgets. They are going to get smashed with ESL increases, they are going to get smashed with tax charges and rises right across the board. At the same time water costs continue to skyrocket—more than 200 per cent increases in the time of this particular government—and that is going to continue to rise. As I said, the two key critical issues on which this budget and this Supply Bill ought to be judged will be the cost of living issues and the creation of jobs issue. What, if anything, will this Supply Bill, combined with the Appropriation Bill, do in relation to those two key critical areas?

My contention, in wrapping up the Supply Bill debate, is that over 13 years this government has failed on both of those counts—that is in terms of jobs and costs of living—and it is highly likely for the next three years of this term that it will continue to fail in terms of creating jobs for South Australians and in terms of providing any cost of living relief for long-suffering South Australian families.

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

CRIMINAL LAW (EXTENDED SUPERVISION ORDERS) BILL

Second Reading

Adjourned debate on second reading.

(Continued from 2 June 2015.)

The Hon. J.A. DARLEY (16:28): I rise to speak briefly on the Criminal Law (Extended Supervision Orders) Bill and to indicate my strong support for the additional layers of protection that it will afford our community against serious reoffenders. The purpose of the bill is to address future risk and enhanced community safety. This will be achieved by creating a new type of order called an extended supervision order, designed to place restrictions on certain high risk offenders and provide for their continued supervision beyond the expiry of any term of imprisonment or parole period.

Under the bill, the Attorney-General will be able to apply to the Supreme Court for an extended supervision order. The paramount consideration for the court in determining whether to make such an order will be the safety of the community.

Where a high risk offender poses an appreciable risk to the safety of the community if left unsupervised, the court will be able to make an order that will remain in force for up to five years. The Attorney will be able to make second or subsequent applications to the court for extended supervision orders beyond the initial five years. The Parole Board will also be able to impose conditions on extended supervision orders requiring a person to do or not to do certain things, as the case may be.

Whilst I appreciate the arguments against this bill, overall I, like other honourable members who have spoken in favour of this bill, think any measure aimed at ensuring community safety and minimising the risk of danger to victims and other individuals within our community has to be embraced. This is one of those occasions where we have the opportunity to be proactive rather than reactive and, with all due respect to those who oppose the bill, if an offender's criminal history is deemed to be so bad as to warrant them being classified as a high risk offender, then it is more than appropriate that they bear the consequences of that.

The Hon. Terry Stephens made reference to the tragic circumstances surrounding the murder of Jill Meagher in Victoria. I could not agree more that we need to do absolutely everything within our power to prevent crimes like that from occurring in the first place. If that means extended or indefinite supervision and restrictions on one's liberty, then so be it. It is important to bear in mind also that the bill does provide appeal rights for those individuals to whom a decision in favour of an extended supervision order relates. If an aggrieved individual is able to convince the Full Court that they ought not be the subject of an order, then that decision can be reversed or annulled.

Like the Hon. Terry Stephens, I too have consulted with the Chair of the Parole Board, Ms Francis Nelson QC, over this bill. She has raised some very valid concerns, which the opposition has tried to address by way of amendments in the other place. In a nutshell, those amendments sought to insert a presumption against bail for those persons who are brought before the Parole Board for a breach of the conditions of an extended supervision order, set either by the Parole Board

or the Supreme Court. This would overcome the difficulty that the Parole Board would have in actually doing anything about the breach.

Given that it could be months before the matter is dealt with by the courts, the bill as currently framed would enable offenders back out on bail and posing a risk to the community. This is the exact type of thing we that we are trying to avoid, so it is extremely important that we address this flaw in the government's proposal. It is certainly not as though we do not have any precedent for a presumption against bail. The Bail Act currently provides a whole host of circumstances in section 10A that will give rise to a presumption against bail. It is only appropriate that that list be broadened to include breaches or extended supervision orders.

It goes without saying then that I support amendments consistent with what the opposition proposed in the other place. I think it is fair to say that the Attorney in the other place indicated that he, too, was sympathetic towards what the opposition were trying the achieve, but agreement could not be reached over the correct set of words to be used.

I understand that over the past weeks discussions between the government, the opposition and Ms Nelson have been ongoing in terms of reaching a suitable compromise with respect to those concerns. I am yet to hear of a final outcome, but I have indicated to the opposition that I am supportive of a suitable compromise. The concerns raised by Ms Nelson are too important to ignore, and I certainly hope they can be addressed appropriately and with bipartisan support. With that, I support the second reading of the bill.

The Hon. K.J. MAHER (Minister for Manufacturing and Innovation, Minister for Automotive Transformation, Minister for Aboriginal Affairs and Reconciliation) (16:34): I thank the Hon. John Darley and other members who have contributed to debate on this bill. The bill creates a new type of order, the extended supervision order. I will refer to these as ESOs. ESOs are designed to place restrictions on certain high risk offenders. By making ESOs available, the Supreme Court will be able to provide for the continued supervision of some high risk offenders beyond the expiry of a new term of imprisonment or parole period. The intention of this legislation is to address future risk and enhance community safety. Under this bill, the Attorney-General will have the power to apply to the Supreme Court for an order so that high-risk offenders may be supervised and subject to conditions.

The government has filed amendments to this bill as a result of discussions with the opposition between the houses. Under the filed amendment, we have created a second type of order, a continued detention order, and the breach of an ESO is no longer a criminal offence. As amended, upon breach of an ESO, a person will be detained in custody and within 12 hours will be brought before the Parole Board. This is the same as applies for a breach of parole. The Parole Board will then determine whether a person should remain at liberty on the ESO or whether they should be detained in custody to be brought before the Supreme Court. We have then given the Supreme Court the power to either order that the person be released again on an ESO or that the person be detained for the remaining length of their ESO or part of it under the new order called a continued detention order.

Under this amendment, we have created a continued detention order and provided that it is the Supreme Court who will determine whether a person will be eventually released again on the ESO or whether they spend time in custody on the continued detention order. However, the amendment as drafted gives the Parole Board the power to determine at first instance whether the person is at a risk to the community and whether they should be released again on the ESO. The Parole Board has the power to order that the person be detained for a longer period to be brought before the Supreme Court and also is entitled to make submissions to the Supreme Court about the continued detention of the person. The Presiding Member of the Parole Board has expressed support for these amendments and we thank the opposition for their support of these amendments.

During debate in the other house, the opposition sought updated figures concerning the number of offenders who may be captured by this reform. As explained, I am advised, during briefings with the opposition, whilst there may be a large number of offenders who could potentially be subjected to an ESO, the intention of this legislation is to protect community safety and address

future risk. Therefore, whilst it is important to target those serious offenders, an important element of this reform is to determine their risk of reoffending.

It is anticipated that an application for an ESO would be made based upon the advice of the Parole Board and Department for Correctional Services. The need to consider future risk also means the list of matters to be considered by the court, including an expert report, is vital. I reiterate that the government anticipates that these orders would be used sparingly. We appreciate the seriousness of extending the supervision of an offender who has completed their sentence, and it will only be in cases where there is a real risk to public safety that such applications will be made.

