



**DESALINATION PLANT, EYRE PENINSULA
2 December 2009**

Mrs PENFOLD (Flinders) (15:38): I am devastated, once again, to have to raise the awareness of the house to the shortsightedness, ineptitude and wastefulness of SA Water and this government when it comes to providing water for Eyre Peninsula. Yesterday, not the minister or the water commissioner, or even the executive officer of SA Water, but the chief operating officer, John Ringham, put out a media release titled 'Potential sites identified for Eyre Peninsula's desalination', without any indication of the price, quantity or time frames. The government appears to be embarrassed and in hiding, and with good reason. The release stated:

SA Water has identified three potential sites to construct a desalination plant to help provide a secure drinking water supply for Eyre Peninsula.

We have since been told that it should be in place 'at least by 2014'—12 years after the original Eyre Peninsula desalination plant was promised by this government and after millions of dollars have unnecessarily been expended. What a joke!

To add to this extensive, expensive exercise, Mr Ringham said that they have fast-tracked investigations and identified these sites for environmental assessment and further community engagement, adding there is still significant work needed before a final site can be chosen. So, what we actually have is yet another inadequate, shortsighted plan. Forgive me for being cynical, but this is simply more talk, smoke and mirrors, following years of investigations, reports, seminars, plans and audits. Water for Eyre Peninsula—or more specifically concerns about diminishing water resources—has been on the agenda for a long time, and now Poldo, Robinson and some of the southern basins are overdrawn.

In 1998 we had Spencer Regions Water Futures. In 1999 we had the State Water Plan draft for consultation, and in 2000 we had a water allocation plan for the southern basins. In 2001 a water allocation plan was adopted and we had the first interim report of Eyre Peninsula's Water Supply Master Plan. In 2002 a desalination plant for Eyre Peninsula was announced, with the Tod Reservoir pilot plant study. We had the second interim report; a water summit at Wudinna and then the Streaky Bay water supply augmentation project's final report.

In 2003, minister Weatherill told ABC radio that a desalination plant was 'written in blood'. A \$2 million trial desalination plant commenced at Tod Reservoir. There was another water summit, this time in Port Lincoln; and we got the Eyre Peninsula Water Supply Master Plan. The year 2004 gave us the Eyre Peninsula Catchment Report, and in 2005 the government announced \$48.5 million to build a pipeline bringing River Murray water to Eyre Peninsula.

Augmentation fees were charged to Coffin Bay developers without knowing the condition of that basin, and the Public Works Committee's minority report on the Eyre Peninsula water supply upgrade. We then had a feasibility study into Coffin Bay lens, and the Eyre Peninsula Catchment Water Management Plan draft for public consultation. In 2006 we had the water audit for Eyre Peninsula, in 2007 a National Plan for Water Security, and in March yet another water summit in Port Lincoln.

December 2008 gave us SA Water's long-term plan for the Eyre region. This year SA Water announced that it is

working on a water security strategy for Eyre Peninsula. Level 3 water restrictions are applied after being told we would never need water restrictions. SA Water investigates a number of locations that may be suitable for a desalination plant, and South Australia got its Water for Good plan released with great fanfare—all ahead of yesterday's 2.5 gigalitre (\$150 million to \$200 million) Eyre Peninsula desalination announcement.

From what I know (and I do profess to know something about the water situation on the Eyre Peninsula), yesterday's announcement is way too little, way too late. It is just another promise in a long line of broken promises. To add insult to injury, assertions that locating the plant on the Lower Eyre Peninsula will provide the best possible outcome for the whole region is simply rubbish. SA Water's release states that it will provide drinking water. There is certainly no provision for expanding population, agriculture, mining industries or future value-adding of our products.

As Mayor Peter Davis might say, blind Freddy knows that Eyre Peninsula is poised for a mining boom. One could safely assume that we will need just a little more water in the future for new employees and their families, for processing and for value-adding. Of course, you may ask: why on earth would SA Water want to get into the business of making money for the state by providing water for mining industries? Apparently that is not its core business. I scratch my head and wonder.

Here we have a state-owned monopoly that will not even try to build its business and its profits to provide water to the biggest new customers of their product.

Time expired.

Appropriation Bill 2009 - SA Water 2 July 2009

Mrs PENFOLD (Flinders) (16:32): Yesterday, I attended the SA Water estimates hearing where the minister stated, in her very first words:

This state government's number one priority is ensuring that South Australia has sufficient water supplies for future economic and population growth, and this week we outlined a comprehensive plan to guarantee South Australia's future water security to 2050 and beyond.

If water is this government's number one priority, why then has it taken seven years for this Water for Good plan to be developed, and why is the state under level 3 restrictions, the River Murray running dry and Eyre Peninsula's underground resources overdrawn? Currently, 0.8 gigalitres of water is being pumped all the way from the River Murray to Kimba on Eyre Peninsula, with a proposal for this to be increased to 2.3 gigalitres if necessary.

This water is pumped through a \$48.6 million pipeline from Iron Knob, which people on Eyre Peninsula did not want. Frustratingly, this funding could have provided a desalination plant that could have almost doubled the region's current nine gigalitre requirements. A desalination plant for Eyre Peninsula was promised by this Labor government years ago. It would have taken pressure off the underground resource, provided good quality water in place of the substandard product we are currently supplied with and stimulated significant development—all this for less than the cost of pumping, accrued interest and the cost of the pipeline and taking precious water from the extremely stressed Murray River.

I quote the Mayor of Ceduna in today's *West Coast Sentinel*, in an article entitled, 'SA Water needs some common sense', which sums up the feelings of many people on the West Coast of South Australia, as follows:

There is an urgent need for an injection of common sense and private enterprise into the operations of SA Water before more foolish decisions are made.

A read of past press releases from SA Water about 'water security' revealed amazing details. Stage one of the Iron Knob to Kimba pipeline cost about \$50 million and is presently delivering about 800 megalitres of water from the River Murray.

Contrast this with what could have been delivered by private enterprise. The environmentally benign desalination project proposed for Penong would have delivered 1,250 megalitres of water for zero capital investment on the part of SA Water. There are now other potential operations able to deliver a similar amount on the same basis.

Clearly, SA Water is an incredibly slow learner because it is now considering a further expansion to the foolish pipeline to cost 'less than \$50 million' to deliver a further 900 megalitres of water from the dying River Murray. This possible action is a ridiculous blend of environmental vandalism and fundamental stupidity.

While all of the above is proceeding at a pace way below that of a badly wounded tortoise, Eyre Peninsula is enduring unnecessary water restrictions, coupled with an inability to go ahead with desperately needed development, because of the inability of SA Water to supply additional water. While this is happening, SA Water has spent millions on studies which lead nowhere.

To add insult to injury, the rationed water that we are being charged for is barely potable. As an example of this, prior to purchasing water from any other source, SA Water requires that water to have a hardness level of only between 60 and 120, yet supply us with water with a level of 298.

As I suggested in the header for this article, SA Water desperately needs an urgent dose of common sense, which should be provided by private enterprise. Our water security is too important to be left under the exclusive control of a virtual monopoly.

I therefore call on minister Karlene Maywald to intervene to bring some sanity into this process before even more money is wasted.

The Eyre region produces about 40 per cent of the state's grain in a good year and about 65 per cent of the state's seafood, with about 80 per cent of the current mining exploration, but has only about 3 per cent of the state's population. It is very unfortunate for us, therefore, that this government's funding policy is based on population, with little consideration for the wealth that we create.

To justify the fact that regions got so little funding in the recent budget for regional communities, the member for Giles stated in the *Eyre Peninsula Tribune* in her guest editorial today, 'In fact, probably, per head of population, we get more than metropolitan suburbs.' I ask what relevance that observation has in relation to the fact that we are desperately in need of infrastructure and opportunities that populated suburbs take for granted, for example, to bring to fruition the massive mining potential in the region.

In parliament this week I attended the launch of the new Regional Development Australia consultative body that will replace state regional development boards. This move will see the amalgamation of the Eyre Regional Development Board that covers the huge area of Eyre Peninsula with the Whyalla Development Board.

I am concerned that there is little community of interest between the two very different regions, with little benefit for the Eyre region, particularly based on the Labor government's population-based funding policy, where future funding is likely to be population based, not on the need and potential of the region. I do not believe that either board is happy with the amalgamation. Mark Cant, chief executive of the ERDB, said in today's *Port Lincoln Times*:

The biggest risk of having one organisation covering both Eyre Peninsula and Whyalla was the different dynamics in the two areas, with Whyalla's economy being industry based and the Eyre Peninsula's economy being agriculture, fishing and seafood based.

Mr Cant said:

While funding levels are expected to stay the same, the governments were looking at modelling for redistribution of the funding, possibly using population base as part of the formula, which would affect Eyre Peninsula.

The proposed new port and a desalination plant at Whyalla to cater for the needs of BHP's expansion at Olympic Dam are more examples of ill-conceived developments by this government.

The proposed port will be totally inadequate for the new 300,000 to 400,000 tonne ships that are fast becoming the world standard for efficient shifting of cargo, including iron ore, around the world, as they will not have any room to manoeuvre. A long-term view must be taken to upgrade the port and rail infrastructure on Eyre Peninsula to cater for the whole mining industry in the region into the future, and not just BHP.

Instead of a desalination plant at Port Lowly that will not even provide potable water for the Spencer Gulf cities or Eyre Peninsula, and will not provide for the future needs of other mining companies that are coming onstream, a major desalination plant should be placed in a more environmentally sustainable position on the west coast of Eyre Peninsula. This would cater for the needs of Eyre Peninsula, including the new mines in the north and west, and the value adding that we must do to our minerals before we export them.

The BHP environmental impact study is now out for comment by 7 August. I will be making a submission on the desalination proposal in particular, and I urge others who are concerned to do likewise. I was disgusted to read an ABC transcript last year when the Minister for Water Security, in my view, implied that the plant was a done deal. She said:

What the environmental impact statement will do will be identify risks and then you need to put in place the technology and the management to ensure that those risks are managed...so you can ensure that you don't damage the environment with what you're doing...that's what the environmental impact assessment is doing...the impact assessment is actually identifying where there could be problems to ensure that we can put in place the management and the technology.

Then, in answer to David Bevan's interjection, 'But there's no guarantee the desal plant will go ahead,' the minister went on:

The desal plant will go ahead. I believe the desal plant will go ahead. The environmental impact assessment is well and truly under way...the pilot plant is operating up there.

In conclusion, this Labor government cannot keep on making promises that it does not keep or puts so far in the future that nothing is resolved.

As a state, we have had unprecedented income in recent years, together with considerable help from the federal government, that has been squandered and we have little to show for it—certainly, no income-earning assets that will provide future jobs and income for our people. This government must abandon its population-based funding model and recognise that funding must be injected into regional infrastructure projects that leverage real, long-term jobs and growth instead of trams that go nowhere, underpasses that do not work efficiently, opening bridges and gimmicks. The port, rail, road and water assets in regional areas are just not adequate to provide for the expansion of regional industries that this state desperately needs to provide jobs and real export income into the future.

In the time I have left, I wish to put on record the conclusion in the 2008 scientific paper entitled 'Hindcasts of the fate of desalination brine in large inverse estuaries: Spencer Gulf and Gulf St Vincent, South Australia' by Mr Jochen Kampf, Craig Brokensha and Toby Bolton. It states:

A carefully calibrated three-dimensional hydro-dynamic model...was applied to hindcast the planned discharges of desalination brine in South Australian inverse estuaries, Spencer Gulf and Gulf St Vincent.

The far-field study revealed that, owing to slow flushing (>1 year), the upper reaches of the gulfs are the most unsuitable locations for brine discharge. Studies indicate that brine discharge in Upper Spencer Gulf leads to long-term accumulation of discharge water at steady concentrations of 0.3 per cent in the far field (within 20km from the discharge site). Although this concentration seems relatively low, long-term exposure and potential accumulation of pollutants in bed sediment is of ecological concern.

Near-field studies revealed that dilution of discharge of water can substantially weaken in the absence of tidal mixing during dudge tides (which are extremely weak neap tides in these gulfs). In Upper Spencer Gulf, the concentration of discharge water might increase during dudge tides to values >12 per cent with associated salinity changes of >5psu. These calm periods of two to three days in duration occur roughly every two weeks

and are particularly critical in terms of marine impacts. Interestingly, a decrease in dilution during dudge tides was not predicted for the planned brine discharge of Adelaide in Gulf St Vincent. Here, peak concentrations remained relatively steady during the spring-neap tidal cycle at values of 8 per cent and salinity increases of 3psu. This suggests that some discharge locations are more sensitive to dudge tides than others, an interesting feature that remains for thorough exploration in the future.

In agreement with many previous studies...the conclusion of this study is that the choice of location is crucial to minimize marine impacts of seawater desalination. Owing to a sheltered nature and associated slow flushing and given that the marine ecosystems in adjacent marine regions are already under stress...discharge of desalination brine into South Australian gulfs might have severe and irreversible negative impacts on the marine and benthic environments.

EYRE PENINSULA WATER SECURITY

14 May 2009

Mrs PENFOLD (Flinders) (14:54): My question is to the Minister for Water Security. Will the minister advise the house whether water supplies on Eyre Peninsula are safe? According to today's *Port Lincoln Times*, Eyre Peninsula is to be put on level 3 water restrictions, and I have been advised that the region will run out of water by 2012.

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security) (14:55): Is the water in Port Lincoln safe? The answer to that is: water quality in Port Lincoln is safe. There is no doubt that the water is safe.

Members

interjecting:

The SPEAKER: Order!

The Hon. K.A. MAYWALD: What has been announced is that Eyre Peninsula will move to level 3 enhanced restrictions in line with the rest of the state as a consequence of the continuing drought. The natural resource management board has provided information in relation to the impact on the underground water reserves as a consequence of the continuation of the drought, and the government is taking the appropriate action.

Eyre Peninsula will move to the same level of restriction as the rest of the state. As the member well knows, an extensive master planning process was undertaken in relation to the future of Port Lincoln and Eyre Peninsula water security that was launched just recently. She would also be aware that a \$500,000 study into the appropriate location for future desalination is currently underway. More information on that will be made available very soon.

