



SA GAS and WATER TRUST

AN ECONOMIC DEVELOPMENT REFORM

South
Australian
Labor

For the
Future



Foreword

I am more ambitious than ever about South Australia's future.

South Australia has the fastest growing economy in the nation. Our future opportunities for further growth are even bigger than those we know today.

To deliver more housing and support the growth of industry, South Australia simply needs a better way of doing things, especially when it comes to water and energy.

To seize these opportunities, we must deliver more housing, unlock more industrial land and create new industries while better supporting our existing industries.

We must reform the architecture of Government to better plan for the future.

That is why a re-elected Malinauskas Labor Government will de-corporatise SA Water to better integrate it with economic development.

In recent years it has become clear that SA Water's corporatised structure has failed to maintain alignment with Government policy settings and public expectations while struggling to deliver the infrastructure that is needed.

In addition to de-corporatising SA Water, a re-elected Malinauskas Labor Government will also expand its remit by establishing a new entity – the SA Gas and Water Trust.

Establishing the SA Gas and Water Trust will ensure it can better support housing growth and facilitate major economic development projects, across mining, data centres, manufacturing, energy and agriculture in the state's regions.

Similarly, our recently announced State Strategic Gas Reserve, established with a long-term gas contract with Santos, represents a major economic development opportunity for the State.

This new Trust will more efficiently and effectively support industrial growth and wider economic development and it will

proactively deliver on the Government's program to enable more housing, industrial growth and jobs.

When it comes to securing our economic future there are perhaps no two more important factors than water and gas.

This reform will help deliver more housing, better facilitate industrial growth and create more jobs as well as continuing our State's dynamic economic transformation for the benefit of future generations to come.



Peter Malinauskas MP
Premier for South Australia



DE-CORPORATISING SA WATER

Since its corporatisation, SA Water has not been appropriately structured to adequately deliver for the people of South Australia.

As a result, the Malinauskas Labor Government intervened with the Housing Roadmap and an unprecedented commitment of \$1.5 billion to fund crucial growth infrastructure to address the housing crisis.

Our state must not find itself again with a shortfall of critical housing infrastructure constraining critical housing growth.

Similarly, there has been inadequate coordinated planning across government for the water needs of regional South Australia, especially the demand for industrial water in the Upper Spencer Gulf.

A clear example of this has been the need for the State Government to step in and plan for the delivery of the Northern Water Project.

This 400km pipeline stretching from the Upper Spencer Gulf to the far North has the potential to reduce industrial reliance on natural aquifers and the Murray River while unlocking globally significant deposits of strategic and critical minerals, including the State's abundant copper resources.

It is a critical project that will support economic growth throughout the state's north.

By bringing SA Water back under the direct management of the SA Gas and Water Trust, it will be able to better utilise its expertise in enabling these economically and strategically important projects.





CASE STUDY: HOUSING AND WATER INFRASTRUCTURE

The shortage of housing supply has been driven by a range of factors including a sharp rise in demand and severe supply shortages.

One of the major supply challenges was the lack of planning and investment in water and wastewater infrastructure - critical to support rapid delivery of new housing developments.

The Malinauskas Labor Government released its Housing Roadmap in 2025 to urgently address this crisis.

“The housing crisis is complex and won’t be fixed overnight, but by working together we can create a future in which more South Australians can live safe and secure in a place they can call home.”

**PREMIER PETER MALINAUSKAS
HOUSING ROADMAP, 2025**

Investment in water and wastewater infrastructure has simply failed to keep pace with industry and community needs due mainly to the disconnect between SA Water’s program and the growth needs of the State.

Undertaking this reform to return the direct management of SA Water to Government seeks to urgently address this failure of public policy and regulatory frameworks by appropriately structuring the architecture of Government for the benefit of future generations.

SA GAS AND WATER TRUST

REFORM FRAMEWORK

De-corporatising SA Water will mean creating a new Government entity that better integrates with whole-of-government gas and water planning and delivery.



01

De-Corporatising SA Water:

We are taking to the election a plan to de-corporatise SA Water.

Accordingly, the *South Australian Water Corporation Act 2016* (SA) will be repealed, resulting in the abolition of SA Water's current structure to be replaced by the new SA Gas and Water Trust.

The focus will be on working with the government, providing advice on all options and choices for housing development and economic growth - no longer just focussing on the delivery of water services and customers, as required under the current SA Water structure.

This will mean a stronger integration of advice and delivery for statewide water and wastewater provision for both households and businesses.

It will support future looking growth planning for our state's water needs.