With that in mind, I provide an update of figures provided by the Department for Correctional Services. I turn firstly to violent offenders. The Department for Correctional Services undertook an analysis of prisoners who were released into the community between 20 April 2014 and 19 April 2015. The department further refined their analysis to match the criteria of the bill and, in doing so, they now consider that over that 12-month period there were 370 violent offenders who could potentially be the subject of an application for an ESO. Of these 373 offenders, 26 were female.

Furthermore, of these 373 offenders, 109 were sentenced to less than 12 months and therefore there was no non-parole period. Of the remaining 265 offenders with a non-parole period, 15 did not apply for any parole and served out their entire sentence, meaning they were released into the community unsupervised. This means that, during that period of time, 5.6 per cent were released unsupervised.

I now turn to serious sex offenders. The Department for Correctional Services undertook an analysis of prisoners who were released into the community between those dates, 20 April 2014 and 19 April 2015. The department further refined their analysis to match the criteria of the bill and, in doing so, they now consider that over that 12-month period there were 96 serious sex offenders who could potentially be the subject of an application for an ESO. None of those were female.

Furthermore, of these 96 offenders, only three were sentenced to less than 12 months and therefore were not subject to a non-parole period. Of the remaining 93 offenders with a non-parole period, 17 did not apply for parole and served out their entire sentence, meaning they were released into the community unsupervised. This means, during that period of time, just over 18 per cent were released unsupervised, justifying the proposal in this bill to give the Supreme Court the power to order extended supervision. Again, I thank those members who have contributed to the debate on this bill.

Bill read a second time.

WATER INDUSTRY (THIRD PARTY ACCESS) AMENDMENT BILL

Second Reading

Adjourned debate on second reading.

(Continued from 5 May 2015.)

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (16:40): I would like to thank honourable members for their consideration of the bill and for their contributions. As I have said in this place previously, this bill is an important step in the water industry reforms that this government has progressed since the release of the state's water security plan, Water for Good, in 2009.

The government is committed to the reform of its water industry to encourage the development of a more mature market with greater competition. The access regime set out in the bill is proportionate, we believe, to the water industry that it intends to reform. I would like to thank the honourable members who have indicated their support in principle for this bill.

The Hon. Michelle Lensink has queried the proposed scope of the access regime. The regime has received extensive public consultation throughout the preparation of Water for Good and this bill. The scope of access regimes in Australia have been the subject of two Productivity Commission inquiries. The Productivity Commission recently stated in its review of the National Access Regime that:

> Greater private sector involvement in the contestable elements of the urban water supply chain (potentially bulk water services, wastewater treatment and discharge services, and retail services) may mean that access to the natural monopoly component of the supply chain (water, wastewater and stormwater transmission and distribution networks) is required.

The explanatory memorandum that accompanied the consultation draft of this bill identified these services as within the scope of the access regime. The proposed access regime will initially apply to SA Water's bulk drinking water pipelines and the Glenelg to Adelaide recycled water pipeline. This is because the upstream market for bulk water is far more fully developed, taking into account the market for River Murray water entitlements and technological advances in water production.

The scope of assets outlined in the explanatory memorandum is appropriate for the South Australian water market in its current stage of development. Importantly, the bill also requires that ESCOSA provide an annual report and a periodic review so that the regime can be adjusted when the developing market matures.

The Hon. Michelle Lensink also queried the adoption of a light-handed negotiate/arbitrate regime for the pricing principles as provided by the national competition principles rather than a more heavy-handed price regulation by ESCOSA. This query implies that SA Water would be likely to set unreasonable prices as part of the negotiate/arbitrate process. The Productivity Commission, in its recent inquiry into the National Access Regime noted that:

> The Commission has previously concluded that the misuse of market power is not a large problem in the urban water sector (PC 2011a). While the potential misuse of market power has led to high levels of government direction and regulation of prices, the potential for monopoly pricing is considered to be small if utilities are government owned and if governments are committed to efficient pricing and establishing good governance arrangements and processes (PC 2011a).

The South Australian government is committed to good governance arrangements and processes and believes that it has established sufficient pricing protection. The access regime in this bill is designed to comply with the national competition principles and to provide an effective access regime under the Competition and Consumer Act 2010. The bill also clearly maintains the current legislative and regulatory frameworks for public health, environment and safety.

In her comments on this bill, the Hon. Michelle Lensink also claimed that SA Water was so intransigent that the Salisbury council had to install its own pipe network system to service customers. Government policy prevents recycled water from being injected into the drinking water pipes, and this will continue to be our position.

In addition, the quality of water produced at Salisbury does not meet drinking water requirements specified under the Safe Drinking Water Act 2011. This government makes no apology for placing the health and safety of South Australians as our primary consideration in this legislation. This bill encourages private sector participation in the water industry in this state whilst retaining the current protections for the safety and security of the state's water supply.

The Hon. Tammy Franks, the Hon. John Darley and the Hon. Kelly Vincent have also raised a number of matters in relation to this legislation. The first matter relates to whether the bill imposes additional costs on SA Water and its customers and the impact on customer prices of this bill. These questions were also raised by the South Australian Council of Social Services, who suggested detailed modelling should be undertaken before an access regime is implemented at all.

The bill contains provisions relating to costs. Under section 86G, the regulated operator, such as SA Water, may make a reasonable charge for the provision of specific information to access seekers. During commercial negotiation, the regulated operator may notify the access seeker of the terms under which it would provide access or make any alteration or addition to infrastructure. Should arbitration be necessary, the arbitrator must take into account certain principles relating to the recovery of costs and pricing for the provision of access to the regulated operators network infrastructure services. Section 86ZH provides that the costs of an arbitration are to be borne by the parties in proportions to be decided by the arbitrator, should arbitration be necessary.

The bill provides for innovative market outcomes and a regulatory framework that does not discriminate for or against the regulated operator, including SA Water. It is not the government's

expectation that this bill would have a significant price impact on SA Water's small customers. The government is committed to limiting cost of living impacts on South Australians.

The government recently rejected recommendations by ESCOSA of pricing reforms for SA Water's retail water and sewerage services because they would unduly impact on small customers. The same intention is evident in the government's preferred approach of a light-handed regulatory approach. The government is very confident that the bill will not have a significant price impact on the broader SA Water customer base.

In relation to the modelling requested by SACOSS, I am advised that this is not possible because it would be difficult to establish numeric assumptions regarding the nature of these future access arrangements. Nevertheless, the impact of access arrangements on SA Water prices has been examined in general. SA Water would be expected to establish contracts for access to its network infrastructure services on the basis of retail prices minus avoidable costs that SA Water, as the access provider, could avoid.

There may be, for example, costs that SA Water could avoid by not supplying existing customers. The system of rating on abuttal would remain and the treatment of SA Water's current rating on abuttal, or water supply charge, would need to be reviewed in the context of access pricing. For access arrangements that provide retail services to customers that are not currently serviced by SA Water, it would receive additional revenue, which ESCOSA would be expected to recognise and which would provide downward pressure on prices to small customers.