DESALINATION PLANT, EYRE PENINSULA

14 May 2009

Mrs PENFOLD (Flinders) (15:01): My question is again to the Minister for Water Security. Can the minister advise why funding requested by the Eyre Regional Development Board for a plan to assess desalination options for water for the mining industry on Eyre Peninsula were knocked back?

The Eyre Regional Development Board's request for funding was rejected despite looming level 3 water restrictions and water being identified as a priority for the mining industry, particularly Minotaur with its kaolin mine needing three gegalitres, if it is to provide the jobs and economic boost expected by this government.

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security) (15:01): I can assure the member opposite that this government is more than committed to a future which includes mining. I think that is pretty obvious. What the government has also done is commit \$500,000 to an investigation into

desalination on Eyre Peninsula. The Eyre Regional Development Board—

Members

interjecting:

The SPEAKER: The deputy leader and the member for MacKillop!

The Hon. K.A. MAYWALD: The Eyre Regional Development Board requested funding to undertake an investigation into desalination, the work for which SA Water was already undertaking. It seemed silly to do the work twice.

WATERWORKS (RATES) AMENDMENT BILL 13 May 2009

Mrs PENFOLD (Flinders) (16:45): While I support this bill, I take the opportunity to once again speak about water and to ask the minister to exempt people living on Eyre Peninsula, who are forced, by necessity, to use water from SA Water, from rates until such time as they are provided with safe, pleasant, drinkable water from a sustainable source, water that is at least equivalent to Adelaide's water supply.

Consumer law states that a product should be fit for purpose and, if it is not, penalties are incurred by the supplier. Goods may be returned with reimbursement given or replacements provided. Discounts are given for poor quality. However, water, which is a necessity for life, that is provided by a monopoly, government-owned business and that should have at least equal consumer protection requirements to private enterprise, provides the vast western region with expensive water that is disgusting, without penalty or compensation to the purchasers.

The rainfall that was so welcome in recent weeks, unfortunately, will not be enough to break the six years of drought suffered in some areas, recharge the overdrawn aquifers across Eyre Peninsula that the region depends upon for its water supplies, or save the Murray River.

Inadequate and very poor quality water is delivered to people living on Eyre Peninsula, who pay considerable money through their rates, considerable augmentation fees and even a levy to help save the River Murray, but continue to be fobbed off by this Labor government.

On 21 August 2002, the then minister for government enterprises stated in parliament, regarding SA Water's Eyre Peninsula master plan, 'There are a series of options in the master plan, including desalination.' Soon after, he announced at a cabinet meeting in Port Lincoln a \$32 million desalination plant for Eyre Peninsula.

Then in 2006, when we still had no desalination plant, the responsible minister at the time, minister Wright, suggested that calcium carbonate could be removed by water softening and keeping the ambient temperature of stored water as low as possible. Quite clearly, the minister had no idea what he was talking about and it is not surprising that he did not last for long in the job.

In September 2006, *The Advertiser* snapped a photo of me 'brandishing a water pipe in front of Premier Rann in question time in parliament' after I asked the Minister for Water Security a question about the scaling in pipes, a problem that was costing farmers thousands of dollars as they constantly needed to be replaced. This was not the first time I had raised this issue. At that time the minister responded:

I will be seeking advice from SA Water on what it is doing and I will bring back to the house and to the member a detailed explanation as to the actions that SA Water is undertaking as a consequence of those issues regarding the blocking of pipes.

In May 2008, I again wrote to the Minister for Water Security, Ms Maywald, and the Minister for Environment and Conservation, Ms Gago, enclosing data with results from water testing from Ceduna and Broken Hill by

DELTAwater Solutions. The Country Water Guideline Value data on that chart showed ideal quantities of each chemical, but there were significant differences between the two water supplies and the guidelines.

Ceduna's water supply had higher mineral and salinity levels, and results indicated that chlorine levels in Ceduna's water supply, of 205 mg/1-ppm, while within the Country Water Guideline Value, were much higher than the 0-70 mg/1-ppm recommended by DELTAwater Solutions.

The minister responded to the data by assuring me that all was okay and within the acceptable levels according to Australian drinking water guidelines, stating:

There is no evidence of adverse health effects for the general population associated with TDS concentrations or hardness present in the water supplied to Ceduna.

Quite clearly, the minister does not have to drink, bathe or clean with the water that Ceduna residents are expected to be grateful for. However, in the same letter the minister did admit that the issue of scaling had been raised and she had 'asked SA Water to investigate options that may assist in the reduction of scaling', which is exactly what she promised to parliament in September 2007.

Finally, in response to yet another question in parliament taken on notice on 25 September 2007 the minister finally tabled her response on 5 June 2008, when she advised:

The groundwater used to supply most of Eyre Peninsula has naturally occurring levels of calcium carbonate that leads to the water being particularly 'hard', and can be associated with scaling of pipes and fittings.

She said that SA Water's investigations indicated that elevated water temperature in customer private pipe systems is the main cause of scaling and that SA Water informed the public that pipe systems needed to be buried greater than 200 millimetres below the surface to reduce the likelihood of water heating.

Again, the minister and her department defer the issue and blame the end user, those people who continue to pay their rates and who bear the cost of piping on properties. Farmers are burying their pipes deeper, but the minister fails to recognise that this is not only an issue on farms and that calcium build-up is occurring directly from water supplied in Ceduna too.

Recently, the Mayor of Ceduna, Alan Suter, again raised the issue of poor quality water being supplied on Upper Eyre Peninsula and wrote an article in the *West Coast Sentinel*. He stated:

Late last year we were supplied with some water test results obtained by a local farmer which caused us to question the quality of water being supplied by SA Water. These results showed extreme hardness and causation of heavy build-up of scale with resultant damage to pipes and fittings like those being experienced by many locals. As a result of this, District Council of Ceduna staff collected samples of water from an off-take on a trunk main and sent these away for analysis by the Australian Water Quality Centre. This centre is a business unit of the South Australian Water Corporation. The results indicate that the water is potable but little more. Some may be able to drink it but the taste makes it unpleasant to do so. The tests clearly showed a further deterioration in the 14 months since the last test and confirmed major problems with the quality of the water.

The results showed extremely high levels of electrical conductivity (1070 uScm) and total dissolved solids (590 mg/L) and total hardness as CaCO₃ of 298 mg/L. Extreme hardness is 170 mg/L, which puts our hardness level off the scale. It is therefore no surprise that we have a lot of trouble lathering up during showers and have to use heavy concentrations of detergents and so on.

The results also confirmed that build up of scale will cause damage to pipes and electrical fittings, which is exactly what we have been putting up with. Hot water systems have a ridiculously short working life using our water. They also show high levels of calcium, manganese and chloride in line with results from previous tests. Even more alarmingly, it appears that the level of hardness has increased quite significantly in the past 14 months and has deteriorated from a poor 220 milligrams per litre to a level of 298 milligrams per litre. If this level keeps growing, we have a major problem. More concerning is the possibility that our overall water quality will

keep worsening.

It is time that SA Water started supplying forthright advice about the water security issue. Is the basin at risk? Why is it that they cannot supply more acceptable water to the Eyre Peninsula? Why are they so incredibly unhelpful in regard to investigating new sources of supply? The above factors make it even more amazing that SA Water are not prepared to properly address proposals to make affordable desalinated water available to Eyre Peninsula. Surely it is time for some real answers to our many questions.

It is not just about the money that people are paying through their rates; it is the time, cost and emotional cost that is taking its toll on people who have experienced up to six years of drought. People are fed up with being treated like idiots.

This is not 'a bit of scaling' and 'a bit of bleaching' as the minister stated when shown items of clothing completely ruined and discoloured when washed in Ceduna. How many times will the minister accept having to continually buy new hot water services, water softeners and household appliances because of 'a bit of scale'?

Has the minister ever had to replace kilometres of pipes so that livestock do not die of thirst? One farmer brought back his elderly father to help and was unable to go to Roxby Downs to take up farm employment to feed his family. Does she have any idea of the time, money and effort that goes into burying pipes deeper and deeper, as per SA Water's recommendations, year after year?

Does she and her departmental advisers recognise the problem that 'deep burying' creates? Farmers cannot easily find leaks, and it is even more difficult to replace pipes when they do block. People in Adelaide would not accept this disgraceful service from their water provider and nor should people on Eyre Peninsula.

We cannot continue to have the SA Water government monopoly holding up growth and development and holding back lifestyle and opportunities. Eyre Peninsula currently uses approximately 9 gigalitres of water annually with 1.4 gigalitres coming from the ailing River Murray through the \$48.5 million pipeline from Iron Knob to Kimba. Until the long-awaited BHP EIS was released, the government proposed that additional water delivered by the extended pipeline would increase by 2.3 gigalitres supplied by the ill-conceived reverse osmosis desalination plant to be built at Point Lowly.

Now we hear that non-potable water is all that will be produced. Even so, I and many others hope it never will be built. There are better locations and better technology that could be used that will not damage the fragile marine ecology of the Upper Spencer Gulf or threaten tourism, fishing and aquaculture industries. Then, apparently as a result of BHP's recent EIS announcement, suddenly we are told on the 4th of this month through ABC Radio by Treasurer Foley that:

The need to build another desalination plant as it relates to the upper Spencer Gulf may not be necessary because we are looking at other options about smaller micro desal for various parts of the peninsula, but we're working through that issue with BHP and will make some announcements in the near future.

This statement was hotly followed by the amazing revelation that the government recently knocked back a request from the Eyre Regional Development Board for funding of \$85,000 to look at the provision of water for mining in the region—a region that is set to host 80 per cent of the state's mining exploration. Our state and our nation needs this economic stimulus.

If it were not so serious, the to-ing and fro-ing of the water supply to rate-paying customers and potential future ratepayers on Eyre Peninsula would be laughable. Following this most recent knockback, and all the investigations, consultations and summits, the wasting of millions of dollars, the promises of a desalination plant that were written in blood by one Labor minister in 2003, and being reassured that 'this government never reneges on a promise' by another in 2005, last week the CEO of SA Water gave Eyre Peninsula water ratepayers more amazing revelations at an Australian Israeli Chamber of Commerce address, stating:

...they'll get their desal plant...SA Water has found groundwater supplies are less plentiful than previously believed...we found there was knowledge missing about the sustainability of groundwater—

That is, on Eyre Peninsula. The address also stated:

South Australia has been caught out by being complacent over water supply but was now pursuing a wide ranging strategy involving bigger storage, stormwater projects, recycling and efficiency.

These admissions are much too little and much too late. We need desalination plants, but we need them on Eyre Peninsula in the right places using the right technology and including wind or solar power combined with graphite blocks to ensure stability.

One desalination plant can be placed at Ceduna; though, sadly, it is probably too late now for the original private enterprise plant that was proposed using solar power utilising Cheetham Salt for the provision of filtered water which would use the saline water in its existing salt production operations. A second plant at Elliston could be placed at the existing Poldia basin pumping station where the once seemingly endless freshwater supply is now saline and ruined by over pumping by SA Water.

A third desalination plant is needed at Streaky Bay, where the Robinson Basin has now fallen to the point where incursion from saline water is imminent, if not there already. SA Water is currently pumping water from the almost depleted southern basins to the depleted Robinson Basin. How long do they think they can keep this up? Locals and farmers already believe that some lenses in the Southern Basins are affected now from seawater incursion.

We need new water for jobs and job security. The proposed kaolin mine at Streaky Bay needs 3 gegalitres annually to process its kaolin. Processing of minerals sands is possible as is iron ore processing to produce pellets. The value adding of these minerals will provide jobs for people to live on Eyre Peninsula, secure jobs that ensure our businesses, our schools and our communities can thrive even in times of drought.

This Labor government, the Minister for Water Security and her department, the SA Water government monopoly and its board and CEO are responsible for the depletion of Eyre Peninsula's basins and they have to do something about it as a matter of urgency.

They cannot just sit by and hope and pray for more rain to recharge them. Stop fobbing us off. The SA Water board and the CEO must answer the questions posed by Mayor Suter and others right now and provide Eyre Peninsula with adequate, drinkable water or the responsible minister must resign. In the meantime, the minister should exempt the people of Eyre Peninsula from these rates which they have paid under difficult circumstances for such a very poor product and for such a long time.

WATER SUPPLY 5 June 2008

In reply to **Mrs PENFOLD** (Flinders) (25 September 2007).

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security, Minister for Regional Development, Minister for Small Business, Minister Assisting the Minister for Industry and Trade):

SA Water has provided the following information:

The groundwater used to supply most of Eyre Peninsula has naturally occurring levels of Calcium Carbonate that leads to the water being particularly 'hard', and can be associated with scaling of pipes and fittings.

SA Water undertakes regular monitoring of water quality on Eyre Peninsula. The results of these analyses show that total hardness (measured as calcium carbonate) has dropped in the water supply to Streaky Bay, Ceduna

and Wudinna over the last 10 years.

SA Water's investigations indicate that elevated water temperature in customer private pipe system is the main cause of scaling. The problems generally occur if polyethylene pipe is used to transport water over long distances by private landowners. When polyethylene pipe is used on the ground surface or in shallow trenches (i.e. less than 200mm below the surface) water in non flowing or low flowing situations can absorb large amounts of heat, giving rise to increased scaling and precipitation problems and in extreme circumstances, can block the pipe. Polyethylene storage tanks, particularly if they are a dark colour can also have similar problems.

SA Water has informed the public about this issue through communication with councils, schools and the community across Eyre Peninsula. SA Water recommends that private polyethylene piping be buried greater than 200mm below the surface to reduce the likelihood of water heating.

SA Water is currently working with the community to develop a longer term water plan across the Eyre Peninsula.

**EYRE PENINSULA WATER SUPPLY
27 February 2008**

In reply to **Mrs PENFOLD (Flinders)** (6 February 2007).

Can the Minister for Water Security advise if a privately built desalination plant proposed for Ceduna has been refused permission to run their potable water through the SA Water distribution system?