02

Establish the SA Gas and Water Trust:

In its place, a re-elected Malinauskas Government will introduce legislation to establish a new entity – the **SA Gas and Water Trust**.

The SA Gas and Water Trust will have new obligations, including the management in the recently announced State Strategic Gas Reserve.

Under legislation, the SA Gas and Water Trust will have a more integrated role in the planning and delivery of water, wastewater services and the storage and treatment of bulk water.

A re-elected Malinauskas Labor Government will appoint a taskforce to provide technical advice on the legislative and regulatory framework to be legislated in 2026/2027.

03

The State Strategic Gas Reserve:

SA Water currently holds capabilities relevant to the State Strategic Gas Reserve. This includes experience operating in energy markets, a significant existing portfolio of energy assets, a trading team, and billing capabilities.

These capabilities offer an existing vehicle to house the broader functions of a newly established SA Gas and Water Trust. It also avoids the significant costs and unnecessary duplications that would be associated with establishing a new entity from scratch.

Importantly, these capabilities mean that the State Government will be well-placed to maximise benefits from the State Strategic Gas Reserve.

04

The Northern Water Project:

The management of the completed Northern Water Project will also move to the SA Gas and Water Trust.

This transformational project has the potential to unlock the State's abundant copper resources as well as other significant economic development opportunities.

The delivery of the project will remain the responsibility of the Department of Infrastructure and Transport (DIT).

Its execution and completion will remain dependent upon the finalisation of an Indenture agreement and water offtake agreement with BHP, which remains the responsibility of the Indenture Minister.

05

Maintain Key Financial Arrangements:

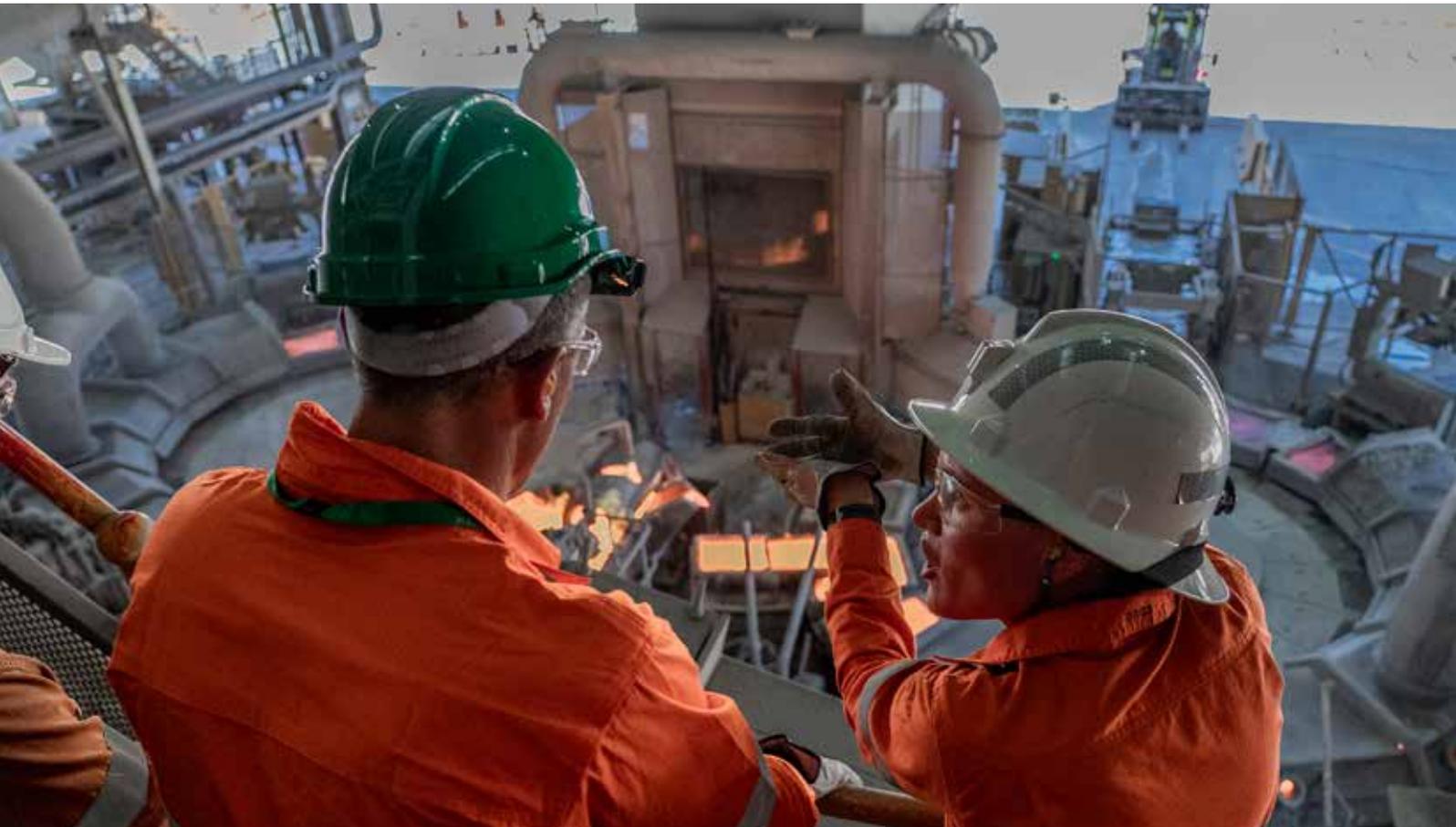
The new SA Gas and Water Trust will retain its status under reporting standards as a Public Non-Financial Corporation (PNFC).

