



Media Release



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Water costs become crippling for SA livestock producers

Livestock SA is calling for changes to water pricing in South Australia as increasing costs of mains water for livestock production force farmers to make decisions on their future in the industry.

The organisation has outlined its case for a reduction in water pricing in response to the Essential Services Commission of South Australia's inquiry into pricing for drinking water and sewerage retail services.

Livestock SA chairman Richard Halliday says the current excessive price of water is beginning to lead to a reduction in livestock numbers in areas reliant on SA Water.

"Livestock SA believes there must be a differentiation in water prices for water used from SA Water for livestock consumption," he said.

"This has been one of Livestock SA's top 10 issues identified the need for a reduction in the cost of water for livestock."

At present, livestock producers are paying a maximum of \$3.23 a kilolitre. Livestock SA believes the current price should be set at 62 cents per kilolitre, which has been calculated by ESCOSA as the long-run marginal cost of supply to Greater Adelaide. At 62c/kL, Livestock SA believes there could be an increase in livestock production and hence, an increase in water use.

"If the price of water is not reduced to a more realistic level, it will lead to reduced livestock numbers – reducing the income to the State's economy.

"It could also mean less efficient management practices, such as no longer keeping animals together during drought as an effective natural resource management strategy because it would be too expensive.

"We agree with ESCOSA that current charges have moved away from cost-reflective levels. IN short, SA Water's pricing bears no relationship to the real cost of supplying stock water."

"If water prices continue to be artificially increased, there will need to be an adjustment package for those producers who rely on SA Water."

Gladstone livestock producer David Catford has experienced a huge increase in water bills, from \$1905 in 2008-09 to \$6235 in 2013-14.

"This is a tripling of the cost for water in five years and we have run the same operation for all those years, namely 40 beef breeders and 500 sheep, plus our houses.

"Prices received for our beef, sheep and dryland crops have certainly not kept pace with this and we are in a classic cost-price squeeze.

“We have diligently kept leaks to a minimum and have been adding taps to our troughs so we can turn them off when not in use. We always turn off any meters which have no stock on them.

“Our farm is positioned along the Morgan-Whyalla pipeline. We cannot replace the mains water with dam water because we live in the Rocky River Catchment and would not be allowed to intercept water flow. Plus, dams filled by rainwater in our area would be unreliable.”

“The longer term is very difficult for us because we cannot crop any more of our place due to the terrain. Putting in bores and equipping them with pumps is very expensive and does not seem wise when I will always be paying a connection and service fee for a mains supply.

“I hope common sense will prevail on this and agriculture in SA will be given a break on this cost.”

ENDS

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