While I consider that the current bill is sufficient, in response to concerns raised by SACOSS and the crossbenchers, I have filed an amendment that should provide further comfort that existing retail customers will not be negatively impacted by new access contracts. The amendment would require the arbitrator to take into account any direction that I give to SA Water under section 6 of the Public Corporations Act 1993. These directions currently include non-commercial activities performed by SA Water, such as fluoridation and statewide pricing. It is my intention to provide SA Water with a direction regarding the basis for negotiating access prices with an access seeker, which would include retail minus avoidable costs.

Through the current regulatory framework, the government will also have the ability to ensure that this bill does not impact prices for small retail customers, as well as ensure that there continues to be adequate arrangements for concessions and community service obligations. Again, I reiterate that the government is confident that this bill would not have significant adverse price impacts on small customers.

The Hon. Tammy Franks also raised the issue of building additional capacity for third parties and future use of SA Water's spare capacity. Under this bill, SA Water is required to provide the access seeker with specific information about the extent to which SA Water's infrastructure is currently being utilised and the extent to which it would be necessary, or technically and economically feasible, to make alterations and additions to that infrastructure. SA Water can make a reasonable charge for providing this information.

Once the application for access has been received, SA Water must then notify the access seeker about whether they would be prepared to provide access or agree to any alteration or addition and, if so, under what terms. The bill provides for the cost of providing access, including the cost of alterations and additions to be recovered. SA Water would be expected to negotiate and manage its contracts in such a way that it can meet the current and future needs of its customers and provide negotiated access to its network infrastructure services where capacity is not being utilised.

The Hon. Tammy Franks also asked about the failure or financial viability of a third-party access seeker. A water retailer who has access to SA Water's network infrastructure services must first obtain a licence from ESCOSA. This would require ESCOSA to consider a number of matters, including the licensee's ability to meet reasonably foreseeable obligations under contracts for the sale and supply of water or sewerage services.

The water retailer would also be subject to economic regulation by ESCOSA, including service standards and prices. But, under division 6 of the Water Industry Act 2012, the Governor may make a proclamation for ESCOSA to take over the operations of a water retailer if, in ESCOSA's opinion, it is necessary to ensure adequate supply of water or the proper provision of sewerage

services to customers. SA Water's customers would not be liable for any additional cost, I am advised, in this scenario.

The Hon. Tammy Franks also questioned whether this bill would result in unsafe water being put into SA Water's pipelines, a potential cost of spills and water losses. The Hon. John Darley also indicated that had some reservations about maintaining the maintenance of water quality. Under the Safe Drinking Water Act 2011, third-party providers would not be able to put unsafe water into any of SA Water's pipelines. Again, the government's primary consideration is the health and safety of all South Australians, and this bill would maintain the protection of the state's water supply by maintaining the current regulatory framework. An arbitrator cannot set an award that is inconsistent with SA legislation relating to public health, safety and environment.

The government intends to oppose amendments to the bill moved by the Hon. Michelle Lensink that, if successful, would jeopardise the probability of the access regime being recommended as an effective access regime under part IIIA of the commonwealth's Competition and Consumer Act 2010 by the National Competition Council.

I acknowledge support from members for the implementation of many of the measures contained in the bill. I would like to acknowledge in particular the members of the crossbench and the South Australian Council of Social Service in the way they have engaged to resolve their concerns with this bill. I look forward to an interesting committee stage, when no doubt a wide range of views will be expressed. I commend the bill to the council.

Bill read a second time.

Committee Stage

In committee.

Clause 1.

The Hon. T.A. FRANKS: I rise on behalf of the Greens to speak to the amendments I filed previously and indicate to members in this place that I will not be moving those amendments, following negotiations with stakeholders and the minister's office.

The amendments address the concerns raised by stakeholders and, in particular, SACOSS. With regard to amendment No. 1, it addresses the concern that the third-party access regime would allow for cherrypicking of SA Water's existing customers. Our amendment No. 2 sought to ensure that the arbitration should be conducted through a public participation process to enable consumers to fully scrutinise the implications of any disputed third-party access arrangement. Amendment No. 3 protected commercial confidentiality, and our fourth amendment sought to ensure that the arbitrator gave public notice of the outcome of an arbitration.

As indicated, we have had a number of productive meetings with stakeholders and the minister's office with regard to these amendments. We have also been informed that the Greens' amendments would be contrary to the national competition principles and therefore likely to affect the certification of the access regime as effected under the Competition and Consumer Act 2010.

I would particularly like to thank SACOSS for their contribution to this bill, in particular policy adviser, Jo De Silva, and thank the minister's advisers, Rosanna McClelland, Tara Bates and Tom Mooney, for providing information and clarification upon request.

The Hon. J.M.A. LENSINK: In relation to consultation matters, two sets of stakeholders have contacted me this year in relation to concerns about potentially being covered by the bill. I will invite the minister to comment in relation to the first stakeholder, the Local Government Association, who on 4 May sent me an email to say, in part:

> Following the receipt of legal advice, we understand that Councils will only come within the purview of the Bill if they are subsequently 'proclaimed' to fall within the ambit of the proposed provisions. I am therefore writing to let you know that we are writing to the Hon Minister Hunter to seek his assurance that Councils will not be 'proclaimed' under the new provisions, as the Bill does not make any provisions for exempting local government.

I just ask the minister to comment in relation to the LGA's concerns and whether it is the government's intention to proclaim any of their assets.

The Hon. I.K. HUNTER: I thank the honourable member for her question. It is proposed that the access regime will be fully applied to the bulk water transport services provided by the following SA Water pipelines: Murray Bridge to Onkaparinga systems, Mannum to Adelaide, Swan Reach to Paskeville, Myponga to Adelaide, Morgan to Whyalla, Tailem Bend to Keith, Eyre Peninsula, Glenelg to Adelaide. In relation to the LGA's correspondence and their suggestion there should be consultation prior to the proclamation of the infrastructure services of the proposed bill, this government is happy to commit to undertaking consultation on the proposed proclamations before they are made and, indeed, this is what the government has done in the lead-up to this bill, so we will have no problems with that LGA suggestion at all.

The Hon. J.M.A. LENSINK: In relation to the second group of stakeholders, I understand that BHP Billiton and Santos are similarly concerned that they may also be captured by the bill. I understand that consultation has been taking place through the Minister for Mineral Resources and Energy. Can the minister also comment in relation to what the government's intention is?

The Hon. I.K. HUNTER: The first part of my answer to this is similar to the LGA in terms of listing those systems. In terms of other companies like BHP and Santos it is worth noting this Productivity Commission note on national access regimes; that is, access regulation is unlikely to increase efficiency where the infrastructure services provider has no ability to affect downstream markets, for example, where prices are determined in world commodity markets. Access regulation would need to lead to more efficient outcomes than would be achieved through negotiation between the parties.

So access regulation should not be used to avoid the duplication of infrastructure per se or to address wider social and economic issues such as income distribution or environmental concerns. These observations suggest that the infrastructure services provided by private sector operators, such as those listed by the Hon. Michelle Lensink, in state mining or agricultural sectors, would face world commodity markets every day of the week, and they would be unlikely to be proclaimed under this access regime into the future because it would not meet the requirements of the national access regime.