These changes will not impact debt in the State Government's budget.

Dividend payments to the State Government will remain through the setting of an annual budget and forward estimates.

To ensure ongoing clarity and alignment on capital delivery, the SA Gas and Water Trust's capital budget setting process will be amended to use forward estimates in the State Government's budget rather than the current 4-year regulatory periods.

This will also create flexibility to better align with State Government ambitions.



06

Reform the Regulatory Framework:

The new regulatory framework for SA Gas and Water Trust will cut red tape and better align its work with the policy and priorities of Government.

The Essential Services Commission of SA (ESCOSA) currently regulates the price and quality of services provided by water retailers, including SA Water, under the *Water Industry Act 2012 (SA)*.

Under this package, the *Essential Services Commission Act 2002 (SA)* will retain a role with the new SA Gas and Water Trust. This role will be streamlined so that the current regulatory burden is reduced and red tape cut to increase efficiency and ensure alignment of its operations and planning with the state's strategic objectives.

07

No Job Losses and Supporting Apprentices:

Under this reform, a re-elected Malinauskas Labor Government commits to no job losses as a result in the change of structure and establishment of the SA Gas and Water Trust.

The new Trust will play a key role in supporting the recently announced \$5 million in funding for 250 additional apprenticeships through key government agencies in areas such as construction, plumbing, infrastructure and housing projects. The program will have a focus on mature age apprentices.



THE STATE STRATEGIC GAS RESERVE

South Australia has a proud history leading the world in its efforts to decarbonise our economy.

We have managed this transition in a way that has maintained important industrial capabilities. South Australia is one of the few places across the globe on track to reach 100 percent net renewables for electricity generation this decade.

This has only been possible due to the role of natural gas.

Natural gas is equally important to heavy manufacturing, sovereign capability industrial processes and the State's overall economic development.

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“South Australia is set to play an over sized role in contributing to realising the nation’s net zero ambitions, provided we get the gas... My support for gas is underpinned by my support for net zero.”

**PREMIER PETER MALINAUSKAS
AUSTRALIAN ENERGY NATION FORUM, 2025**





A NEW STATE STRATEGIC GAS RESERVE

In early 2026, the South Australian Government signed a significant, long-term gas contract with Santos for 20 petajoules (PJs) of gas per annum across ten years from 2030. This forms the new State Strategic Gas Reserve.

To put into perspective the scale of this Reserve: the State's total annual gas use is about 63 PJs per year and the Cooper Basin's total gas production is around 60 PJs per annum (which is currently exported around Australia and the world).

The State Strategic Gas Reserve represents almost of a third of the total gas produced in the Cooper Basin, which will be re-directed from overseas exports and back to Australia towards the benefit of our State.

The new contract underpinning the Reserve will commence in 2030, with the SA Gas and Water Trust taking responsibility for managing the contract and maximising the economic benefits to the state.

Natural gas provides for about 20 percent of South Australia's electricity generation – about 50 percent of the State's total gas use.

Industrial gas users across the State are currently responsible for 25 percent and households are around the same. However, industrial gas use is set to more than double with the transformation of the Whyalla Steelworks as it transitions away from a coal-fired blast furnace.

Addressing this shortfall represents a major public policy challenge as well as an equally large opportunity for South Australia.

CASE STUDY: THE WHYALLA OPPORTUNITY

Gas is essential to the decarbonisation of areas of production, none more important to South Australian than making iron and steel. An essential industry to our nation's sovereign manufacturing capability.

Decarbonising the Steelworks away from the traditional coal-fired blast furnace will require an almost four-fold increase in its gas consumption from approximately 4 PJs of gas per annum to at least 17 PJs per annum.