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security, Minister for Regional Development, Minister for Small Business, Minister Assisting the Minister for Industry and Trade): I am advised that the proponent of a proposed desalination plant near Ceduna has not been refused permission to put their potable water into SA Water's systems.

**SA WATER
21 November 2007**

Mrs PENFOLD (Flinders): I put on record what I perceive to be a serious constraint of trade by SA Water and the state government that is negatively affecting the development of our state. I refer to the promotion of the BHP desalination project at Whyalla over other private developments at Ceduna, Port Augusta and elsewhere.

I drew these issues to the attention of the National Competition Council, which referred them to the National Water Commission. In particular, the issue of access to the pipelines by private desalination companies is still not being facilitated, while the water situation continues to deteriorate in regional South Australia.

I intend, therefore, to complain to the Australian Competition and Consumer Commission, asking it to mount a court action under section 46 of the Trade Practices Act 1974, arguing that SA Water is misusing its market power. I will raise this issue with the ACCC, because I know the negative impact that the SA Water monopoly is having by preventing these developments, and I believe that private companies do not have the time, resources or powers to fully investigate and successfully litigate against this state-owned entity.

Also, SA Water and the state government are so powerful that, despite living in a democracy, I believe that small companies would be frightened to complain for fear of covert retaliation. Accordingly, I have not sought their cooperation in advance in the hope that the ACCC might be able to guarantee them some protection from possible victimisation.

Herewith are some of the concerns that I have raised with the NCC. My electorate of Flinders, like much of regional Australia, is suffering from a severe drought. The need for new water is critical for many communities to survive, let alone do the value-adding and diversification that is so necessary to drought proof them in the future. Last year, the state government appropriated \$300 million from SA Water into general revenue, thus restricting critical infrastructure upgrades and expansion.

SA Water does not allow private companies to access their pipes, thereby preventing private companies from providing desalinated water to regional communities. Two projects—Cynergy at Ceduna and Acquisol at Port Augusta—illustrate the problem. Both companies could provide desalinated water at about the same estimated cost per kilolitre as is charged by SA Water—and at much less than the cost of piping water from the River Murray—but have been unable to gain access to SA Water pipes, despite trying for a number of years. The Cynergy desalination project would replace much of the virtually undrinkable, foul water that is presently reaching this area and clogging pipes solid with calcium. That is costing people thousands of dollars. Stock troughs have to be checked daily in hot weather to ensure that water is getting through, which is another huge cost in fuel and time. It is also keeping people from finding off-farm work, as they cannot leave their properties.

The Acquisol project could take the Upper Spencer Gulf towns of Whyalla, Port Augusta, Port Pirie, and also Kimba, off River Murray water. According to the press release by the Premier of South Australia, Mike Rann, on 17 February 2006, supporting the BHP project, this would 'see vast quantities of water returned to the River Murray—as much as 30 million litres a day'. The Acquisol project offered to provide two gigalitres of water free to the government for two years, yet it was rejected. It could have provided all the water needed. SA Water will not put in a desalination plant itself, nor allow others to do so, except for the desalination plant proposed by BHP at Whyalla, which, even if it gains all the necessary approvals, will not be built until around 2012.

Private projects would already have been built by now if approvals had been forthcoming. The Yorke Peninsula council project at Marion Bay, which did not require access to SA Water pipes, is already up and running. It has been so successful that another one is proposed at Price.

I believe that there is a significant constraint of trade issue in the government's supporting the BHP proposal, complete with confidential MOU, when other more environmentally friendly projects are not being supported. The Minister for Water Security, Karlene Maywald, is quoted in the West Coast Sentinel of 27 September this year as saying:

Our priorities are the [BHP Billiton] desalination project for the top end of the Spencer Gulf, which we have committed to, and the Iron Knob pipeline to bring water from the Murray River to the Eyre Peninsula. We believe those projects are the best placed to provide water to the communities on the peninsula. We are not prepared to put other projects ahead of those, but if they [Cynergy] can make it more attractive for the state then we might reassess the timetable.

Cynergy is asking for nothing more for than access to the pipes, so how can it make it more attractive for the state? This project is totally environmentally friendly, being powered by solar power, with saline waste being used by Cheetham Salt. Cynergy is not asking for funding from the government, nor for it to buy the water—

The SPEAKER: Order!

Mrs PENFOLD: —just to allow it access to the pipes, and it will find its own customers.

Time expired.

WATER SECURITY 16 October 2007

Mrs. PENFOLD (Flinders) : I rise to support our leader's drought motion this afternoon. Our state is lacking rain; however, since the beginning of time, water has been fully recycled and has never run out. It is the most plentiful

commodity on earth, and in South Australia at \$1.07 per kilolitre (that is, per tonne) it is the cheapest product by far that can be delivered to households for all uses. Get any other product delivered by the tonne to your house and compare the cost. People have the right to be supplied with ample clean water. A decent shower and beautiful garden are basic pleasures of life and they should not be denied by the arbitrary and stupid decisions of this government if we consider ourselves to be living in a first world country. Water is the one commodity left that is provided by a government monopoly, and it is the one thing that we have a limited supply of and for which we are paying millions of dollars out of our state taxes to try to reduce its consumption. Now, to my dismay, we are going to bring in water police and start fining people. People are going to be encouraged to dob in their neighbours who will face hefty fines for doing something which should be legal and encouraged—that is, growing a garden. It is good for physical and mental health and it is good for the environment. If we are going to grow more trees and plants to use up the CO₂ in the atmosphere and reduce global warming, we must have more water, not less, and be encouraging everyone to plant more greenery. Water restrictions are totally unacceptable and unnecessary. Open up SA Water to competition and, with wind power, solar power, wave power and hot rocks all available in South Australia, water can be desalinated with little greenhouse effect, no additional cost to taxpayers and no need for a dob-in hotline or water police and fines. Private enterprise would provide all the water needed at little (if any) cost above what we are paying at present and with no threats or intimidation. The cost to the state from not maximising the water supply of our users is enormous, particularly if we are to value-add our commodities and diversify our rural economies to help drought proof them in the future. With the advantage of being easily produced in unlimited quantities, cheaply and readily distributed through existing pipelines, with a small ecological footprint and enormous benefits to the community, why is water targeted for permanent restrictions and requirements that increase its costs and reduce its benefits except that it is the only commodity still provided by a government department? This then must be changed. The tendering out of the maintenance of Adelaide's water infrastructure to a private company proves the point. This part of SA Water's business that was originally making huge losses is now making profits that are going back into general revenue through SA Water.

The government's requiring water tanks for houses is cost-shifting from the least expensive water supply to the most expensive water supply and requiring the homeowners to pay for it. It is like requiring vehicle users to fill their fuel tanks only at service stations charging two to three times the cheapest prices. The cost of housing for individual families is already being significantly increased by the need to provide water tanks. In the country, where freight costs are the highest, and the banks will lend the least, the government through SA Water is also charging massive augmentation fees on top of the usual connection fees and ongoing charges. Private investment into water solutions for South Australia is being ignored by this government and government owned SA Water, and it is costing millions of dollars to all our communities as well as the huge loss of amenity.

Marion Bay on Yorke Peninsula has provided its own desalination plant with the council's assistance despite the government and SA Water's lack of support. However, Cynergy's project at Ceduna, Acquasol's project at Port Augusta, the Solar Oasis project at Whyalla languished at a time when there were millions of dollars in federal funding potentially available that would have helped these projects to reduce the initial costs of the infrastructure and provide new water to these communities, reducing their dependence on the River Murray. Instead, \$48.6 million was spent on a pipe connecting Eyre Peninsula to the ailing River Murray. We had delays of months, even years, to respond adequately to letters; nil cooperation on access to SA Water pipelines; massive augmentation fees imposed on communities and a refusal to build desalination plants, or allow anyone else to do so, using SA Water's—that is, the taxpayers—\$6 billion worth of infrastructure. This seems to be the government standard, all the while taking over \$1 billion out of SA Water into general revenue—that is \$300 million last year alone—and threatening to put up the price of water because we are using too much.

Time expired.

WATER SUPPLY 25 September 2007

Mrs PENFOLD (Flinders): My question is to the Minister for 'Water Insecurity'. Can the minister advise the house what she intends to do to solve the water crisis caused by pipe blockages in the Ceduna, Streaky Bay and Le Hunte districts? The minister visited this severely drought affected region of Eyre Peninsula recently and was advised first-hand how thousands of dollars worth of pipes are being completely blocked by sediment caused from the poor quality of water supplied by SA Water, adding another huge pipe

replacement expense and risk of stock losses that these already stressed farmers do not need.

Members interjecting:

The SPEAKER: Order!

The Hon. K.A. MAYWALD (Minister for Water Security): I did, indeed, visit the Eyre Peninsula and the drought-affected regions on Friday last week. During that visit, I met with the mayor and officers from the council in Ceduna, and I also met with the Eyre Regional Development Board representative, Jane Lowe, who gave a fantastic presentation on the master plan work that is being undertaken on the Thevenard ports and also on the airport upgrade that the council is pursuing. They also spoke to me regarding the issue of water supply to the township of Ceduna and the surrounding districts and, indeed, they did show me a pipe which had a section with significant sediment and blockage. I will be seeking advice from SA Water on what it is doing, and I will bring back to the house and to the member a detailed explanation as to the actions that SA Water is undertaking as a consequence of those issues regarding the blockage of pipes.

Response: 5 June 2008
In reply to **Mrs PENFOLD (Flinders) (25 September 2007).**

The Hon. K.A. MAYWALD (Chaffey—Minister for the River Murray, Minister for Water Security, Minister for Regional Development, Minister for Small Business, Minister Assisting the Minister for Industry and Trade): SA Water has provided the following information:

The groundwater used to supply most of Eyre Peninsula has naturally occurring levels of Calcium Carbonate that leads to the water being particularly 'hard', and can be associated with scaling of pipes and fittings.

SA Water undertakes regular monitoring of water quality on Eyre Peninsula. The results of these analyses show that total hardness (measured as calcium carbonate) has dropped in the water supply to Streaky Bay, Ceduna and Wudinna over the last 10 years.

SA Water's investigations indicate that elevated water temperature in customer private pipe system is the main cause of scaling. The problems generally occur if polyethylene pipe is used to transport water over long distances by private landowners. When polyethylene pipe is used on the ground surface or in shallow trenches (i.e. less than 200mm below the surface) water in non flowing or low flowing situations can absorb large amounts of heat, giving rise to increased scaling and precipitation problems and in extreme circumstances, can block the pipe. Polyethylene storage tanks, particularly if they are a dark colour can also have similar problems.

SA Water has informed the public about this issue through communication with councils, schools and the community across Eyre Peninsula. SA Water recommends that private polyethylene piping be buried greater than 200mm below the surface to reduce the likelihood of water heating.

SA Water is currently working with the community to develop a longer term water plan across the Eyre Peninsula.

DESALINATION 12 September 2007

Mrs PENFOLD (Flinders): Will the Minister for Water Security advise when answers can be expected to letters sent to her dated 6 March and 22 March 2007 from the private company which has been seeking to build a desalination plant in Ceduna since 2005? In 2005 Cynergy Pty Ltd put forward a proposal to SA Water to construct a zero emission renewable energy powered 2.5 megalitres per day desalination plant near Ceduna. Cynergy wrote to the minister after what it called a series of contradictory actions and statements emanating from SA Water, and the minister stated the following on ABC Radio on 13 February 2007:

We are certainly not opposed to a privately funded desalination plant being built using renewable energy. It sounds a terrific option to me, now that the proponent has sought access to SA Water pipes and that detail is being worked through between SA Water, but there is certainly no opposition to the plant going ahead. However, despite receiving an acknowledgment to its letters, the minister has never followed through with a

response, and this opportunity to provide water for Eyre Peninsula is still languishing.
The Hon. K.A. MAYWALD (Minister for Water Security): Yesterday the Premier announced that we were supporting desalination for Eyre Peninsula through the BHP desalination plant.

Members interjecting:

The SPEAKER: Order!

The Hon. K.A. MAYWALD: The Premier announced yesterday that the state government would be supporting two desalination plants in South Australia: one for Adelaide and one for the Upper Spencer Gulf. The project to which the member refers is a private consortium wishing to do a private investment in the state. Those pieces of correspondence to which she refers are being considered, and they will get a response in due course.

DESALINATION PROJECTS

12 September 2007

Mrs PENFOLD (Flinders): My statement that South Australia should already have desalination plants to augment our state's water supplies has been labelled 'ridiculous' today on ABC Radio by the government. However, it is not me who is ridiculous: it is the water decisions made by this inept, expensive and arrogant Labor government which, because of stupidity or ideology, will not make the sensible, inexpensive and environmentally friendly decisions that would have seen desalination plants across regional South Australia. Instead, it has ignored the opportunities that have been offered to it, preferring instead to pray for rain.

The saga at Ceduna calls into question the integrity of the government and the government monopoly, SA Water, and is outlined in the two unanswered letters from Cynergy sent to the Minister for Water Security, which in part

state:

Dear Minister

... on 3 March 2006 we submitted a letter to SA Water's Mr J Ringham seeking approval to 'allow the transportation of Australian Standard compliant, potable water of the desalination plant through SA Water's existing pipeline system in Ceduna's environs.' On 18 April 2006 we submitted a further letter to Mr J Ringham answering questions he raised during a meeting with the proponents of 7 March 2006. This meeting was attended by representatives of the proponents Cynergy Pty Ltd and Lloyd Energy Systems Pty Ltd, Eyre Regional Development Board and the District Council of Ceduna with whom the proponents have executed a Memorandum of Understanding.

This letter responded to three questions raised by Mr Ringham, that is 'What is the expected selling price of water from the facility, what would the price be if daily throughput was increased to say 3 ML per day and were we against SA Water purchasing the water produced'. No further requests for information have been received nor was any response to our letter of 3 March 2006 received until a telephone call on 21 February 2007 and a fourth a letter dated the same day.