The Hon. R.L. BROKENSHIRE: I rise to put on the public record Family First's final position regarding this bill because during the second reading speech I said that we supported the intent but we may either table or look at other parties' or colleagues' amendments. Since then we have been able to carefully look at amendments and also have had meetings with the minister's chief of staff and adviser.

We understand that the South Australian Council of Social Service (SACOSS) is now happy with the way in which the government has things structured. We did look at the opposition's amendments, but this is something that we have wanted to see happen for well over a decade, and in fact it goes back closer to two decades now that we actually got some legislation coming through like this.

We now do have that legislation. It may not be perfect according to what some members may desire, but it is a very strong step in the right direction. When we were advised by the government that with some of the opposition's amendments there could be potentially unintended consequences where people with dams or bores on their farming property may have a situation where they would have to actually—

The Hon. J.M.A. Lensink: That is not true, Rob.

The Hon. R.L. BROKENSHIRE: That is the advice that we have had. That actually is of huge concern, because that goes out of the scope criteria and what we were desiring to have when it came to third party access with respect to the water industry. Having considered it, noting the importance of getting on with this and the time that it has taken, notwithstanding that as a caveat we will monitor and watch this and we will not be frightened and we will be asking questions of the minister, if we do not see people being able to access, we will not be frightened then to either put up private members' amendments or request the government put up further amendments. As a strong step forward, all things being considered, Family First will be supporting the government's existing legislation.

The Hon. J.M.A. LENSINK: I was not going to make any more remarks at this particular clause. I was just going to address some comments in relation to particular amendments, but I have to say that, having heard the Hon. Rob Brokenshire's comments just now, I am incredibly disappointed in him as someone who offers and proclaims that he is a champion of people on the land. For him to use the word 'strong' in relation to this regime I find somewhat staggering. If he talked to anybody in the water sector, he would know that this particular regime has been deliberately designed to ensure there is as little competition as possible and therefore those in primary production are unlikely to benefit from third party access as they might have hoped.

I do note from his comments that I think he has succumbed to two issues the government has raised in relation to some of the amendments that I had drafted. One is that farm dams might be captured. I will put that as a question to the minister, if he would not mind tabling some advice that states that. From my understanding, this bill applies only to the definition of 'regulated operators', which are proclaimed under the act. How that applies to a private farm dam is really beyond me and I will have some more questions following the minister's response on this.

The CHAIR: Minister.

The Hon. I.K. HUNTER: I haven't been asked a question; I thought it was coming later.

The Hon. J.M.A. LENSINK: It was a comment, but there was a question in there, which was: is it the minister's advice that my amendments, particularly 1 and 2, could potentially capture farm dams? Will he table the advice or provide some further comments to explain that, please?

The Hon. I.K. HUNTER: My advice is that it is probably the first set of amendments filed by the Hon. Michelle Lensink which had the potential to cover farm dams. I understand this is a second set of amendments that she has filed, changing a provision under clause 1, and my advice is that with the second set of amendments it is unlikely that farm dams will be covered at amendment No. 2.

The Hon. J.M.A. LENSINK: I will just respond and say that neither the first nor the second version would have captured farm dams, because they are not part of the water industry under the Water Industry Act: they are part of the Natural Resources Management Act. I would assume that somebody in crown law or among the many thousands of people who are employed within the government could have pointed that out to the minister. The second set of amendments made that completely and abundantly clear, just in case the government continued to use that to try to fool people, as they seem to have fooled the Hon. Mr Robert Brokenshire into not being able to support this particular amendment.

In relation to certification of the scheme, if I can just draw members' attention to two documents which are COAG documents: one is the Competition Principles Agreement which is dated 11 April 1995 and which is signed by all jurisdictions, and there is a further document, the Competition and Infrastructure Reform Agreement signed 10 February 2006, and I thank the minister's advisers for providing me with that particular document.

In the Competition Principles Agreement 1995 the relevant clause which has been lifted and inserted into the bill is No. 6 entitled 'Access to services provided by means of significant infrastructure facilities' and, in particular, subclause (4)(i) which I understand mirrors 86P(1) of the bill. Further, in the Competition Infrastructure Reform Agreement, the officers drew my attention to 2.4 which falls under the heading 'Simpler and consistent regulation of significant infrastructure'—and most of that is reflected in clause 7 of the bill as well, at 86P(2). I just make those comments.

Again, there has been some fairly deliberate misinformation put about in relation to some of my amendments. Can the minister say what advice he has received from the National Competition Council and whether these specific amendments were brought to their attention in attempting to assess whether the scheme would be certified if my amendments were included in the final legislation?

The Hon. I.K. HUNTER: There are a couple of points. I am grateful to the Hon. Michelle Lensink for further elaborating because she has really made my point for me. The issue about her amendment is simply this: it is not clear what the consequences will be because what her amendment does is to take away the ability of government or parliament to actually determine what will be covered and what will not be covered, and hand it to an unelected body, ESCOSA.

I have already made the point that ESCOSA has pursued before, and possibly will again, some fairly economically devastating policy positions which would impact vulnerable people and vulnerable communities far more than it would impact on anybody else. What the Hon. Michelle Lensink's amendments are trying to do is to take away the ability of government to set the parameters and give it to an unelected body.

The question she asked me earlier about BHP and Santos, about whether I could give a commitment that they are captured, under her amendments I could not give that commitment because I would not have that power—because she wants to hand it to ESCOSA. This is the key crux of her amendments: she wants to take away the ability and hand it to an unelected body that has no consideration or no concern about impacting on community. They take a very narrow, dry, economic window and that is what they pursue. That is fine; that is what they are there for, but it is the government's role and the parliament's role to take into consideration other aspects, and one is the social impact. That is why we are opposing the Hon. Michelle Lensink's amendments.

In terms of whether I had passed her amendments to the National Competition Council for any remarks, the answer is no. I sought my own advice internally about the potential for changes that she has elaborated in these amendments to cause us some difficulty with certification. My advice is that there is that potential. However, the key crux of the matter is this: the Hon. Michelle Lensink's amendments will give power to ESCOSA with no direction from government. It could pursue its own schemes for its own purposes, which is economic efficiency and support that from that perspective, but government would not be able to give a direction—and we oppose that position.

The Hon. J.M.A. LENSINK: I note with interest that ESCOSA are now the bad guys, even though their charter is protection of consumer interests. Nevertheless, I move on. The minister has an amendment himself to one of these principles. Has he also sought advice from the NCC on whether that will have any impact on certification?

The Hon. I.K. HUNTER: My advice is that, of course as we move further and further away from the core principles that have been set out for us to adopt, the risk increases that we may not get certification. My advice is simply that, in terms of the undeveloped market we have at the minute, this amendment that I propose to move at clause 7 should be acceptable. I stand to be corrected if we find out ultimately that it is not certifiable, but our strong view is that it probably will be.