Right now, the coal-fired blast furnace at the Whyalla steelworks produces approximately 2.3 million tonnes of CO₂ per year.

That means that one industry, in one regional city, is responsible for around 14 per cent of our State's total emissions.

By the Whyalla steelworks transitioning from a blast furnace burning metallurgical coal to using gas for direct reduced iron (DRI) production we will halve the annual emissions of the steelworks and produce a decarbonised iron product that the world demands.

Recently securing the major gas contract with Santos, to form the State Strategic Gas Reserve, is an essential step for the Whyalla Steelworks in the current sale process and its pathway to decarbonisation.





GAS PIPELINE INFRASTRUCTURE

To support a cleaner, more sustainable future for the Whyalla Steelworks, a re-elected Malinauskas Government will continue to progress with plans to secure an increase in gas supply to the region through the State Strategic Gas Reserve.

Building on the joint State and Commonwealth Sovereign Steelmaking Package to support the successful sale and redevelopment of the Whyalla Steelworks, increasing gas supply to the plant is vital to unlock Direct Reduction Iron (DRI) steelmaking processes and reduce carbon emissions.

Working with industry, a re-elected Malinauskas Government will increase gas supply to the Whyalla region by augmenting the gas pipeline and associated infrastructure to secure a cleaner, more prosperous future for the Upper Spencer Gulf region.



COMMERCIAL EXPERTISE FOR GAS AND ENERGY

The SA Gas and Water Trust will house a new team of commercial energy experts to manage the economic development opportunities linked to the State Strategic Gas Reserve.

The new team at SA Gas and Water Trust will compliment existing structures by building additional capacity, especially for coordinated planning efforts.



SA WATER AND STATE ENERGY ASSETS

SA Water currently holds a significant portfolio of existing renewable energy assets, including more than 150MW of solar, 3.2MW of Hydro and nearly 35MW of battery storage.

Additionally, the State Government currently contracts with private entities to deliver a range of electricity-related programs to assist households including installing community batteries, solar and battery programmes, consumer energy resources, the Energy Masters program.

Further, the Government manages the Remote Area Energy Supply scheme which delivers electricity to 3400 people across 28 regional sites.

The new SA Gas and Water Trust will take over these programs and continue to ensure maximum benefits are delivered for SA consumers and businesses.

SA HISTORY SNAPSHOT:

WATER and GAS

WATER

Established in 1929, the South Australian Government's Engineering and Water Supply Department (E&WS) had a proud history of delivering for the people.

From facilitating the growth of suburbs like Elizabeth via the Housing Trust to unlocking the opportunities of the Upper Spencer Gulf with the Morgan - Whyalla pipeline, the planning and delivery of water infrastructure has always been essential to South Australia's economic development.

In 1995, the then Liberal Government took the first step to privatising the original E&WS when its functions were corporatised into SA Water.

That decision has ultimately led to inadequate planning and delivery of water infrastructure over the past 30 years. There are no better examples than the failure to deliver necessary water infrastructure to support critical housing growth.

Establishing the SA Gas and Water Trust as a new and de-corporatised entity presents our State with an opportunity to regain greater control over the key levers it needs to plan and deliver water and gas infrastructure to underpin the economic growth essential to a prosperous future.



Premier Thomas Playford turning the Morgan-Whyalla pipeline in 1944.



Top: Housing Trust homes in Elizabeth, late 1960s.
Left: Moomba to Adelaide Pipeline.

GAS AND ENERGY

The South Australian Government has a proud history in supporting the development of energy resources to drive industrial and economic growth.

In 1954 the South Australian Northern Territory Oil Search (SANTOS) was established and discovered major sources of gas at Moomba and then later, in the Cooper Basin in the 1960s.

Supported by state Government investment at the time, these discoveries and subsequent developments were pivotal moments in our State's economic development throughout the 20th century.

Long-term offtake contracts with Government entities, including the Electricity Trust of South Australia (ETSA) and the South Australian Gas Company (SAGASCO), underpinned significant economic growth throughout the state.

The State Government also established the Pipelines Authority of South Australia (PASA) to own and operate the Moomba - Adelaide pipeline.

This meant that the people of South Australia played a crucial role in unlocking their economic future through direct government support and investment.

Similarly, the newly formed SA Gas and Water Trust will ensure that the State Government, once again, is enabling private investment and economic growth by managing the provision of gas under the State Strategic Gas Reserve.

In doing this, the SA Gas and Water Trust can provide certainty and dampen volatility often associated with the gas market to give industry the confidence to invest.

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