Subsequently we wrote to and met with Minister Conlon in his capacity as a member of Cabinet's Major Projects Committee seeking his support for the project to allow the transmission of high quality drinking water from the facility through SA Water's Ceduna distribution system. This action followed advice from Minister Conlon's Chief of Staff that SA Water had informed SA Government Ministers that the proponents were seeking a cash contribution from SA Government and were seeking SA Water to purchase the water produced to allow the project to proceed. This is incorrect and we believed the misinformation had been corrected in a meeting with Minister Conlon on 25 May 2006.

In his letter of 21 February 2007 Mr Ringham writes: 'I wish to confirm that SA Water is at this stage unable to make a commitment to take water from the proposed desalination plant to be sited west of Ceduna.' As noted above, we do not seek water off-take arrangements with SA Water but only access to the Ceduna pipeline distribution in Ceduna and its environs. Thus SA Water has amended our request for its own reasons and still not responded to our original request. We note that other companies have been granted similar access arrangements by SA Water in the past.

In his telephone conversation of 21 February Mr Ringham advised that SA Cabinet's Major Projects Committee had instructed SA Water not to enter into new off-take arrangement for water supply or new desalination facilities

until the outcome of SA Government's application to the National Water Commission for funding for BHP Billiton's Whyalla desalination plant was determined. I am advised that SA Water has commenced negotiations with Tuna Processors at Port Lincoln during the week commencing 26 February 2007 seeking to access their desalination facility. This contradicts SA Water's written advice. . .

Our proposed desalination facility requires no contribution from the SA public purse, uses 100% renewable energy power supply and discharges no brine waste to the local environment. We would expect to commission the facility within 24 months of receiving agreement to access SA Water's Ceduna pipeline system. Thus we are capable of delivering high quality drinking water years before the BHP Whyalla plant could be completed and at a significantly lower delivered cost.

We note that you stated during your radio interview 'that detail is being worked through. . . but there's certainly no opposition to the plant going ahead'. From the actions of SA Water in response to our request of 3 March 2006 to date, I would strongly differ to your public comment. SA Water is certainly not seriously considering our request and may indeed be opposing it. This is demonstrated by its changing our request from a pipeline access request to a water supply proposal in dealing with us as proponents and your ministerial colleagues.

Time expired.

DESALINATION 29 May 2007

Mr WILLIAMS (MacKillop): I am not sure whether I should be directing my questions to the Prime Minister. It seems he is responsible for everything in South Australia. However, I will try my luck again. I direct my question to the Minister for Water Security. Has the government's planning for a desalination plant in Adelaide identified a site, a power source and a proposed capacity for the plant; and, if so, will she inform the house?

The Hon. K.A. MAYWALD (Minister for Water Security): As I have previously said in answer to two questions during this question time, we have a desalination working group which has a terms of reference with a requirement to report to government. Once it has reported, after concluding its investigations—

Mr Williams interjecting:

The Hon. K.A. MAYWALD: Not prematurely—we will bring that information to the house. I assure the shadow minister that, if he has any questions he would like me to ask the PM on his behalf, I would be happy to do it.

Mrs PENFOLD (Flinders): My question is also to the Minister for Water Security. Has the government any plans for building smaller, regional desalination plants to supply the state's major coastal country centres and communities to relieve the demand on River Murray and, if so, how many and where?

The Hon. K.A. MAYWALD: At this stage there are a couple of proposals that private investors are looking at for desalination for small coastal communities. We have a desalination plant operating at Kangaroo Island. There are a number of desalination plants that we considered as a consequence of the current drought as potential options for supplying communities around the Lower Lakes. They have since been ruled out and we are now establishing a pipeline to the community of Clayton. We have a desalination working group that is actually looking at desalination for Adelaide, and we also have significant negotiations being undertaken for—just wait for it—the establishment of the largest desalination plant in the Southern Hemisphere with BHP. BHP requires desalinated water for its expansion at Olympic Dam but, of course, there are a number of country communities that will benefit from this desalination plant should it go ahead. We are looking at a pipeline that we have built at a cost of \$48 million from Iron Knob to Kimba which will enable the desalinated water to actually be distributed to many, many small country towns on the Eyre Peninsula. So, yes, we have lots of plans in the wind.

Mrs PENFOLD: My question is again to the Minister for Water Security. In light of the minister's response, why then will the government not allow private companies to undertake the building and operation of desalination plants to overcome water quality and supply problems on the Eyre Peninsula?

The Hon. P.F. CONLON (Minister for Transport): Unfortunately the member for Flinders rarely is accurate on these subjects. This government does not prevent any private company operating a desalination plant on the Eyre Peninsula.
An honourable member interjecting:

The Hon. P.F. CONLON: Ah, he said what about third party access assets? We heard a very, very confused Leader of the Opposition this morning on FIVEaa. I am not surprised the Leader of the Opposition was not asking questions on his media release today. It was a very, very confused Leader of the Opposition talking about third party access, and said, 'Why don't we allow third party access to the water that we pump out to sea?' Of course, actually we would if someone asked us for it. The issue is how do they get it where they want it; he's very confused about these issues. Let me say it is absolutely clear that we have not prevented any private sector person building—
Mr Hamilton-Smith interjecting:

The Hon. P.F. CONLON: And, of course, the Leader of the Opposition interjects. It has been fun to watch his leadership so far. It is like watching the most slow-motion car crash in the world. The outcome is inevitable even if it is not travelling at the speed we would like. It is absolutely clear that we do not prevent anyone building a desalination plant. What we do not do is give unfair advantages to anyone over anyone else, and I can say we loved your— *Members interjecting:*

The Hon. P.F. CONLON: That's right, we don't give unfair advantages to anyone else. That's right.

EP WATER CRISIS 6 February 2007

Mrs PENFOLD (Flinders): My question is to the minister responsible for SA Water or to the former minister responsible. Can either minister advise if it is true that water from the overdrawn underground basin south of Port Lincoln is being pumped up to Streaky Bay, dechlorinated and used to recharge the overdrawn Robinson underground basin? It has been leaked that the Robinson basin has been so severely overdrawn by SA Water that it has become too saline to be used and has had to be recharged because the new SA Water \$7 million pipeline is too small to provide Streaky Bay with enough water without water from the Robinson basin.

The Hon. K.A. MAYWALD (Minister for Water Security): That is a question that I will take on notice and I will provide advice to the member in regard to that matter.

Mrs PENFOLD: Can Minister for Water Security advise if a privately built desalination plant proposed for Ceduna has been refused permission to run their potable water through the SA Water distribution system? Despite SA Water having overdrawn the Poldas basin, the Uley/Wanilla basin, the Lincoln South basin and now the Robinson basin that provide water for all of Eyre Peninsula, making the water situation critical, a private desalination plant that is powered by renewable energy and has zero waste emissions into the environment is not being given access to SA Water pipes and customers which would significantly reduce the dire water situation on Eyre Peninsula, and the situation will not be helped by the dribble that may one day come from the River Murray through to Kimba.

The Hon. K.A. MAYWALD: Of course, the issue of water supply to the Eyre Peninsula has been an ongoing matter for some time. A pipeline is currently under construction from Iron Knob through to Kimba that will supplement the supply on the Eyre Peninsula. As to any private development, I will take that part of the question on notice and bring back a considered answer to the member.

Mrs PENFOLD: Can the minister advise—

The Hon. M.J. Atkinson: What language is this one in? I can help you.

The SPEAKER: Order!

Mrs PENFOLD: —if it is true that the SA Water assessment of the Robinson basin's capacity to provide 50 per cent of

Streaky Bay's water requirement was incorrect and that the pipeline to supply additional water to the town is inadequate for the purpose?

The Hon. K.A. MAYWALD: Once again, I will take the question on notice.

WATER - EYRE PENINSULA 6 February 2007

Mrs PENFOLD (Flinders): This Labor government's water policy and SA Water's operations are a shambles. Eyre Peninsula is also part of South Australia, and our water supplies, like those of the people using the River Murray water, are also collapsing. I call on the Premier to sack minister Wright, not just shift him from his responsibility for SA Water, and to review the SA Water Board. I demand that he facilitate private enterprise to build a desalination plant at Ceduna, where one is ready to be built, as a matter of urgency. This desalination plant should be followed up immediately with desalination plants at Streaky Bay and Port Lincoln before Eyre Peninsula's water supplies totally collapse.

I have discovered that the overdrawn underground resource south of Port Lincoln, which provides water for most of Eyre Peninsula, has for several months been pumped into the Robinson basin near Streaky Bay. According to SA Water this is 'to improve the condition of the aquifer and increase its long-term viability as a water source for the region'. It is a case of robbing Peter to pay Paul, and the ramifications of pumping chlorinated water from the overdrawn Uley underground basin at Port Lincoln, dechlorinating it and putting it into the overdrawn Robinson underground basin at Streaky Bay beggars belief.

The basins south of Port Lincoln are being drawn down so far by SA Water's pumping that incursions of seawater may not be able to be reversed. This could contaminate the freshwater and render it undrinkable for the people of Eyre Peninsula. In 2003, SA Water spent \$7.8 million on a 65-kilometre pipeline to link Streaky Bay to the main Tod/Ceduna system to deliver 180 megalitres of water a year. This was to take the pressure off Robinson basin while a solution was found for the whole Eyre Peninsula region. The Robinson basin was still expected to provide about 50 per cent of the water required by the town in addition to the Uley water; however, only 10 per cent was able to be drawn from the basin, and obviously even this was too much, necessitating the recharge and a second pipeline to be built. A second pipeline to Streaky Bay is currently being surveyed and the water supply to Wirrulla and Streaky Bay is being alternated to ensure that pressure is intermittently adequate to provide water to the stock along this route. This is a totally inadequate outcome that is causing havoc for users, particularly in this drought time.

In 2006, \$48.6 million was spent by SA Water on a 90 kilometre pipeline between Kimba and Iron Knob to link Eyre Peninsula's water system to the overdrawn River Murray via Whyalla to deliver 1 400 megalitres of water per year. This was designed to take the pressure off the Uley, Lincoln and Poldas basins, but is yet to be completed and will not replace SA Water's current overdraw on their allocation. The Poldas basin, Uley/Wanilla basin, Lincoln South basin and now the Robinson basin are, as a constituent put to me recently, 'totally stuffed'. The Robinson basin SA Water assessment was inaccurate, and the pipeline was inadequate. Worse still, the Eyre Peninsula water assessment was totally inaccurate and the Iron Knob/Kimba pipeline inadequate and inappropriate, bringing, as it does, water 600 kilometres from the River Murray.

The planned private desalination plant at Ceduna would use alternative energy, and there would be no waste into the environment as the salt would be harvested by an existing local salt enterprise. The proposed system is modular and could be duplicated at Streaky Bay and Port Lincoln. Last year, \$281 million from SA Water revenue was put into general revenue and the capital works budget was underspent, despite \$48.5 million being spent on an inadequate pipeline to Kimba. With water so important in the water management by this government so bad, I fear for the future of our whole state.

WATER SUPPLY

16 November 2006

Mrs PENFOLD (Flinders): The comments by the Premier, by various ministers of the Labor government and by Anne Howe, CEO of SA Water, encouraging people to install tanks, implementing severe water restrictions, installing limiting shower heads, cutting shower times, limiting garden watering but not enabling private desalination plants to provide water for everyone, justify examination of SA Water's role in water issues affecting South Australia.

The policy of the government and SA Water in South Australia is, in my view, a shambles. The government-owned SA Water owns and is supposed to manage South Australia's water. Last year the Labor government put \$291.8 million from our water rates back into general state government revenue as a dividend on top of the 30 per cent of net profits in tax.

People have the right to manage with tanks, have drought-resistant gardens or none, and have dribbling showers if they wish. Other people have just as much right to have the pleasure derived from large gardens, using normal shower heads and having a good shower; and even having fountains, spas and pools.

There are several factors that I base this comment on. We are not a third world country. We may be the driest state in the driest continent, but should that make us the most miserable with such a basic commodity as water? It is the community's right to have adequate water supplies at the cheapest cost. Water is unlimited; it covers more than half the earth's surface. Unlike most commodities, it is totally recycled when used.

Modern technology enables unlimited supplies of water to be provided by desalination at a cost that is expected to be under a dollar a kilolitre. Using renewable energy means that insignificant amounts of greenhouse gases are produced. There are well over 7 000 such plants around the world. Stormwater collection and similar methods may be economic in special circumstances. However, they usually require costly collection facilities, large storages and a duplicated supply system, which can be very expensive.

Throughout Australia water is controlled by similar government monopolies to SA Water. Sydney Water is reputed to have spent \$1.5 million trying to prevent private enterprise supplying water to its system. We remember what occurred in the former USSR, now Russia, 20 years ago when there were shortages and people queued for everything. Our market system, for all other commodities, matches supply with demand through price. A shortage increases the price, which makes the greatest supply possible and eliminates the shortage. This cannot happen in South Australia due to the price-setting mechanism plus SA Water's limiting outside supply to its pipeline systems.

SA Water, while still owned by the government, is corporatised and should act like a public company. It pays tax on its profits to the state government of 30 per cent, plus 95 per cent of the balance of the profits to the government as a dividend. Thus, 96.5 per cent of its profits go to the government as general revenue. Public companies normally retain 50 per cent of profits for reinvestment in their businesses, but not SA Water. SA Water in 2005 paid \$291.8 million in dividends to the government, up from \$164.1 million or 77 per cent from the previous year, and decreased capital works expenditure by 42 per cent over the same period. In five years the government has transferred about \$850 million from SA Water to general revenue instead of providing additional water. Last financial year SA Water increased the number of employees earning over \$100 000 by 32 to 98, with the top pay being \$370 999, and a total cost of over \$10 million for just the top managers—more than the cost of wages for all state politicians—and SA Water is now building a new, ecologically friendly office block costing about \$46 million to house them.