The Hon. J.M.A. LENSINK: I take it then that, no, it has not actually been checked with the NCC, and that the government also cast similar concerns about some of the Greens' amendments as potentially jeopardising certification without having checked. Nevertheless, my final point that I would like to raise at this particular juncture is in relation to certification. From what I understand at the moment through national laws, various parties are able, if they feel aggrieved through competition or lack thereof, to take action through the ACCC or through the National Competition Council, but that once the scheme is certified that avenue is closed off to them. Could the minister comment on that particular matter?

The Hon. I.K. HUNTER: My advice is that the whole process on which we are embarking is actually designed to make sure that the access regime we are instilling in this bill will be complied with, so the national access regime will no longer be available once this regime is in place.

Clause passed.

Clauses 2 to 4 passed.

Clause 5.

The Hon. J.M.A. LENSINK: I move:

Amendment No 1 [Lensink–1]—

Page 3, lines 21 to 24, page 4, lines 1 to 7—Delete subsections (1), (2) and (3)

These amendments arise from ESCOSA's strong view in relation to consultation. Amendments Nos 1 and 2 (No. 2 being at clause 7) relate to the same issue, that is, the scope of assets. ESCOSA—as the minister described them, the unelected body (mind you, the commissioners are all appointed by the government)—said that they clearly believe there was more infrastructure that should be included within the access regime. I will quote from one of their submissions. It stated:

No reasons are given for exclusion of other supply chain elements, other than the suggestion that a 1997 report prepared by Tasman Asia Pacific identified only four elements of the supply chain as meeting the criteria for declaration of assets.

In relation to this, ESCOSA at the time had been critical that the government had not actually released the market analysis. I understand that still has not taken place.

One of the areas that the Liberal Party has advocated before is, for instance, sewer mining, and we believe that ESCOSA ought to be the body that can make the determinations about which assets should be included. As I have said before, they are there to protect consumers and we believe they are the body best placed to make these sort of decisions. I think the government is going to continue without any amendments to this piece of legislation to continue to itself cherrypick which parts of our water and related segments participate in this scheme. Therefore, we think that ESCOSA ought to have a greater scope under this particular regime.

The Hon. I.K. HUNTER: The government opposes amendment No. 1 and I also foreshadow we will oppose amendment No. 2. We will come to that, but they are related. The Hon. Michelle Lensink effectively has made the argument for me in relation to outlining the dangers of cherrypicking, and this is precisely why we oppose these amendments. This amendment proposes to delete the clauses relating to the partial coverage of specified water and sewerage infrastructure services by the access regime.

The bill acknowledges that private sector involvement in the South Australian water industry is at a very early stage. As industry develops, the government and members of parliament should have access to information about market activity, of course. It is for this reason that the bill has included the concept of partial application. This enables parts of the regime, primarily about information to access seekers and the regulator, to be applied to water or sewerage infrastructure operators without more onerous and costly obligations.

The bill proposes that the infrastructure operator would be required to provide specific information to ESCOSA about an access seeker. ESCOSA would be required to report annually to the government on the work which it has carried out during the year. ESCOSA's report would be required to be tabled in parliament. This report will be an important source of information for the government and the parliament to make informed decisions, but the Hon. Michelle Lensink's amendment seeks to remove that partial coverage and apply a much more onerous approach.

We object to that. We think the direction the Hon. Michelle Lensink is taking these amendments does lead very decidedly to the option of cherrypicking by the private sector on assets that SA Water currently operates, which would lead potentially to adverse effects on our customer base, particularly the most vulnerable.

The committee divided on the amendment:

Ayes 8
Noes 11
Majority 3

AYES

Darley, J.A.	Dawkins, J.S.L.	Lee, J.S.
Lensink, J.M.A. (teller)	Lucas, R.I.	McLachlan, A.L.
Stephens, T.J.	Wade, S.G.	

NOES

Brokenshire, R.L.	Finnigan, B.V.	Franks, T.A.
Gago, G.E.	Hood, D.G.E.	Hunter, I.K. (teller)
Kandelaars, G.A.	Maher, K.J.	Ngo, T.T.
Parnell, M.C.	Vincent, K.L.	

PAIRS

Ridgway, D.W.	Gazzola, J.M.

Amendment thus negatived; clause passed.

Clause 6 passed.

Clause 7.

The Hon. J.M.A. LENSINK: The next amendment is consequential to No. 1 so my explanation should suffice, and I will not divide on this one. I move:

Amendment No 3 [Lensink–2]—

Page 5, after line 29—Insert:

86BA—Pricing principles

The pricing principles relating to the price of access under this Part are as follows:

(a) that access prices should be set so as to generate expected revenue that is no more than necessary to meet the efficient costs of providing access;

(b) that access prices should allow multi-part pricing and price discrimination when it aids efficiency;

(c) that access prices should not allow a vertically integrated operator to set terms and conditions that would discriminate in favour of its upstream and downstream operations;

(d) that access prices should provide incentives to reduce costs or otherwise improve productivity.

This is in relation to who should set access prices. This is a key issue in that we strongly believe that ESCOSA should be the price setter. The current process, which is outlined in the bill, for anyone who applies for access is as follows: apply to SA Water and then negotiate with SA Water. If this fails, ask ESCOSA to mediate or, if that fails, ESCOSA can then appoint an arbitrator.

In our view, ESCOSA's role as independent regulator is limited. In its submissions, ESCOSA recommended that it should have the discretion as to whether it sets prices directly. What amendments 3, 7 and 11 standing in my name have the effect of doing is enabling ESCOSA or the access seeker to go to ESCOSA to seek a price rather than undergo this long, convoluted and incredibly expensive and obfuscated process in order to get a price.

In relation to concerns that SACOSS have had which have been expressed to a number of members, myself included, Professor Dick Blandy, in providing evidence to the Budget and Finance Committee, was asked about assets and the like. He made the point that regulators, that is ESCOSA, are not going to cause the utility to have financial difficulties because they recognise that that is not in their interests. He described ESCOSA as a very reasonable body looking at these matters and, 'if I can say so, very professional.' He also said, 'I have huge admiration for the work that ESCOSA did over the time I was there.'

My understanding is that ESCOSA certainly does not have the view that they are there to make life difficult for the utility: they are there to provide fair prices, and that is something that they have fought for very hard. This particular clause is probably the most important one that I have had drafted, and I will be dividing on it.

The Hon. I.K. HUNTER: The government will oppose this clause. It is probably the second most dangerous, I suppose, of the set of amendments that the Hon. Michelle Lensink is moving today. I just want to back pedal a bit and talk about ESCOSA. No-one has made any assertions that ESCOSA are not in the business of looking after the consumer, or protecting consumers, but they do it through a very tight lens of economic efficiency. That is their job. That is our expectation of them. It is not their role to consider social impacts of the decision-making—

The Hon. J.M.A. Lensink: Yes, it is.

The Hon. I.K. HUNTER: That is our role.

The Hon. J.M.A. Lensink: No, that's not true. You read the act.

