



HOUSE OF ASSEMBLY

WEDNESDAY 09th AUGUST 2017

PUBLIC WORKS COMMITTEE: BAROSSA INFRASTRUCTURE LIMITED CAPACITY INCREASE PROJECT

Debate resumed.

Mr PEDERICK (Hammond) (11:16): I rise to speak to the 570th report of the Public Works Committee, entitled Barossa Infrastructure Limited Capacity Increase Project. I welcome this increase. The BIL scheme is revolutionary and has been assisting producers in the Barossa area for many years now. It gets water down to a real value that people can add value to because otherwise, if the cost of water, like any other input, is too prohibitive, people may make the decision not to even attempt to go into either a food production area or, as we know with the Barossa, a reasonable winegrowing area. I represent Langhorne Creek, and it is a reasonable winegrowing area and a lot of very good wine is grown there as well.

Coming off the land myself, I think anything we can do as a parliament to support our primary producers we should do. More than sometimes, we hear the argument that water is delivered around the state at postage stamp pricing at the business rate of somewhere around \$3.40 a kilolitre. That may be so, but when you have to irrigate a lot of hectares and you run into the use of megalitres it becomes quite an impost on your production, as I said, whether it is food production or wine production.

I certainly welcome what is happening with Barossa Infrastructure Limited and the capacity increase and wish every success for producers in the region in making a profitable return on their investments. I also reflect on what has been attempted in the Clare Valley area. At least four years ago and longer, there were discussions around Lake Albert, which impacts on both the member for MacKillop's area and my area, in regard to people accessing water under a scheme.

I was under the impression, until recently, that those talks were progressing quite well and that we would see some outcomes to assist producers, especially around Lake Albert, which was devastated during the Millennium Drought that began in 2006. The issue there was that there was somewhere close to \$40 million of production around Lake Albert before the Millennium Drought and that dwindled to something between 10 per cent and 20 per cent of that amount of production, and that was through no fault of their own but from having water that was too salty to utilise for their capacity.

In the years since, we have seen—because people obviously had water that they could get from their allocation and they could source that from the lake—the emergency pipeline go in, and that was an asset that was definitely needed just to keep stock alive. Certainly young stock, calves and lambs, cannot do well and in some cases do not even survive on water that is slightly brackish with salinity, so the SA Water pipeline went in. I always contract with the contractors—I think it was

Leeds, from memory—and they put it in, after all the bureaucracy had been gone through. This is where the real action happened and they got it in in record time, I believe. They did a great job with a lot of crews putting that line in.

What we saw was a major increase. You can imagine, for people who have allocations for megalitres for irrigation and then all of a sudden they are having to buy megalitres at the SA Water price through the pipes, that it puts a real dent in any profitability at all; in fact, it drives some people well and truly backwards. I know during the drought some people were spending \$5,000 a week on water, and that is just not sustainable. They were not getting much production back because essentially they were just keeping stock alive in the main.

What we have seen since that time is many private pipelines put in, some valued at only a few hundred thousand dollars—and I do not mean 'just' a few hundred thousand but they were relatively close to the lake. There were farmers who paired up or tripled up and utilised one line. That line would be running on one side of the road and the SA Water pipeline would be running on the other. There have been other proposals for bigger offtakes that will go into the millions of dollars that people are either thinking about putting in or are putting in because they have to have water at a reasonable rate. You are pumping water out of the lake, in some cases, for under 20¢ a kilolitre and sometimes under 10¢ a kilolitre.

If you compare that—and, sure, you have to have the allocation of the water under your irrigation licence—with something around \$3.40 a kilolitre, it does not take long to do the maths. It does not take long, even with some of these massive investments, to get your return back. The sad thing is that the state does not get any return really from these private investments, nothing compared with what it would if there was a deal struck, similar to the Barossa Infrastructure Limited scheme, so that these farmers in the Coorong council area could access water at a reasonable rate.

There has been a lot of pushback in the last four years and, from what I understand, SA Water has really pushed this back and the minister is pushing this back. Quite frankly, I think that is disgraceful. It is holding up primary production opportunities in my area and the member for MacKillop's area and added so much potential. So now we will see more private pipelines go in with no money returned to the state.

I will declare an interest: I live on a property in the Coorong council area and potentially—and I place it on the record, as I have before—I could have benefited from this if they put all rural property owners in on the same scheme in the Coorong area. It is interesting that SA Water and the minister have been saying that there was not enough water going to be utilised with this. I think it is up to something between seven and nine gigalitres a year. That may not be a big amount in the scheme of things, but it is a fair bit of water to put through a pipe and deliver to properties. Whatever water you are using in regard to your primary production, it is absolutely vital.

When it comes to using the volume of water as an excuse, I would have thought it might be a better excuse to actually allow a Barossa Infrastructure Limited-style scheme to go into place in the Coorong council area. It would not have had much of a net loss to the government. As I said, it would not be all loss because there will be total loss as more and more people do it. Certainly, I will not be doing it. My farm would be over 50 kilometres from Lake Albert, so I will not be participating in a private pipeline due to the cost, but who knows?

Into the future, it may happen. There may be a consortium that gets together and decides that yes, Coomandook, Yumali, Ki Ki and even Coonalpyn farmers want to tap into that water source with an allocation, whether lease or purchase, and get on with the job, but that is going to be a little way down the track, if it happens at all, just for the pure distance. Certainly for the farms that are a lot

closer, probably within that 30-kilometre range, I know there are definitely things happening, and it will be to the detriment of the state in the end.

It is ridiculous when we have seen what has happened in the past, especially in regard to the Barossa where we had that forethought. The original Barossa Infrastructure Limited plan went in and now we see the capacity increase, which I truly welcome as something positive for our state's farmers, especially those who are paying through the nose through no fault of their own due to environmental outcomes. They then were brought into the shocking world of paying for water at those higher rates compared to just extracting it at irrigation rates. I think there should be more done by the government to assist primary production in this state so we can have more success stories like the Barossa Infrastructure Limited program.