For some years SA Water has overdrawn the current underground supplies in my electorate covering Eyre Peninsula. As a result of excessive draw-down, some basins have become saline. This is the risk with excess drawing from the basins now in use south of Port Lincoln, yet the Coffin Bay underground water lens has still not been assessed to see if there is the water to supplement the supply, despite millions of litres flowing into the sea. Instead, SA Water is building a \$48.5 million pipeline to bring River Murray water 470 kilometres through Kimba on Eyre Peninsula, with all its consequent pumping costs. This will supply 1.4 gigalitres. People in South Australia need to consider the future of water supplies. There is considerable—

The DEPUTY SPEAKER: Order! The honourable member's time has expired.

Mrs PENFOLD: —pressure to deny supply of this basic commodity.

SUPPLY BILL (SA Water)
10 May 2006

Mrs PENFOLD (Flinders): As people living in the driest state in the driest nation in the world, I implore South Australians to wake up. Their future development depends on a good quality water supply for all, and our future is being stolen by an incompetent government that is using water as a cash cow and not reinvesting in our future, as it should be. We have the biggest 'Yes Minister' fiasco where no one minister is responsible, and our most valuable resource is at the whim of everyone and no-one. Until last week I could not understand why I could never pin anyone down. Then 'The transparency statement: water and waste water prices in metropolitan and regional Adelaide 2006-07', was tabled in parliament and I understood a major part of the problem for the first time. It is summed up in what is called in the report 'the institutional framework'. It is certainly not a business framework. The document states:

The 1994 COAG strategic framework requires separation of the roles of water resource management, standard setting and regulatory enforcement, and service provision. This separation principle is met through the following institutional arrangements. The Minister for Administrative Services, who is responsible for SA Water providing water and waste water services, brings to cabinet matters relating to water and waste water price setting, including the price setting methodology. The Minister for Environment and Conservation and the Minister for River Murray are responsible for water resource management policy. The Treasurer is responsible for budget deliberations and financial performance monitoring relating to SA Water's functions. The Treasurer, as the minister responsible for ESCOSA, refers water and waste water pricing decisions to ESCOSA. ESCOSA is an independent statutory authority.

I will attempt to explain for members; that is, it is one organisation representing all Australian governments—six states and two territories and one federal government—plus four separate state ministers and all their departments and cabinet plus one independent statutory authority. In addition, there are three public/private service maintenance contracts managed by SA Water. It is a very complex monolith. This organisation is expensive, cumbersome and risk adverse, and could not possibly behave like a business. It is no wonder that the decision making is difficult and slow and not working in the best interests of the state.

There are also the new natural resource management boards and levy—which I have not attempted to put into this water equation—to be considered at some stage. Taxpayers' money should not be wasted by any government, and it is of particular concern that this is happening with the funding that is being paid into SA Water; and not being used by this Labor government for the provision of water and sewerage as the taxpayers believe it is. This is the same problem that was inflicted on ETSA when it was a government controlled but corporatised instrumentality. The funding was siphoned into Labor government coffers to pay State Bank debts and not used to build the businesses, as taxpayers assumed it was. It resulted in the lease of ETSA, which was so run down that it would have cost more money than the government had available to build it up again. However, when it was leased—not sold, as this government would have us believe—this problem was shifted to the private sector to help pay state Labor government debt.

A similar running down and gutting cannot continue to be allowed to happen to water businesses and assets, as water is the basis of our state's economic survival and our children's future. The 1996 United Water 15 year operations and maintenance contract for the management of Adelaide's water and sewerage systems has been working well, but it is drawing to an end with only four to five years to go. The Labor government is such a master of misinformation that many South Australians believe that SA Water was sold. In reality, only parts of it were contracted—some to United Water. United Water has been able to run a successful business and, through export facilitation, grow the water industry related exports for South Australia.

The cost of infrastructure and lack of availability of water in South Australia is holding back business development across the state, particularly in the regions. It is also affecting ordinary people through huge augmentation fees and higher charges to cover services that traditionally have been paid out of government revenue, while SA Water is making \$196 million in profits in the last year alone. It is not sensible or fair that those people who did not get in early now have to pay for water services, particularly when they are often some of the most remotely located and/or first home buyers.

I was most interested to hear Mr Stephen Griffiths (who represents Yorke Peninsula) during his maiden speech say in the case of Stansbury, for the development of 50 allotments the augmentation price per allotment was set at \$10 900. That is on top of SA Water's connection fee. These charges, and others, are causing developers to delay or withdraw altogether from projects across the state. Is it any wonder that we have a housing shortage across regional South Australia that is reaching a critical level? It is one of the reasons that we cannot attract staff to the regions, not only for private enterprise but also government

health, education and police positions. Where there is housing it is often old and substandard compared with what these people can obtain elsewhere.

There is a ripple effect that this government does not or will not understand. This is cost shifting directly to ordinary people from government. However, it is not the only way in which costs that should belong to SA Water are being shifted. Recently, at a local government conference in Adelaide, I was amazed to hear about a deal where the government is allocating a pitiful \$4 million per year (subject to CPI) for 30 years to local governments to alleviate stormwater problems. This will be added to councils' contributions to fund the works and, as I understand it, it is not allowed to be used for the purchase of any land that may be needed or projects under a certain size.

The report that investigated stormwater identified the need for \$160 million worth of projects, and noted that much of the existing infrastructure was built just after the Second World War, making it about 60 years old. Many of these projects will involve the capture of stormwater and reuse, and in the long term will save millions of dollars worth of infrastructure and future water requirements for SA Water. In my view, they should be the responsibility of SA Water. It should have economies of scale and be able to prioritise the work needed across the state. I can envisage that only large, wealthy councils will be able to afford to apply for this funding.

A similar problem is occurring with the small sewerage systems, called STEDs, that are built and managed by councils. In the cities, SA Water manages sewerage. In country regions the councils, and therefore the ratepayers, are responsible. At the current rate of construction, these systems are 30 years behind, and many of those already installed are getting old and need replacement. The demand on council resources to fund the renewal of infrastructure will escalate over the next 10 to 15 years, as a large proportion of the stormwater and STEDs infrastructure is either in relatively poor condition or is totally inadequate.

Because I have been so concerned about this issue and the negative effects on jobs, the environment and the welfare of the people of our state, I spent some time putting together a submission to the National Competition Council, with a request for it to investigate the business practices of SA Water and the state government of South Australia. The council's response advised that it has referred my submission on to the National Water Commission which, under the Intergovernmental Agreement on the National Water Initiative of June 2004, 'has responsibility for managing the implementation of agreed water reforms'. I suspect that the issues relating to the Murray River will be dealt with first and, in the meantime, a disaster for our state is unfolding with the negative impact on our future caused by SA Water. We cannot afford to wait a moment longer to get changes made.

SA Water is corporatised and should be behaving like a normal private company, but that is not possible because of the institutional framework which, in my view, must be changed as quickly as possible. Currently, SA Water, as an arm of the government of the state of South Australia, is failing to deliver the water and sewerage services as required by legislation and its charter. A major cause of this dilemma is the pressure from the Treasurer and the government to extract as much money as possible from this monopoly for other purposes. Last year, the net profit after income for the year ended 30 June 2005 was \$196 million, with a dividend then paid to the state government of \$155 million, that is, 78.8 per cent. According to the Auditor-General's Report, this will increase to 95 per cent in 2005-06, leaving SA Water unable to fund the programs it may in fact want to deliver.

I believe SA Water and the government of the state of South Australia are breaching the competition provisions of the commonwealth Trade Practices Act by restricting competition through the use of their monopoly position to prevent new entrants, except on the terms they set. Adequate supplies of potable water at minimum cost and the safe disposal of effluent are two of the major issues of our time. However, they are not currently being dealt with in an optimum manner in South Australia. I understand that a similar problem has been dealt with in New South Wales and a similar solution may be applicable to South Australia.

I contend that SA Water exists as a government monopoly being used to raise revenue for the state government and is not fulfilling its charter. This negatively impacts on private companies wishing to enter the water industry in South Australia. Companies looking to supply communities that SA Water does not service, or where SA Water service is inadequate because of flow, quality and the cost of those services, are being excluded from entering the market. This monopoly impacts negatively on businesses, individuals and whole communities that receive overpriced and often inadequate water supplies and sewerage services.

The SA Water Statement of Cash Flow on page 68 of the annual report states that the dividend of \$165.1 million and tax equivalent payments of \$82.6 million flow from SA Water to the state government from receipts collected from customers of \$632.2 million. That equates to 39.1 per cent, which means that, for every dollar of SA Water revenue taken from the state's

population, the government is taking 39¢ into general revenue. That only leaves 61 per cent to operate its core business, that is, to supply water and sewerage services to the people of South Australia.

The 2005 Auditor-General's Report, under 'New Financial Ownership Framework', states that there will be a dividend payout ratio of 95 per cent based on the after-tax profit of SA Water. Also of concern is the mention of a revised community service obligation agreement (CSO), which I suspect means even less will be provided by SA Water for regions outside Adelaide. That creates a round robin situation. While the CSO is paid to SA Water, apparently out of dividends paid to the government from SA Water, this is later clawed back to the extent of the tax and the dividend, and returns to the government. This will be exacerbated if dividends are increased to 95 per cent of profits.

SA Water operations and costs are not transparent, and it will not disclose the cost of supply of water (on Eyre Peninsula, anyway) on the ground of 'commercial in confidence'. Therefore, scrutiny and assessment, and the potential for competitive delivery of cheaper water by private enterprise, are prevented. This also prevents any assessment of the application of the CSO to this area.

SA Water has decreased its expenditure on infrastructure from \$174 million to \$105 million over the last two years, just when the claimed need for more water has increased and water-saving legislation is in place, with penalties. It is the South Australian government's policy to reduce water consumption in South Australia by 20 per cent, and that is reflected in expenditure. That would not be the policy of any commercial operation which would seek to satisfy demand and increase the production of water, not decrease it. SA Water practice, despite its charter stating that 'All operations of the corporation are commercial operations', fails dismally as a commercial business.

The state government, in May 2005, announced an extension of the Morgan-Whyalla River Murray pipeline from Iron Knob to Kimba, a distance of 90 kilometres at a cost of \$48.5 million. That was not all new money: \$25 million of that amount was from a failed commitment to put a desalination plant at the Todd Reservoir. The extended pipeline had an initial 1.4 gegalitres, and even the proposed increase to 2.3 gegalitres at some future time will not bring sufficient additional water to remove existing restrictions on Eyre Peninsula. Since the advent of the Eyre Peninsula Catchment Water Management Board, SA Water was given an overdraw allowance of 5 per cent from the Uley basin on Eyre Peninsula in 2004-05 and has requested more water for 2005-06. SA Water has undertaken to 'repay' this water at some time in the future. The pipeline water comes from the River Murray which, according to extensive and repeated publicity, is already over-utilised. Water distribution will have to be reversed at an additional cost. Currently, it runs south from Port Lincoln and north to Kimba.

The alternative of a privately financed and operated desalination plant at Ceduna, using the existing reticulation system, which could supply ample water to western Eyre Peninsula, was not canvassed as a permanent solution. We now have mines up there that will require 10 gegalitres or more. The government did announce a possible desalination plant that might be built near Whyalla for BHP Billiton at some time in the future. In my opinion, the cost of supply from the Murray pumped to Whyalla and the new pipeline would be considerably greater, when all costs of operating and financing are taken into account, than a commercial desalination plant at Ceduna. If the desalination plant was in Ceduna instead of the possible BHP Billiton facility in Whyalla, a better result would be achieved without the pipeline being necessary. Is this a government-dictated policy based on an agenda outside SA Water's charter? Once built, the fixed costs are effectively permanent, as the scrap value would be minimal.

The government is requiring water tanks on every new house. This is again cost shifting to ordinary people and a high cost, ineffective solution to future water shortages in a Mediterranean climate where it rains when your tank is full and is dry when your tank is empty. The water could be readily supplied by desalination at a considerably lower cost. Waterproofing Adelaide states that tank water costs \$5.40 per kilolitre versus indicative pricing on desalination of possibly less than \$2 per kilolitre. The combination of SA Water not investing in new and unlimited water resources using wind power or allowing private enterprise to supply, combined with government policy, is distorting the market and preventing the introduction of lower-cost solutions.

The tanks are effectively a tax on new home owners, with SA Water policy being closely aligned to government policy. SA Water takes water from underground resources without charge or consideration, while other potential commercial businesses are denied access to the same resources even if they were prepared to pay an access fee. SA Water is effectively acting as a government monopoly, supported by the state government as a community service, yet selects where it will operate and the terms and conditions of operation. This is illustrated by the water supply west of Ceduna provided by the community and Ceduna council, with some grant funding for the original infrastructure, but there were no concessions for the purchase of bulk water.

There is also the situation at Port Kenny and Venus Bay where the community and the Elliston council are expected to pay for new water supplies. The Labor government and SA Water treat customers differently depending on where they live which, because of SA Water's monopoly position, it gets away with. Ceduna, in particular, has had to put up with burst water pipes and poor quality water that would not have been allowed to persist in metropolitan Adelaide. The new marina development in Ceduna has, I believe, attracted around \$2 million in SA Water augmentation fees, despite no houses yet built and no additional water being supplied to the area, with the existing water supply being of very poor quality.

The state government has accepted financial windfalls from sewer charges due to rising property values and the amalgamation of property values without any recompense to customers or changes to pricing. I agree with Mr Baddams, who stated in his letter to me:

My properties are assessed on total value, including adjoining land. This makes no logical sense at all. How does the extent and value of my land have any effect on the sewerage system connected to my house?

At present, SA Water, despite its charter, does not attempt to supply all South Australians with water or sewerage systems.

Time expired.

PUBLIC WORKS COMMITTEE: EYRE PENINSULA WATER SUPPLY UPGRADE 14 September 2005

This report to parliament followed the committee hearing on 29th June - see Liz's submission to the committee on [Reports](#) page. Liz's speech below also Mark Brindal's (committee member).

Mr CAICA (Colton): I move:

That the 217th report of the committee, on the Eyre Peninsula water supply upgrade, be noted.