The Hon. I.K. HUNTER: Social impacts do not come into their purview. This amendment inserts the pricing principles as relating generally to the price of access under this access regime, rather than matters that the arbitrator must take into account when making an award. It is difficult to consider this amendment on its own, so I will refer in part to coming amendment Nos 7, 8 and 11 by the Hon. Michelle Lensink to explain our opposition to this amendment.

This raft of proposed amendments introduce a new untested model, one that perhaps could be described as: negotiate, regulate and then arbitrate. It is an untested model. It is totally new. The South Australian water industry, in our view, should not be the guinea pig for this untested model—

The Hon. J.M.A. Lensink: So is your bill.

The Hon. I.K. HUNTER: No, our model has been tested in other regulatory regimes.

The Hon. J.M.A. Lensink: Yes, and it hasn't been very successful there either.

The Hon. I.K. HUNTER: At least it has been tested and we know where the bumps in the road are to be ironed out. This is a totally new proposition and it is a very risky proposition at that. The negotiate-arbitrate model we are preferring would require SA Water to develop its pricing and access terms and conditions. This would enable SA Water to adopt a retail price, less avoidable cost approach. This approach has been adopted in other states and for other infrastructure services. It is suitable for a retail market that is subject to regulation and with requirements like statewide pricing.

The government, as owner of SA Water, retains the capability under section 6 of the Public Corporations Act to direct, if required, SA Water to adopt this approach. I have already said that that will be our intention. The proposed amendments of the Hon. Michelle Lensink hand the access pricing model decision to the regulator. It is clear from ESCOSA's report on pricing structure that it prefers, from a pure economic perspective, a pricing structure that will have a significant negative impact on the welfare of small and vulnerable customers.

Under the proposed amendment of the Hon. Michelle Lensink, the regulator would have the power to pursue a pure economic approach, and they have done it already. They have done it already, and the government has rejected that approach because it hurts the people that we should be looking after the most.

Proposed amendment No.11, which I said needs to be considered in conjunction with this amendment, would require the regulator to make a price determination in relation to access if a dispute is referred to arbitration. Given that access applications may vary significantly in terms of their number and complexity, this approach to access regulation could come at quite a significant cost to SA Water customers.

The proposed amendment would prevent the arbitrator from having any discretion in relation to price and weighing up the matters that it has to consider in making an award. For these reasons, I strongly urge the committee to oppose this amendment by the Hon. Michelle Lensink and subsequent ones.

The Hon. J.M.A. LENSINK: If I could just respond: my, how the rhetoric changes. When ESCOSA was first set up by former Premier Mike Rann in 2003, I do not think he quite described them as the Eliot Ness of regulation of utilities, but certainly they were going to be a strong regulator. We have seen through the whistleblower comments of Dr Paul Kerin (now Professor Paul Kerin) how the government has managed to hamstring the so-called independent regulator on the pricing of water and sewerage. The minister has referred several times to their particular report.

The evidence we have been provided by former commissioners and the former CEO, Professor Kerin, who I am more inclined to believe, is that they were basically forced into a position where they did not have any ability to make recommendations that would have been much broader. So, I do find some of the comments in relation to this debate rather extraordinary, in that the independent regulator, which has the charter and which has an act of parliament which clearly state that its role is protection of consumers, is suddenly being portrayed as some sort of economic

rationalist in all this debate. I will read some further comments of Professor Blandy who, when asked about third-party access, said:

> Access by competitors is of course...incredibly important…in terms of keeping pressure on prices. So far I think there is very restricted access by competitors on the South Australian water network. A good model of regulation would be for SA Water to provide access to its pipes for anybody who wants to put the water down them to provide for consumers. Of course, if they could do so at a much lower cost than SA Water, this would put real pressure on SA Water in terms of its customer base.

That customer base, of course, includes all the people who are covered by it, including the people SACOSS particularly has concerns about. I just find the way that this debate has been twisted rather extraordinary, but nevertheless we will continue to argue the case.

The committee divided on the amendment:

Ayes 8
Noes..... 11
Majority..... 3

AYES

Darley, J.A.	Dawkins, J.S.L.	Lee, J.S.
Lensink, J.M.A. (teller)	Lucas, R.I.	McLachlan, A.L.
Stephens, T.J.	Wade, S.G.	

NOES

Brokenshire, R.L.	Finnigan, B.V.	Franks, T.A.
Gago, G.E.	Hood, D.G.E.	Hunter, I.K. (teller)
Kandelaars, G.A.	Maher, K.J.	Ngo, T.T.
Parnell, M.C.	Vincent, K.L.	

PAIRS

Ridgway, D.W.	Gazzola, J.M.

Amendment thus negatived.

The Hon. J.M.A. LENSINK: I move:

Amendment No 4 [Lensink–2]—

Page 7, line 18—Delete '$20 000' and substitute '$200,000'

All honourable members in this place will appreciate that I can count the numbers, and I will not be calling 'divide' on any more of these, but I think those two particular issues were very important for us to get on the record. These ones fall into the category of what I would call obfuscation and delaying opportunities. Many honourable members would be familiar with the experience nationally in telecommunications and the way in which Telstra caused undue delay to access to its infrastructure as a way of keeping out competitors such as Optus, and that got dragged on through the courts for some time.

I believe there are many elements of this bill which also fall into that category. This one, in particular, amendment No. 4, is in relation to the information brochure. The new proposed 86F, which will be inserted into the act, provides that the regulated operator must provide a brochure within 30 days and there is a maximum penalty of $20,000, which is kind of not really much of an incentive at all. So for that reason we are proposing that this particular one should be increased to $200,000 as a greater incentive to ensure that that is done in a timely manner.

The Hon. I.K. HUNTER: The government opposes the amendment, notwithstanding the intent of the Hon. Michelle Lensink in this matter, but we need to consider what this might do for a provider who wants to engage at this very early stage in a very undeveloped water market, designing

new systems, testing those systems and having to respond to these requirements. Setting such a heavy penalty at this stage of the legislation and the market is, we consider, far too onerous. It might be something that you will revisit after you do a review of it after a couple of years, but at this stage such a heavy penalty we think is not commensurate with the objective of trying to make this access regime work.

Amendment negatived.

The Hon. J.M.A. LENSINK: I move:

Amendment No 5 [Lensink–2]—

Page 7, after line 42—Insert:

(3) The information must be provided within 30 days (or a longer period allowed by the regulator) after the regulated operator receives the application.

(4) If a regulated operator fails to comply with this section in any respect, the regulated operator is guilty of an offence.

Maximum penalty: $200,000.

Similarly, this relates to proposed 86G which will be inserted into the act, which provides for information that is requested by the access seeker. I note that the government has not introduced either a time limit or a penalty into this particular clause which we think is reasonable to do so. So we have inserted that the time limit for providing that information back to the access seeker be 30 days (which is the same as has been put in 86F) and that a penalty of some $200,000 be applied for failing to do so.

I do note that the 'poor little organisation' that the minister was referring to in his previous explanation was SA Water rather than some sort of small utility. I think even $200,000, it could be argued, is probably not enough incentive for that. But, be that as it may, we believe that this amendment has merit.

