



Your strong and independent  
voice for livestock producers

**LIVESTOCK SA...**

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19 December 2019

Mr Adam Wilson  
Chief Executive Officer  
Essential Services Commission of South Australia  
GPO Box 2605, ADELAIDE SA 5001  
Email: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)

Dear Mr Wilson,

**SA Water regulatory determination 2020**

Livestock SA was formed in 2013 to represent the interest of sheep, beef cattle and goat producers in South Australia. It now represents more than 3,500 livestock producers.

One of the major concerns for these producers is security of water supplies for livestock at reasonable prices.

Unfortunately, the increasing cost of water has become an effective restraint on investment in livestock production systems in key areas of South Australia.

It was for this reason that Livestock SA participated in the State Government's Water Pricing Inquiry.

In a preliminary report, this Inquiry summarised the water price increases:

*"Real water price rises of 12.7% in 2008/09, 17.9% in 2009/10 and 21.7% in 2010/11 were followed by nominal increases of 26.3% in 2011/12 and 25.0% in 2012/13. The process is characterized by a dramatic rise in water prices over the period: from an Index of 100 in June 2008, the increases resulted in a price index of approximately 270 by July 2012." (Third report, page 43).*

For livestock producers reliant on SA Water, this is the crux of the issue of inflated water prices.

It is pleasing that the State Government's Water Pricing Inquiry has found that as a major conclusion that there needs to be a reassessment of SA Water's regulated asset base. Livestock producers are now looking forward hopefully to reduced water prices from 1 July 2020.

It is noted that SA Water aims towards "Working together to sustainably improve water services" and as part of the 2020 – 24 Plan, SA Water wants to enable positive growth and change (section 5.4).

Livestock SA would like consideration to be given to how SA Water can best assist livestock producers.

Primary Industries and Regions SA in its submission to a State Parliamentary Inquiry into the South Australian Livestock Industries identified that among the key challenges is the cost of water as well as access to water.

Ideally, Livestock SA would like to see a reduction in the cost of water for livestock with a differentiation in water prices for water used from SA Water for livestock consumption. The current excessive price of water is beginning to lead to a reduction in livestock numbers in those areas reliant on SA Water.

The State Government states that it is aiming for the lowest cost environment possible to do business. Reducing the price of water needs to be considered as part of this process.

In addition, and in recognition of the significant benefits to be delivered by the livestock sector to regional economies and the State overall, support is required to assist producers to manage water costs through improved efficiency and new technology. A program needs to be established that could deliver:

- water efficiency and leak detection assessments on farm,
- grants and interest free loans to support farm investment in water efficiency as well as desalination and storage technology,
- demonstration and case studies of water efficiency as well as desalination and storage measures on farm, including lined and sheeted catchments,
- links between farmers and relevant business information, and
- commercial opportunities for on-farm water research, development and implementation in South Australia.

Consideration could even be given to a rebate on water used by livestock, similar to the national Diesel Fuel Rebate Scheme that primary producers are eligible to utilise.

The South Australian livestock industry is already taking steps to develop self-sufficiency, but such a program would further advance the needs of South Australian producers to help this State grow.

This would also be the opportunity for more livestock producers to become less reliant on SA Water with its dependence on River Murray water. The environmental benefits of promoting some of the suggested water saving technologies could make a positive contribution to the Murray Darling Basin Plan and its 450GL return to the environment.

Unlike some agricultural industries where there is more intensive production (particularly horticulture and wine grapes), as the producers Livestock SA represent are involved mainly in broadacre production it is difficult to work with SA Water to establish a scheme.

The Coorong Water Security Advisory Group, which consists of over 70 producers from mainly the Coorong District Council region, was involved in a feasibility study in 2017. This investigated whether it was feasible to establish third party access to SA Water's infrastructure, to secure reticulated water for livestock producers on the Taillem Bend to Keith pipeline network.

Even with this number of producers, SA Water indicated that for them there was not enough potential growth in demand to enter a scheme.

SA Water also stated that the market impact from on-farm water security options such as lined catchments, desalination, and private pipelines did not represent a significant impact to their statewide water market.

At the time, the Coorong Water Security Advisory Group estimated that an investment in water security through on-farm water security measures, or a reduction in mains water costs could inject an additional \$50 million per annum into the local and State economy, and could have further increased the export capabilities of their region. It was also estimated that this investment could have delivered 350 additional jobs to the greater Coorong region, within the water industry and agricultural supply chain.

It is hoped that at least under section 5.4 of the 2020 – 24 Plan, SA Water will now be more flexible in its approach towards positive growth and change and will be willing to assist livestock producers.

Yours sincerely

A handwritten signature in cursive script that reads "Joe Keynes".

Joe Keynes  
**PRESIDENT**