Eyre Peninsula's water supply system is insufficient to supply existing townships or allow for further development. This project provides the most cost-effective solution to allow existing and future residents to secure a water supply of improved quality. SA Water proposes to construct a new interconnection pipeline by February 2007 between the Morgan-Whyalla pipeline system and the Eyre Peninsula water supply distribution system at an estimated cost of \$48.5 million. The annual recurrent costs will be \$1.1 million. The proposal comprises a new ductile iron concrete lined 375 millimetre pipeline from Iron Knob to Kimba, a pump station at Iron Knob to boost flow from the Iron Knob tank, a booster disinfection station at the new pumping station at Iron Knob and another at Knotts Hill storage in the existing Eyre Peninsula system. In addition, booster pumps will be required in the existing line between Kimba and Lock to ensure that existing customers are not affected. Water will be transferred through the new pipeline to Kimba—1.4 gegalitres a year in stage 1 and a total of 2.3 gegalitres a year in stage 2—by duplicating a section of the existing pipeline between Kimba and Lock.

Desalination of brackish surface water diverted from the Tod catchment to Tod Reservoir was once the preferred option. However, significant changes were necessary, and this altered the cost relativity and the alternatives. Interconnection with the Morgan-Whyalla pipeline system is now the least cost option. All viable options have been evaluated on the basis of scope and requirements to meet an ultimate capacity of 2.3 gegalitres of water a year to the Eyre Peninsula. This capacity also allows flexibility to meet demand, should growth be greater than forecast. The committee was told that the proposal is the most cost effective option and has a number of advantages over the Tod desalination alternative. Connection to the Morgan-Whyalla pipeline has the lowest power consumption and, therefore, the least environmental impact from greenhouse gas emissions. Also, there is no waste discharge stream and no EPA licence requirement. Consequently, there is no risk of impact on the marine environment or the valuable aquaculture industry, which is an important part of the state and regional economies.

The proposal offers more certainty for long-term growth needs and protection of ground water resources because augmenting booster pumping requires lower capital investment than increasing the capacity of desalination options. The proposal may also enable increased environmental flows to the downstream wetlands and/or the use of the Tod catchment water to support economic development within the region. Finally, the operational risks with a pipeline are significantly less than for a

desalination plant and reliability is inherently higher. In the short term, SA Water will increase its licence holding for extractions from the River Murray. However, it intends to purchase additional licences from interstate users, who will cease to extract water from the River Murray. This water will be utilised for Eyre Peninsula with an environmental benefit, because the water will flow further down the Murray River prior to extraction.

Following the development of additional water resources, SA Water will replace the existing water restrictions on the Eyre Peninsula with the measures that apply elsewhere in the state. The benefits of the project are expected to be:

- ×improved water quality and reduced restrictions within the Eyre Peninsula townships;
- ×reduced impact upon the environment;
- ×community acceptance in terms of affordability and quality;
- ×reduced pressure on the ground water basins; and
- ×the preservation of horticultural and agricultural activities with associated benefits to small business in the community.

The project has a net present value loss of \$38.3 million on the entire community. The next cheapest option exceeds the preferred solution by more than \$20 million.

It has been suggested to the committee that the proposal does not meet the needs of the area—in particular, that it lacks vision—and South Australia should be looking to MVC desalination plants at Ceduna and Port Lincoln to create new water instead of continuing to rely upon the River Murray and the area's underground basins. A desalination plant at Ceduna could utilise the new graphite block technology that would be of benefit to the state. It has also been suggested that the proposal will not provide sufficient additional water to enable population growth and new economic development to occur and will be more expensive to upgrade. These points have been rebutted by SA Water. The agency has advised that:

- ×the projections for future demand for water in the Eyre Peninsula water supply considered population growth and the known potential economic developments;
- ×the pipeline is able to have its pumping capacity expanded in future years beyond the expected upper limit of need by installing additional inter-stage booster pumps and add-on surge protection;
- ×the MVC desalination process is still at the pilot trial stage in Australia and presents a clear process risk. There are also significant approval, cost and location issues that will require significant time to resolve, which will require further stress upon the ground water basins; and
- ×there is no cheap waste heat source close to the SA Water networks and systems that could be exploited for a possible MVC process.

On the balance of the evidence available to it, the committee is not convinced that a desalination plant at Ceduna is a better solution to the current water supply problems on Eyre Peninsula than the proposed pipeline. In reaching this conclusion, the committee recognises that there is increasing pressure upon the state's water supplies and that new and cost-effective solutions to this problem should be explored. Therefore, the committee recommends to the minister that consideration be given to assessing:

- ×the viability, cost and potential locations of desalination plants in South Australia as economic means of increasing the supply of potable water in the state; and
- ×the benefits, if any, of the MVC desalination process and improved graphite block technology, and the most suitable locations in South Australia for their use.

Pursuant to section 12C of the Parliamentary Committees Act 1991, the Public Works Committee reports to parliament that it

recommends the proposed public work.

Mr BRINDAL (Unley): It is with very heavy heart that I follow the member for Colton, whom I respect on many matters, but twice today the member for Schubert and I have been forced to disagree with him. This is not so much a disagreement with the member for Colton nor with members of the parliamentary committee that we all serve on but, rather, a fairly trenchant criticism of a government instrumentality that came and presented to us in this submission.

I commend to all members the rather stunning dissenting member's report that is, I think, 13 pages long, so I will not have time to completely canvass it here. However, I will just point out the following. It is to substitute water from the Tod River for water from the River Murray, very much akin to saying that the Tod River is like a terminally ill patient who is going to die tomorrow so there is not much more blood we can get out of that patient, so we will transfer this to an equally terminal patient, but one who might have 20 or 30 years, so we will worry about it later.

They do say, and I will not be unfair to them, that they are going to get that water by buying it commercially upstream, and I hope that there is more veracity in that statement than there was when I as minister and the then Leader of the Opposition as Deputy Premier committed to using the same methodology to buy water for the Clare Valley scheme, only to have this same department tell us afterwards—I am not sure for what reason: we did not put it in writing, or something, or we did not tell them, we just told the public of South Australia, the result being that they just went and drew more water from the river by drawing down on the allocated portion of the country towns licence, something that I am ashamed of for myself because, if I had known that as minister, I would have issued an instruction. I am quite sure that the now Leader of the Opposition would have done the same. We committed a government to not drawing any more water from the River Murray and a department chose additional profits and did exactly that.

Many of the arguments put forward by SA Water have no substance. The part that the EPA played worried me. SA Water decided to trial some things and, after spending a lot of money and time (and the men for Flinders will speak about this), almost two years, at the end of that process, whoopy-do, we cannot do it because of all the problems that the EPA saw.

I invite members to read the dissenting report because I cannot see that they are problems. They claim this will increase the loads of heavy metals and pesticides in the discharge water, but surely the existence of a scheme on the Tod or anywhere else will not increase the load of pesticides or heavy medals. That is the load that is going in there and that is the between the agriculturalists, the system and the EPA. To simply come in and say that because SA Water is going to do something we can make it clean up a problem that already exists is a fallacious argument. By taking a salt load out of the Tod and desalinating it arguably gives the Tod system greater life. At present they take the best water from the Tod, allow the salty water to go down it and they are worried because the wetlands and the whole system is in precarious balance. It was proposed to take the salty water, desalinate it and presumably allow the freshest water to flow down the Tod, which would have given the Tod system greater life, but for some reason that was not considered a viable proposition.

So, we go to the proposition of using waters from the Murray. What upset me and the member for Schubert more than anything else—and I hope the minister takes note of this—was their evidence on desalination. I asked the minister to read this and draw it to the attention of the executive government and, if there is a flaw in the logic of the dissenting report, I ask him to report it to the parliament. Having asked a series of questions, SA Water's replies were not adequate or complete and were in fact misleading. I take umbrage at that because as a committee of the parliament we are entitled to accurate and factual information. I take double umbrage because they were prepared to savagely criticise the member for Flinders who, as a private member, did the best she could with the material available to her. They then brought all the resources of the department to criticise what she had done, only for me to find by using the web that their answers were inadequate, misleading and not cost effective for the people of South Australia. A lot of it—

The Hon. J.W. Weatherill interjecting:

Mr BRINDAL: Pardon?

The Hon. J.W. Weatherill interjecting:

Mr BRINDAL: Steady? Well, you read it, because much of it involved processes of desalination. SA Water appears to be linked to a reverse osmosis technology cum rain or high water. When I asked SA Water about IDE technologies from Israel (part of which has been proposed for the mechanical vapour compression system and graphite technology, which the member

for Flinders has proposed out of Ceduna), they said, 'It's too expensive. It uses too much electricity.' They completely ignored the fact that the electricity generated for the member for Flinders' proposition would be solar generated electricity and came at no cost, and that when the sun was not shining and the system was not needed the minimal amount of electric power needed to keep the compressors running (or some piece of equipment running) was totally negligible and could be obtained from storage batteries.

They used electricity cost as a reason for saying that it was not cost effective when, in fact, the whole purpose of the member for Flinders' proposal was to generate electricity. But even worse, they completely discounted or did not bother to mention multi-effect distillation techniques. It is clearly able to be established from the web that the multi-effect distillation technique is used elsewhere in the world in several plants, principally at Telde and Las Palmas, Spain, a plant at the Enron-Penuelas power station in Puerto Rico (which produces 7 600 cubic metres of water a day) and reliance petroleum at Jamnagar in India, which produces 48 000 cubic metres of water a day.

These systems use errant heat which use virtually no electricity. The cost of producing water using these systems is less than the cost of pumping the water from Morgan to Whyalla. So, there is a technology which will produce water on site at a cheaper price, and it has been ignored. Time expired.

Mrs PENFOLD (Flinders): This report was a disappointment on many levels. I was very pleased to see that a dissenting report raised concerns about some of the issues that worried me. Its major recommendation to extend the River Murray pipeline from Iron Knob to Kimba I consider to be short-sighted, environmentally irresponsible and ultimately inadequate. The report dismissed the possibility of using instead desalination in partnership with private enterprise. This decision, I believe, was based on a lack of understanding of the latest technologies available, despite desalination being used successfully around the world.

I was surprised that this report has been made without the members of the committee at least investigating the other option that I put forward to put a desalination plant at Ceduna. It is my hope that they will ensure that the proposal that I put forward will be given proper consideration, as it needs to be put in place as soon as possible to provide for the mining, marina and housing developments expected in the Ceduna region within the next few years.

There would be no-one here who does not know about the dire straits of the River Murray. Even the most conservative scientists believe that its extraction limits already exceed its long-term sustainability; and recent climate studies indicate that changing weather patterns could lead to lower flows through the entire system. The Murray Darling system is salinising at an alarming rate. This is now being slowed by a system of salt interception schemes but, as salt loads escalate, these schemes will not be able to keep up.

Minister Wright has said that the water for Eyre Peninsula will be brought from South Australia and interstate irrigators who already hold water allocations. However, we are all being hit with the River Murray levy that was supposed to be used to buy these water allocations so that environmental flows in the Murray could be increased. Instead, that water will be pumped to Eyre Peninsula. There will also be an energy cost for pumping the water from the Murray and building and installing the pipeline and extra pumping systems.

The pipeline will do little to alleviate the environmental problems we face in our own region. Currently, Eyre Peninsula's requirement of 10 gegalitres of water per year is taken predominantly from the underground basins south of Port Lincoln, which are critically overdrawn. Merely reducing that take by 1.4 gegalitres—the new pipeline—will not be enough to allow these basins to recharge, particularly if the predictions of low rainfall as a result of climate change become a reality. In addition, the new pipeline will not meet the needs of Eyre Peninsula households and industry in the future.

The pipeline is due to be commissioned in 2007 when it will supply up to 1.4 gegalitres. This supply may be increased to the pipeline's full capacity of 2.3 gegalitres if BHP Billiton constructs a desalination plant at Port Augusta or Whyalla—or possibly even Port Pirie—primarily to service the proposed expansion of Roxby Downs, which is yet to be approved. Even if Eyre Peninsula gets 2.3 gegalitres, we will still be on water restrictions and there will be no water to spare for new industries, such as the potential lead and zinc mines being explored north of Kimba and the mineral sands north-west of Ceduna. In addition, the Eyre Peninsula Catchment Water Management Board anticipates that about 5 000 housing and commercial developments will be built in the region in the next three to five years, including more than 600 homes at the Ceduna Keys Marina.

Contrast all these disadvantages with the benefits we could get from desalination plants built and funded by private enterprise and using the latest environmentally friendly technology. A consortium, which includes a company that operates

more than 350 Mercury vapour compression (MVC) desalination plants around the world, has proposed building a plant at Ceduna that could produce 5 gegalitres of water a year if necessary. This would meet more than half the Eyre Peninsula's current water requirements, and all the government, through SA Water, has to do is give the private operators access to the pipes or pay the company a fair price for the water, which could then be sold to householders and businesses through SA Water at the usual price.

Any subsidy that might be required for this price should cost less than even the interest on the \$48.5 million that is going to be spent on the pipeline. The plant could be built and maintained at the cost of private enterprise. It would be modular, and its capacity could be increased as required—unlike the new pipeline from Iron Knob to Kimba. If the Ceduna plant went ahead, there is a good possibility that another could be built at Port Lincoln and/or at Streaky Bay using wind energy.

The proposal for the desalination plant at Ceduna is to use solar power stored in a graphite block to enable the plant to operate 24 hours a day on natural energy. It is proposed that the waste water will be returned to the existing salt pans and be used in the existing salt export business. The plant would produce few greenhouse emissions after the initial construction. The desalinated water provided would be of good quality, whereas the water that has to be pumped thousands of kilometres from the River Murray would be highly chlorinated, as is the current supply that is pumped up from the overdrawn underground resource south of Port Lincoln.

In a meeting of the Public Works Committee on 29 June, SA Water's General Manager of Infrastructure, John Williams, admitted that the organisation had 'discounted' certain future developments on the Eyre Peninsula on the basis that the government would have to provide them with subsidised water and therefore they would not be 'real developments', to use his words. Those developments included horticulture, viticulture and other activities, and information about them was provided to SA Water by councils on the Eyre Peninsula. On what basis were these developments discounted? Who did the calculations? Since when have SA Water bureaucrats been experts on the wine industry or indeed on any commercial development and its future potential?