The Hon. I.K. HUNTER: Again, we oppose this amendment. In the same manner as amendment No. 4, imposing a penalty of $200,000 at this very undeveloped stage of the water market, when the systems need to be put in place to actually affect these changes in terms of third-party access, we think is putting the cart before the horse. This is something you would do after you have had a review of the act and its efficiency, and if you need to impose these sorts of penalties, that is when you would do it; you would not do it now at the outset.

Amendment negatived.

The Hon. J.M.A. LENSINK: I move:

Amendment No 6 [Lensink–2]—

Page 10, line 20—Delete '6 months' and substitute '3 months'

This amendment relates to the time permitted for arbitration before it is considered not resolved. The advice that I have received in relation to arbitration is that it is better if it is done in a shorter time frame. Again, in relation to the ability for the regulated operator to obfuscate and delay, we believe six months is too long and so we have sought to make that three months.

The Hon. I.K. HUNTER: Again, we are basically taking a model that already works in terms of, I understand, the railway access legislation process. That model has worked; that time frame seems to have been appropriate. We think, at least in the very early stages, we should model that on the previous successful railway access legislation . We do believe three months is too short, again, for the reasons I have stated in relation to the other two amendments. We are just setting this process up. We need to work our way through it. We have a successful model that works with the railway access legislation; let's copy it. We believe that is the appropriate way forward.

Amendment negatived.

The Hon. I.K. HUNTER: I move:

Amendment No 1 [SusEnvCons–1]—

Page 11, after line 33—Insert:

(ia) any direction given to the regulated operator (in the case of a regulated operator that is a public corporation) by its Minister under the Public Corporations Act 1993 that is relevant to the arbitration; and

Whilst I said earlier that I consider this bill sufficient in its current form, in response to some concerns raised by particularly SACOSS and some crossbench legislative councillors, I have moved this amendment that would provide further comfort that existing retail customers will not be impacted by new access contracts.

This amendment would require the arbitrator to take into account any direction that I give to SA Water under section 6 of the Public Corporations Act 1993. These directions currently include non-commercial activities performed by SA Water, such as fluoridation and statewide pricing. It is my intention to provide SA Water with a direction regarding the basis for negotiating access prices with an access seeker, which would include retail minus avoidable costs.

Through the current regulatory framework, the government will also have the ability to ensure this bill does not impact prices for small retail customers, as well as ensuring that there continue to be adequate arrangements for concessions and community service obligations. This government is confident that this bill would not have significant adverse price impacts on small customers. However, this amendment does give extra comfort for those people who continue to have those concerns.

The Hon. J.M.A. LENSINK: I note that this is one of the amendments that the government is making to the pricing principles and has not been checked by the MCC, and therefore under its rationale of opposing other amendments they could potentially ensure that the regime is not certified.

The Liberal Party was going to support some of the Greens' amendments, those ones that would have sought public openness and transparency. We thought they were actually a very good solution and we are very happy to support those, so we are a bit disappointed that those ones are not going to be included.

It is unsurprising that the government prefers that the default position for these hearings should be held privately. I do note that the Greens also had an amendment that if there were commercial in confidence requirements that they should be adhered to. My concern with this particular amendment, which the minister's office only sent to me at 10 minutes to 5 yesterday, knowing that our process is to have things submitted to our own party room by Monday so that they can be considered at 3 o'clock on a Monday afternoon, is that this clause may be much broader than what the government intends to do. My understanding is that the concerns of SACOSS relate to CSOs and that there is nothing really to undo the community service obligations that would come about by the passage of the bill as it is. My concern is that this direction is going to be given, potentially, much more broadly.

My question to the minister is: how broad is this? I do not think there are any restrictions on any matters, so perhaps I am answering my own question, but it really does allow the minister to give directions in relation to any matter. Why did the minister not consider that it could have been drawn more tightly and refer specifically to CSOs or done in some other manner that referred to CSOs so that it directly addressed the concerns raised by SACOSS?

The Hon. I.K. HUNTER: My understanding is that section 6 of the Public Corporations Act gives me incredibly wide powers now. I can give a direction to a public utility such as SA Water in any manner that I consider fit as long as it is not illegal, as I understand it. So, this is actually confining that ability in this respect somewhat more and, as I just said, other than CSOs I would also be intending to provide SA Water with a direction regarding the basis for negotiating access prices with an access seeker, which would include retail minus avoidable costs.

I agree with you: I think that the bill as it stands is sufficient protection, but it has been raised with me that there are further concerns. This amendment, we believe, will give people comfort to understand that directions under CSOs, or the one I just outlined, would be not impacting on our customer base.

The Hon. J.M.A. LENSINK: I think the minister's explanation actually gives me even more cause for concern—having admitted that it is incredibly broad. What this clause is doing is telling the

arbitrator that the minister can give any direction under the Public Corporations Act to SA Water and the arbitrator will have to take that into account. So, Treasury comes along and says, 'We'd like some more money, please, minister,' and the minister makes some sort of thing, as we have been seen done, but I will not digress into the number of areas in which the government has chosen to gouge the pockets of all sorts of consumer groups in South Australia. That is what I can potentially foresee if this amendment is supported. I urge all honourable members to oppose it, and I am sorry to break my previous commitment but I will be calling a division on this one.

The Hon. I.K. HUNTER: Just a slight correction: I did not say this amendment was incredibly broad: I said the existing section 6 legislation under the Public Corporations Act is already incredibly broad, and the things that the Hon. Michelle Lensink just contemplated about Treasury instruction can already be done. This amendment does not impact any of those decisions whatsoever. What it does do is—

The Hon. J.M.A. Lensink interjecting:

The Hon. I.K. HUNTER: —instruct the arbitrator—you are quite right—that we must take into consideration impacts on the most vulnerable community members. I do not think there is anything wrong with that.

The Hon. T.A. FRANKS: The Greens will be supporting the government amendment and welcome it.

The committee divided on the amendment:

Ayes 12
Noes 7
Majority 5

AYES

Brokenshire, R.L.	Darley, J.A.	Finnigan, B.V.
Franks, T.A.	Gago, G.E.	Hood, D.G.E.
Hunter, I.K. (teller)	Kandelaars, G.A.	Maher, K.J.
Ngo, T.T.	Parnell, M.C.	Vincent, K.L.

NOES

Dawkins, J.S.L.	Lee, J.S.	Lensink, J.M.A. (teller)
Lucas, R.I.	McLachlan, A.L.	Stephens, T.J.
Wade, S.G.		

PAIRS

Gazzola, J.M.	Ridgway, D.W.

Amendment thus carried.

The Hon. J.M.A. LENSINK: My next amendment, No. 7, is consequential. I will not move my amendments Nos 8 or 9. I move:

Amendment No 10 [Lensink–2]—

Page 16, line 8—Delete '6 months' and substitute '3 months'

This also applies in relation to my comments on obfuscation and delaying. It seeks to limit the time for arbitration, the period in which the dispute is referred to arbitration, so the relevant new section within the bill is 86ZC, from six months to three months.