Time expired. Debate adjourned.

DESALINATION PLANT, CEDUNA

Question on notice to Minister for Administrative Services 10 May 2005 - Responded 5 July 2005

Mrs PENFOLD: Will the privately funded desalination plant proposed at Ceduna be given the right to sell water to SA Water at commercial rates?

The Hon. M.J. WRIGHT: SA Water is able to purchase goods and services required for the provision of water and wastewater services within delegated financial limits. If SA Water needs to purchase water at Ceduna, it may do so within these delegations.

DESALINATION PLANT, CEDUNA

7 April 2005

Mrs PENFOLD (Flinders): Will the Minister for Administrative Services advise the house whether a privately funded desalination plant at Ceduna would be given the opportunity to sell water to SA Water at commercial rates? Ceduna and surrounding districts currently receive very poor quality—and highly chlorinated—water from SA Water at an estimated cost of \$3.60. On Tuesday I received an email from a person at Wirrulla who is about to install a \$9 000 water softener for his farm. He listed major problems with the water on Eyre Peninsula, and the last sentence of his email states:

In conclusion, the quality of the water supplied on the Eyre Peninsula is in need of urgent attention as the quality has deteriorated over the years and continues to do so and will be unusable.

The Hon. M.J. WRIGHT (Minister for Administrative Services): I thank the honourable member for her question, because she is acknowledging that the previous government did not concern itself with water issues on the Eyre Peninsula. As I have already said, we are taking seriously the interests of all South Australians. We will govern for regional South Australia even if

the former government would never do so.
Members interjecting:
The SPEAKER: Order!

Members interjecting:

DESALINATION PLANT 9 March 2005

Mrs PENFOLD (Flinders): My question is directed to the Minister for Administrative Services. Has the government reneged on the promise it made at the community cabinet meeting in Port Lincoln in 2002 for a public-private partnership to build a \$32 million desalination plant to service Eyre peninsula? An Eyre peninsula desalination plant is not listed in the 2004 Major Developments in South Australia directory, which lists some \$14 billion worth of projects—most of which are not yet approved or confirmed—but it was mentioned in the house by the Premier last week as part of a request for federal funding to put towards water projects.

The Hon. M.J. WRIGHT (Minister for Administrative Services): I thank the member for Flinders. As she knows full well, this government never reneges on a promise. *Members interjecting:*
The DEPUTY SPEAKER: Order!

Mrs PENFOLD (Flinders): It seems that the desalination plant proposed for the Tod Reservoir near Port Lincoln on Eyre Peninsula has evaporated. The government's vision, as stated in the SA Water Charter, is to seek:
... to ensure that South Australians have access to quality water services that promote the health of the public and are sensitive to the natural environment.

The original promise regarding the desalination plant was made at a community cabinet meeting in Port Lincoln in 2002 by the Minister for Government Enterprises, Patrick Conlon—

The ACTING SPEAKER: Order! The member will not name members of parliament but rather use their electorate title or ministerial title.

Mrs PENFOLD: —the Minister for Government Enterprises, and was for a \$32 million public/private partnership. The former minister for administrative services, on ABC Radio on 4 June 2003, said that the desalination plant was 'written in blood', yet it is not even listed in the state infrastructure projects for SA Water, despite trials costing \$335 594 at the Tod Reservoir last year. Now there are rumours that it has been shelved altogether. If this is true, and I am assured that it is, it is a condemnation of the Labor government's lack of integrity and the lack of social concern for, and commitment to, a potable water supply for the people of Eyre Peninsula. The need for desalinated water to augment the current diminished underground supply is urgent as, in my view, connection to the River Murray is not an option.

Despite the promises made by this Labor government, the desalination plant proposed for the Tod Reservoir is not listed in the 2004 Major Development SA Directory either, nor is it mentioned in the SA Water Annual General Report, tabled recently in parliament, which announced a profit to the government of \$261.6 million for the year 2003-04.

I do not believe that a desalination plant on the Tod was ever going to be the full solution. We need more water than that option could provide to fulfil the existing and potential requirements for good water on Eyre Peninsula. Therefore, we should be planning a major seawater desalination plant at Port Lincoln, or one using the underground basin at Polda. I question whether water needs to be unpotable before the Rann Labor government decides to do something about addressing the water crisis on Eyre Peninsula.

I have been advised that overdrawing the last major underground basin, south of Port Lincoln, would bring in saltwater from

the sea, and this must be avoided at all costs. If our remaining water supply becomes contaminated by seawater to a point from which it cannot be reversed, the vast majority of Eyre Peninsula will be without a suitable supply of reticulated potable water. Water will all have to be supplied from desalination. Both quantity and quality are important. We must have sufficient water but it must also be useable water. Salinity and chlorine levels are unacceptable over much of Eyre Peninsula during the summer, and I have already been told of one butcher shop in a country town that could not get accreditation because of the poor quality of the reticulated water there.

To enable them to keep their butcher shop, the local council had to assist with a filtration plant to comply with safety requirements. I am now bypassing the government and SA Water in an attempt to secure an improved water supply for Eyre Peninsula. I have put in a freedom of information request to the department to obtain details of the service currently being provided by SA Water in the region.

Perth is planning a \$350 million-plus desalination plant that will supply about 20 per cent of its water requirements, and I was interested to note that a private company is proposing a water desalination plant for Whyalla, Port Augusta and Port Pirie which the Premier today indicated would cost multi-millions of dollars, include water for Roxby Downs and release 12 gigalitres of water for the environmental flows in the River Murray.

A similar desalination plant is needed for Eyre Peninsula. It is ridiculous for the government to call for reduced water usage, thereby reducing use of the existing infrastructure and their profits. Despite the Premier saying that he wants to treble South Australia's exports by 2010, limiting the water supply can only reduce the potential for development of business and industry and the associated jobs that go with expansion.

I have been exploring with private industry the provision of a large-scale plant to desalinate water for most of Eyre Peninsula. Small units, such as that at Nundroo vineyard, would be suitable for small communities such as Port Kenny and Venus Bay, which are not connected to the existing pipeline. Unfortunately, the short-sightedness of the government and SA Water has not encouraged participation by anyone who has shown interest.

Time expired.

DESALINATE SEAWATER 2 June 2004

Mrs PENFOLD (Flinders): A letter from the Department of Water, Land and Biodiversity Conservation, dated 30 April 2004, and obtained by the member for Stuart, states:

The government has decided to widen the long-term conservation measures to apply to all of the state's water resources. A regulation will be drafted under the Water Resources Act 1997 to bring into effect conservation measures that will apply to watercourses, lakes, surface water, underground water and effluent as defined in the Water Resources Act 1997. This includes domestic and industrial waste water, rainwater tanks, bores, reclaimed water and direct extraction from rivers such as the Torrens and the Murray.

The regulation is to apply from 1 July this year with penalties applying.

Presumably all these new measures will require compliance officers coming on to our properties and into our homes to check that we are conserving our tank, bore and even our domestic waste water, including effluent. One of my colleagues suggested that the government could call these officers the poo police or the dunny detectives. The mind boggles at the possibilities and it helps to illustrate the sheer stupidity of this new invasion of our personal privacy and waste of money by this Labor government.

This regulation could be disallowed if commonsense prevails but, should it get through, it will be particularly hard to enforce, and a law that is not going to be enforced is worthless, in my view. However, I was amazed when I heard the minister on the ABC today. When asked, 'How do you police bore and rainwater usage when there is no meter?' the minister said, 'Well, you don't need to.'

Why should there be such an acceptance by this Labor government of limited water, anyway. Our oceans cover nearly 71 per cent of the surface of the earth and contain 97 per cent of the world's water. Most of our population

and industry are sited close to seawater, yet we are told that we have a critical shortage. For those on the Murray, I quote Professor Cullen, our Thinker in Residence, who said that the Murray-Darling could double production and halve the water use.

It is amazing to me that the substance most plentiful on the surface of the earth is treated as being in critically short supply when the only limiting factor is salt. Salt can be removed for less than \$2 per kilolitre, with the lowest price I have heard recently being \$1.36 per kilolitre. Therefore the only thing lacking is the willingness to invest in the desalination process. The more water that is desalinated, the cheaper the cost will be. The cost increase created by desalinated water being shandied into the existing supply will be small and will stretch the existing supplies. The benefit of locating desalination plants close to users will cut pumping and other costs such as pressure blow-outs.

Instead of desalinating so that we have plentiful water, the Labor government is using taxpayers' money on more expensive filtration systems, pipes and pumping systems and is adding chemicals to ensure that the limited Murray River water is fit to drink, at a cost estimated at \$5 per kilolitre in Whyalla. They are using taxpayers' money to install tanks in government buildings, such as schools, and forcing the people who can least afford it to put in tanks, with all the associated pumps, piping, filters, plumbing and maintenance costs at great personal expense.

The Labor government is also charging a save the River Murray levy, despite the fact that SA Water is making about \$250 million in profits, some of which could be used to provide alternatives to the river water, help solve the problem and increase their revenue. But the Labor government is restricting the use of the existing system and finding alternatives, thus making SA Water less viable. I understand that restrictions on water use cost about \$11 million in profits this year. The restrictions also took away a great deal of pleasure from many people and caused a great deal of anguish, particularly amongst the elderly, who cherish their little bit of garden. They have to decide whether they should have a garden, or get up very early, or stay up very late, to ensure that it is watered.

I ask the Premier: who is covering the insurance risk associated with people drinking tap water that SA Water and United Water have not ensured is safe to drink? Will the poo police also check that we are not using the tank water for drinking, as well as ensuring that it is properly connected and maintained? I understand that the problems associated with maintenance caused the government to get rid of tanks on Housing Trust homes some years ago.

The real cost of our water must be worked out in dollars, social benefit, environmental cost and amenity. By planning for long-term restrictions, in my view the government is doing everything wrong from a community obligation, commonsense and economic point of view. Water has to be recognised as just another commodity. Restrictions on consumption are only justified until additional water can be sourced. If there is no critical shortage, there is no justification for having restrictions, leading to a police state, with neighbours reporting on neighbours and, potentially, water police presumably checking our use of the water from our tanks and even our effluent.

However, controls on bores and dams need to be policed, at least in areas such as the Adelaide Hills, to ensure recharge and an equitable allocation of ground and surface water. In a recent *Flinders Journal*, Dr Simmons from Flinders University stated:

While people and politicians can see the plight of the River Murray with their own eyes, the fate of our underground water resources goes largely ignored.

He goes on to state that groundwater 'comprises about 97 per cent of the fresh water available on the earth'. What a dilemma it is that we ignore the source of most of our fresh water and therefore risk using it beyond its recharge and/or contaminating it. Both these scenarios are occurring in our supply on Eyre Peninsula, where we do not have access to the River Murray and currently have no other source of fresh water.

Except for a community service obligation to supply the basic needs of households, the government's aim should be to supply as much water to the community to use in any way it likes at the cost of supply. To contemplate long-term restrictions on development of businesses and housing, and therefore jobs for our children and the survival of our small communities, cannot be justified under any circumstances. There is ample water, and many firms are willing to desalinate it. They can sell it to SA Water for distribution if SA Water cannot compete. We rely on

private enterprise for food, energy and accommodation, so why not for the supply of water?

Restricting public use of water for amenities such as ovals, parks and gardens should also not be contemplated. We live in a modern community and should not look back to the self-sufficiency of the past. I well remember the dusty country towns before we had water for trees, lawns and flowers. Communities, such as the small town of Cummins, have made their environments more attractive to people and should continue to be encouraged to do so. We live in a competitive world, and people will go to the places they most enjoy. Turning the communities into dry, dusty areas will kill them, and that will occur if individuals and communities are constrained by any method from having gardens.

The supply of all water needed at minimum cost should be the function of the government, yet the opposite appears to be the situation. Currently, the SA Water monopoly is a hidden cash cow producing \$250 million profit for the government from metered taxpayers. In my view, this should be investigated under competition policy requirements. Water is too important to the future of our state to be artificially expensive and in short supply. Water has been treated appropriately in the past as a commodity that is readily available and cheap. Nothing has changed, except that currently the cheapest source of water is fully committed.

On Eyre Peninsula, the Uley Basin water, if used within sustainable quantities, does not have a purchase or environmental dollar cost, but does have a distribution and quality maintenance cost. If, as has already been proposed, the green power is used from the Hydro Tasmania wind turbines (located close to the Uley underground water pumping station), the cost could be dropped even lower than \$1.36 per kilolitre and be even more environmentally friendly. The desalinated water could then be shandied with the low salt Todd Reservoir water. This would stretch the potable quality water further, provide better water for the whole of Eyre Peninsula and enable greater recharge of our underground resource.

Let us stop the nonsense in the proposed regulation and start being sensible by addressing water issues for the long term. We could lead the world if we would only start being innovative—and the opportunity to do so is on Eyre Peninsula. Our mediterranean climate and our beautiful terra rosa soils, combined with water, could turn the region into an oasis, help to triple our state's exports and increase our jobs, as our Premier is asking us to do, but we need large scale desalination now.

WATER SUPPLY, EYRE PENINSULA 2 June 2003

Mrs PENFOLD (Flinders): Will the Minister for Environment and Conservation advise the house what action the government intends to take to address the significant water problems on the Eyre Peninsula, particularly in light of the fact that the people on Eyre Peninsula are paying a levy for the Catchment Water Management Board and are now expected to pay another levy for water to which they have no access?

The Hon. J.W. WEATHERILL (Minister for Administrative Services): I answer this question as the minister with responsibility for SA Water. The honourable member should be aware (and these matters have been communicated to her) that there is a long-term strategy to deal with the water needs of Eyre Peninsula. Indeed, the current demands from the Eyre Peninsula's potable water supply are unsustainable, as total demand from the system is exceeding SA Water's licensed extractions from Uley South, Lincoln and Uley-Wanilla basins. SA Water initiated a master plan study to determine the optimum unsustainable solution, and the Department of Water, Land and Biodiversity Conservation and the Eyre Peninsula Catchment Water Management Board were represented on the technical steering committee.