The Hon. I.K. HUNTER: The government opposes this amendment, and whilst I might share with the Hon. Michelle Lensink a desire to have an award made within that timeframe I cannot

imagine any arbitrator that I have ever experienced being able to make such a decision in such a complex area with only three months. To have this amendment would make, I believe, the bill unworkable. We oppose it.

Amendment negatived; clause as amended passed.

Remaining clause (8) and title passed.

Bill reported with amendment.

Third Reading

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change) (17:57): I move:

That this bill be now read a third time.

Bill read a third time and passed.

STATUTES AMENDMENT (BOARDS AND COMMITTEES - ABOLITION AND REFORM) BILL

Final Stages

The House of Assembly agreed to the amendments made by the Legislative Council without any amendment.

LOCAL GOVERNMENT (GAWLER PARK LANDS) AMENDMENT BILL

Introduction and First Reading

Received from the House of Assembly and read a first time.

NATURAL GAS AUTHORITY (NOTICE OF WORKS) AMENDMENT BILL

Second Reading

Second reading.

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) (18:00): I move:

That this bill be now read a second time.

I seek leave to have the second reading speech and explanation of clauses inserted into *Hansard* without my reading them.

Leave granted.

The Bill I am introducing today will increase the safety of natural gas pipelines and the security of the natural gas supply in South Australia, by establishing a process for the approval of excavation and similar work near natural gas pipelines.

The purpose of the Bill is to amend the *Natural Gas Authority Act 1967* to require landowners and other parties such as road builders, to give the pipeline owner notice of, and gain consent for, excavation or similar work near natural gas pipelines, to set down grounds that must be satisfied if consent is to be refused and to establish a process for the resolution of disputes if consent is not granted.

The *Natural Gas Authority Act 1967* applies to the Moomba to Adelaide Pipeline and the Katnook Pipeline in the State's South East, which were purchased by Epic Energy from the Pipelines Authority of South Australia in 1995. Before then, the land on which the pipelines were situated had been subject to registered easements which included a requirement for landowners to give notice of, and gain the pipeline owner's consent for work near the pipeline. This was to avoid damaging the pipeline, which could lead to catastrophic explosions, interruptions to the supply of natural gas and other adverse consequences.

The *Natural Gas Authority Act 1967* was amended in 1995 when the pipelines were sold. The amendments extinguished the previous registered easements and replaced them with statutory easements which, however, did not include a requirement for landowners to give notice to, or gain the consent of, the pipeline owner for work near the pipeline.

The Bill amends the statutory easement provisions in the Act by requiring landowners and other parties such as road builders to give the pipeline owner at least 21 days' notice of proposed work in the vicinity of the pipelines. The pipeline owner must, within 14 days of receiving the notice, by notice in writing, consent or object to the proposed

works. This period may be extended by mutual agreement if, for example, the parties negotiate on conditions for consent.

The pipeline owner may not object to the proposed work unless the owner is of the opinion that the work would interfere with the safety or operation of the pipeline or associated equipment, and must set out the reasons for the objection in the notice to the landowner or other party.

The Bill establishes a process for the resolution of disputes if the pipeline owner objects to the proposed work. In that case the pipeline owner must notify the Minister, who may attempt to mediate between the parties in order to arrive at mutually satisfactory terms under which the proposed work may be carried out. The Minister must give the parties notice of his or her decision to mediate within 21 days of receipt of the notice of objection. If such notice is not given, it will be taken that the Minister has decided not to mediate. The Minister may delegate the power to mediate.

If mediation does not occur or does not resolve the dispute, either party may apply to the Warden's Court for a resolution of the dispute. The court may confirm the notice of objection, or revoke the notice of objection and determine terms under which work may be carried out, or remit the matter to the parties for further consideration or make consequential or ancillary orders or impose conditions that the court considers necessary.

The previous registered easements included a provision that the pipeline (which included associated equipment) on the easement remains the property of the pipeline owner. Under the Bill associated equipment (the definition of which has been updated to include telecommunications equipment), not only on the easement, but also on 'outlying land' (adjoining land), remains the property of the pipeline owner.

The previous registered easements provided that work related to the construction, maintenance, repair or replacement of a pipeline may be carried out on land immediately adjacent to the easement, as may reasonably be required by the pipeline owner. The Bill clarifies that such work may be carried out on the outlying land.

The Bill also defines the terms necessary for the effective operation of the amendments.

The Department for State Development has consulted with Epic Energy, the owner of the pipelines, and relevant Government Departments and agencies, all of which indicated their support for the proposal.

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 *Natural Gas Authority Act 1967*

4—Amendment of section 11—Rights conferred by statutory easement

Subclauses (1) and (2) make amendments consequential on the provisions in proposed section 15A. Subclause (3) amends section 11 to clarify that any associated equipment installed on or under the servient land or outlying land for the purposes of the section remains the property of the owner of the pipeline. Subclause (4) amends the definition of associated equipment to include telecommunications equipment.

5—Insertion of section 15A

This clause inserts a new section as follows:

15A—Notice of prescribed works on land subject to statutory easement

The proposed section provides that an owner or occupier of servient land must not carry out or permit the carrying out of prescribed works on or under the servient land without the prior written consent of the owner of the pipeline, with a maximum penalty of $60 000. Owner, occupier and prescribed works are all defined for the purposes of the proposed section.

The proposed section sets out the process by which the owner of the pipeline may consent or object to prescribed works on or under servient land, including:

- that the owner or occupier of servient land must notify the owner of the pipeline of the intention to carry out prescribed works and the nature of the works to be carried out;
- the manner in which the owner of the pipeline may consent or object to the proposed prescribed works by notice. The owner must not object unless of the opinion that the

prescribed works would interfere with the safety or operation of the pipeline or associated equipment;

- a requirement that the owner of the pipeline give notice of an objection to the Minister.

The proposed section also sets out a dispute resolution process including:

- the circumstances in which the Minister may attempt to mediate between the parties;
- the circumstances in which the owner of the pipeline and the owner or occupier of servient land may apply to the Warden's Court for a resolution of a dispute, and the orders that the Court may make on application for resolution of a dispute.

The Minister may delegate to a person a function or power of the Minister under the proposed section.

Debate adjourned on motion of Hon. J.S.L. Dawkins.

At 18:01 the council adjourned until Wednesday 17 June 2015 at 14:15.

Answers to Questions

CONSULTANTS AND CONTRACTORS

67 The Hon. R.I. LUCAS (3 December 2014). (First Session)

1. Were any persons employed or otherwise engaged as a consultant or contractor, in any department or agency reporting to the Minister for Education and Child Development, who had previously received a separation package from the state government; and

2. If so—

(a) What number of persons were employed;

(b) What number were engaged as a consultant; and

(c) What number were engaged as a contractor?

The Hon. I.K. HUNTER (Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change): The Minister for Education and Child Development has received this advice:

The Procurement Unit has advised they were not aware of any person employed or otherwise engaged as a consultant or contractor in the department that has previously received a separation package from the state government within the last three years.