Members should also be aware (and I know that the honourable member has had this communicated to her) that, on 23 September last year, cabinet approved a preferred solution to the water supply problems on Eyre Peninsula, based on the findings of that master plan. It was a three-part plan that involved the construction of plant to desalinate water from the Tod River, as well as the reuse of treated effluent and a water efficiency program to achieve a minimum 5 per cent reduction in water usage.

Between February and July this year, a pilot plant study is being conducted at the Tod Reservoir to determine pre-treatment requirements for a full-scale plant, which is 2.3 gigalitres per year. The plant is expected to be delivered, as are a number of these plants, by SA Water via a public-private partnership. I understand that those arrangements have also been made clear to the member for Flinders.

So, quite the contrary, the government is taking a number of steps that are directed at securing the long-term water needs for the Eyre Peninsula.

IMPORTANCE OF WATER BOARD AND MASTERPLAN 28 May 2003

Mrs PENFOLD (Flinders): I support the bill with some reservations. Most South Australians have always been aware of the necessity to care for our water supplies, but none more so than those in the country, especially in my electorate of Flinders, which covers Eyre Peninsula. My electorate has been under very strict water restrictions over the last summer under the existing powers of the minister.

I am particularly proud of the work that schools, councils and the community are doing in the conservation of water, work that began well before the water restrictions were put in place. The emphasis of their work is on the reuse of effluent water and the efficient use of stormwater.

I was privileged to open the Cummins Area School's project that will save the region's water supply about 10 million litres a year. A dam, which was constructed in two weeks using mostly volunteer labour, machinery and fuel, collects stormwater that would otherwise go to waste. The water is then used to irrigate the school's agricultural block and the school oval. Principal Chris Deslandes said that the Cummins recreation centre and bowls club dams served as a model for the school, and he hoped that the school's system would be seen as a model of good environmental practice for other places.

Elliston and Streaky Bay Area Schools are undertaking exciting projects in the reuse of stormwater. Elliston Area School obtained an ecologically sustainable development grant to rejuvenate Samphire Swamp, which is located near the township. The stormwater is cleaned and reused by the school. Elliston District Council contributed significantly to the success of this project. Streaky Bay Area School also obtained an ecologically sustainable development grant towards the cost of setting up a wetland and stormwater project to alleviate water shortages in their local community. Generous support came from the Streaky Bay District Council and the community for this project. School projects are linked to the curriculum to add to student learning outcomes and action.

About five years ago, a committee was established to begin planning a comprehensive strategy for the preservation, management and distribution of water resources on Eyre Peninsula. The committee's responsibilities included the preparation of water allocation plans for the groundwater resources in the southern basins and Musgrave prescribed wells areas. It is a tribute to the capability of the committee members that these plans were adopted on 31 December 2000 and 2 January 2001 respectively. A major reason for the committee's success was its method of working with the community to ensure that the water resources were managed sustainably and equitably. The committee linked the community, government agencies, industries, organisations and other water resource groups.

The committee looked at setting up a water master plan to ensure that the use and management of the Eyre Peninsula's water resources sustained the physical, economic and social wellbeing of the people while protecting water dependent ecosystems and the needs of future generations. I commend Newton Luscombe for his leadership of the committee, and members Fred Gerschwitz, Helen Mahar, Bill Nosworthy, Robin Dixon-Thompson, Ross Pope and Scott Evans from the Department of Water Resources for their work.

This committee was automatically disbanded with the establishment of the Eyre Peninsula Catchment Water Management Board. The Presiding Member of the board, Wayne Cornish, board members and the then general manager, Geoff Rayson, worked tirelessly with the community to ensure that all aspects of water management on

Eyre Peninsula were addressed.

A holistic approach to water supply is essential for continued good management to meet current and future challenges. With this in mind, the Eyre Peninsula Water Management Supply Master Plan was put in place to identify both immediate and future water needs for the region. The master plan was prepared by United Utilities and SA Water. It considered options such as desalination plants, development of new bore fields, effluent reuse, recharging of aquifers and extension of the existing water supply network.

We live in exciting times, when we consider all the possibilities and options that can be developed to produce a reliable water supply. We are on the threshold of the birth of wind power as a local industry. This has the potential to tie in with cheaper desalination in off peak power periods.

I was alarmed when SA Water indicated that there would be no more new commercial, industrial or housing water allocations on Eyre Peninsula without increased allocations from the underground basins. The Catchment Water Management Board expressed concern that, unless there was a much higher than average ground water recharge, there was a likelihood that SA Water would not have enough water to meet consumer demands for public water supply throughout Eyre Peninsula. In Port Lincoln alone, four major developments were put in jeopardy, along with some 1 000 subdivisions, and horticulture and marine developments on the rest of Eyre Peninsula which are potentially worth millions of dollars. A number of localities in the electorate are already constrained in development because of insufficient water supply.

Linking Eyre Peninsula to the River Murray has been mentioned on a number of occasions. However, I seriously doubt that this would be accepted, given the well publicised problems facing the Murray. Private enterprise investors are interested in providing needed desalination plants, and the government must facilitate their involvement as quickly as possible, or undertake to provide this infrastructure via SA Water.

At a cabinet meeting in Port Lincoln in September last year, a public-private partnership (PPP) was announced by the Minister for Government Enterprises to provide a \$32 million desalination plant for Eyre Peninsula. However, with the pressure from the unions against PPPs, I am concerned that this promise may not be fulfilled.

The solution is simple: the government simply has to put out a tender for private enterprise to provide the water requirements of Eyre Peninsula at a reasonable price. Let private enterprise take the risks and decide where this desalination plant, or plants, is to be located—one may be near Port Lincoln, one near Ceduna, and perhaps one may be at Streaky Bay, or even Elliston.

With the first wind farm near Sleaford, it may be that this is the place for desalination of sea water using off peak power from the grid. The existing pipes and pumping stations are nearby, and an underground aquifer could be used for storage until the water is needed, if there is an excess that pipes and pumping systems cannot cope with.

A paper on the economics of desalination by Winter, Pannell and McCann from the University of Western Australia in January 2002 stated that the current reported costs of desalinated water fall within the range of 80¢ per kilolitre to \$2.10 per kilolitre. Many of the sources used by the authors were dated in the 1980s, and the industry has moved on considerably since then. The authors identified energy as one of the principal determinants (if not the principal determinant) of final cost. With desalination plants sited adjacent to wind farms, or included in the original design and establishment, power costs would be minimised.

Desalination of sea water is being used extensively in many countries across the world, such as Israel and Cyprus, and the state of California. In Israel, which relies heavily on desalinated water, the price of desalinated water has fallen by more than 100 per cent over a decade. Plants being used 'would involve extremely advanced reverse osmosis technology which would use pure sea water as well as brackish water'.

It is claimed that desalination will count for half of Israel's urban water by 2008. Cyprus desalinates sea water using a reverse osmosis process. The first plant started in 1997 (six years ago), and the island now has three operational plants.

This government must address the critical state of water supplies for all South Australians, and there is a

community service obligation to supply water at the same price as the rest of South Australia for those people living on Eyre Peninsula to help unlock the fabulous potential of this wonderful region of our state.

EYRE PENINSULA WATER RESTRICTIONS **4 December 2002**

The Hon. P.F. CONLON (Minister for Government Enterprises): I seek leave to make a ministerial statement.
Leave granted.

The Hon. P.F. CONLON: I wish to advise the house of the imposition of water restrictions on the Eyre Peninsula, effective from midnight tomorrow night. As the house will remember, the government announced a three pronged approach to the water issue on the Eyre Peninsula, involving a commitment to build a desalination plant to treat water from the Tod Reservoir, increasing reliance on re-use water and the development of a water conservation program.

Water conservation has been a high profile issue on Eyre Peninsula for many years. Unfortunately, despite some very successful and notable efforts, water consumption on Eyre Peninsula for the period from July to October, at 2 675 megalitres, was the highest on record and, whereas consumption slowed slightly in November, it continues to be well above target. I am advised that the increase in water use appears to be in the rural sector and that PIRSA, SA Water, and the Department of Water, Land and Biodiversity Conservation are working to determine the reasons for this increase.

In the meantime, in order to avoid over-extraction of the groundwater basins, it has become necessary to introduce restrictions. These restrictions are designed to ensure that non-essential water use is kept to a minimum. For domestic users, the restrictions affect the watering of lawns and gardens, filling of pools, spas and ponds, and the washing of vehicles, windows and paved areas. Other restrictions apply to rural use, including irrigation, commercial use, and the watering of public parks and sports grounds.

The restrictions will remain in force until consumption returns to target levels. The government is committed to the management of Eyre Peninsula's water resources, and this is seen as a necessary step to ensure the long-term sustainability of the ground water basins. For people seeking additional information on the restrictions, SA Water has set up a hotline number 1800 130 952. In addition, the restrictions will be widely advertised through the media, including the placement of advertisements on radio and in the *Port Lincoln Times*, the *West Coast Sentinel* and the *Eyre Peninsula Tribune*.

WATER, DESALINATION **21 August 2002**

Mrs PENFOLD (Flinders): Will the Minister for Government Enterprises advise the house of the action being taken by the government to ensure that a desalinisation plant is put in place on Eyre Peninsula as soon as possible? As you know, Mr Speaker (but many may not), Eyre Peninsula is not connected to the Murray River. Most of the water is drawn from underground basins that are being overdrawn. This year is expected to be another year with low recharge to these basins, bringing about the risk that seawater will be drawn into the basins and contaminate them. This would leave most of Eyre Peninsula, a region from where \$1 billion of state income is generated, without a potable water supply, with drastic repercussions now and into the future, not only for the region but also for the state.

The Hon. P.F. CONLON (Minister for Government Enterprises): I thank the honourable member for her question. I acknowledge that the member for Flinders is a more than keen supporter on this subject, but I have not built a desalinisation plant since she last asked me the question a month ago—it takes a little longer than that. As the member for Flinders would know, one of the initiatives taken was the Eyre Peninsula master plan, and in recent weeks—and I treat the issue seriously—the master plan in a condensed form has been the subject of consultation in the community. I indicate to the member for Flinders that, water being such a keen issue on the Eyre Peninsula, I understand there has been a significant level of response and communication with us as a result of that consultation. There are a series of options in the master plan, including desalination.

I further indicate, as I have said many times, that water has been an issue on the Eyre Peninsula since Flinders

ran into Baudin, so it is not a new issue and not easy to solve. We are addressing the issue, will look at the consultation and we will certainly be looking at what is available in our capital programs and at what ways the public-private partnerships might accelerate the provision of productive infrastructure. It is an issue on which I have pleaded with the opposition to show support. I assure the member for Flinders that as soon as there is progress to report she shall be among the very first to know.

WATER, EYRE PENINSULA **11 July 2002**

Mrs PENFOLD (Flinders): Will the Minister for Government Enterprises advise the house whether the master plan for water on Eyre Peninsula will be tabled for public comment prior to its finalisation? Mr Speaker, as you are aware, the water supply on Eyre Peninsula is in a critical state. The Eyre Peninsula water supply master plan is currently being developed and is due to be released in August. However, constituents are concerned that there be an opportunity for community comment before the plan is finalised and it becomes the plan for future water supplies on Eyre Peninsula.

The Hon. P.F. CONLON (Minister for Government Enterprises): I understand that the question is: will the plan be available for public comment before it is finalised? I will take that question back to SA Water. I do know that there has been a degree of consultation with the water catchment authority. Frankly, I will have to find out what stage that is at, but I would like to take this opportunity to talk about water, particularly on the Eyre Peninsula. At the invitation of the honourable member, I travelled to the Eyre Peninsula and met with the water catchment authority. I must say that I was disappointed with the comments made to the media by one of the representatives of the water catchment authority following the meeting as, in my view, they were entirely consistent with the tenor of the debate that we had and the willingness on my part to look for solutions to the problems that exist on Eyre Peninsula. Let us be plain: I said there and I say here that water on Eyre Peninsula unlocks wealth, and it always has. Secondly, from the time that Matthew Flinders turned up there have been problems with water on the Eyre Peninsula. If they were easy to fix, someone would have fixed them by now. I have a great regard for my own abilities, but I am sure that if these problems were easy to fix someone would have done it before now. Taking all that into account, we are genuinely addressing what we can do there.

The master plan is a first step. I recognise the program of the former minister and the former government, and point out that work on the pipeline to Streaky Bay is continuing, which will give the people concerned security regarding their water supply in the future. We must recognise that in the world we have inherited it is a much smaller government than before, with a capital program that is capable of doing only so much at once. I advise the member for Flinders that one of the difficulties is, of course, simply the replacement value of water infrastructure on Eyre Peninsula. Off the top of my head, I think it will involve about \$550 million. So the issues are not easy to address.

One of the things I encourage the opposition to do—and we have said that we want to do this—is to make better use of public/private partnerships in the productive infrastructure. So far, the opposition has chosen only to make a political issue out of that. I urge the honourable member's colleagues to take a more balanced approach, because infrastructure is the key to addressing those water problems. It is expensive infrastructure. If we can innovatively involve the private sector in assisting us to provide infrastructure, we will do that, and it will be easier if it is not made a political football by the honourable member's colleagues. I am a great fan of the Eyre Peninsula, as the member for Flinders well knows. I have visited it on many occasions. I think it is one of the most beautiful places—

An honourable member interjecting:

The Hon. P.F. CONLON: I've done a little fishing. I've done a lot more work than I've done fishing, I can tell you. However, it is one of the most beautiful places on earth. There is a lot of wealth to be unlocked there, if we could provide the infrastructure to supply water. However, none of it is easy. What we need and what we tried to foster over there—and what was so disappointing about the comments I read in the paper—is a bipartisan approach that supports what we tried to do so that, to the extent possible, we can bring ahead the infrastructure we need. I genuinely want to do it. There are limitations in our state budget, so I ask for your support in the approach that we

take with public/private partnerships.