

Water Industry Bill – 8 November 2011

in committee continued from 20 October 2011 Clause 25

Mr PEDERICK: Thank you, Mr Chairman of Committees. I, too, congratulate you on your appointment. I want to make some points re the delivery of farmers, and I will declare my interest as a farmer before entering this place and still owning the property but having it leased out so I don't have to operate the business side of it. We are at Coomandook and we are totally reliant on the Keith pipeline because the water in the underground basin is just too saline to use. Certainly, the community was very grateful when the Keith pipeline came through in the sixties. It took over from a scheme that originates on the Weckert property (who are the people who lease my property), a local scheme that piped water from the back of Yumali around through Coomandook. It is an absolutely essential service to producers on that pipeline to Keith, and it was the vision of many people to get that in place.

I want to make some points about the delivery of water and why it has been necessary for piped water to go, in either an unfiltered sense or a filtered sense, to various properties along the river. In fact, the debacle has happened in the last few years under this government because of mismanagement of the drought and the River Murray, and our lack of negotiation skills when it came to getting water delivered to South Australia. What we have seen happen below Lock 1, especially close to Lock 1 where people could have drawn water from the river but could not—they could not irrigate their properties even with licensed water that they pay River Murray irrigation level 3a fees on.

So, for many hundreds of kilometres of river we have seen farmers and rural businesses suffer because of the absolute lack of access to water. As you come down the river you see the debacle (not just in the areas up towards Blanchetown) but as the river got too low people had to lower pumps to try to access that water to irrigate, and some just gave up. They decided it was too hard and for many it was too risky because of the slumping risks with the River Murray because of the lack of flow keeping it up to the post-barrage height of plus 0.75 of a metre.

As we come further down to the River Murray flats around Mannum, towards Wellington, in the last few years (under the Labor government when John Hill was the minister) we saw rehabilitation of those flats which saw close to \$30 million of federal, state and producer finance go into so-called rehabilitation. As part of that, farmers had an option not to take up the option of rehabilitating blocks, so we ended up with a patchwork quilt where some properties were rehabilitated (laser levelled) at significant cost—as I said, close to \$30 million across the entire area.

The long-term drought that we had saw these flats become unusable and untenable to operate as dairy properties. We saw cattle, especially calves, falling into deep cracks and disappearing out of sight and, apart from the ability to farm in an effective manner, destroying the effectiveness of all that money that had been invested all those years ago. We must make sure that, if rehabilitation happens again, it is done in a more overall way to the swamps and that we do have water at a decent level so that these businesses can keep producing.

When we go further down the river, we get to Wellington and everyone past Wellington. This government, in an announcement in 2006, was quite happy to sacrifice those entire communities. I do not say that lightly: that is a fact. The \$200 million Wellington weir proposal of a sinking rock heap (700,000 tonnes) would have needed continuous rebuilding, and I certainly know that some contractors were gearing up—and I cannot blame them, as they could see a commercial opportunity—to cart this stone.

The Upper South East certainly is not short on limestone, and I can say that from my experience as a dryland farmer. I must say that, especially when I took on a property down at Tintinara, I certainly found plenty of limestone—there is plenty out there. The simple fact was that these people were going to be absolutely sacrificed to secure the water for Adelaide; that was the argument. I firmly believe, and I still believe, that it was just the lack of this government's ability to negotiate the proper outcomes for the bottom end of the river.

Over time, some irrigators around Lake Albert and Lake Alexandrina invested hundreds of thousands of dollars in desalination units that are not cheap to buy and not cheap to run. We saw private investors around Langhorne Creek put in pipelines to feed the wine grape industry, and then we saw the creek's pipeline company (and I acknowledge that the state government came on board to help manage that project) get water through to the vineyards, but it was very expensive water.

The high security water through the creek's pipeline is \$1,000 a megalitre. I note that 90 per cent of the funding that went into this project was commonwealth funding. People could see that they either had to bite the bullet or their vineyards—from the fantastic winegrowing region in Langhorne Creek through to Currency Creek— would be at risk. I now get to where I talk about the canary in the mine—and it is Lake Albert. It is the absolute mismanagement of Lake Albert that has caused so much grief to one of the best irrigation areas in this state and possibly in this country. It is a fantastic area on the Narrung Peninsula for horticulture, dairy, and a range of irrigation industries.

It is good land, and it used to be good water, and it has a good climate, with breezes coming off the lakes. What we saw during the drought were people spending thousands of dollars—some up to \$5,000 a week—to get water delivered to keep their dairies functioning. After all the bluff and bluster of the commonwealth, who could not work out that South Australia has actually done a lot of infrastructure upgrades over the last 30 to 40 years, because, sadly, we did not match the guidelines for the federal funding, belatedly we did see those emergency pipelines go in, and they went in just in time. I must congratulate the contractors—as I have done here before—on the great job they did.

This has become necessary because what we see now, 12 months after the recovery of the river, are people who have not been able to use Lake Albert to water their dairy herd, irrigate their pastures or irrigate crops, and that has not happened since the barrages went in. They basically have a gun at their head, and they have had to purchase River Murray water through that scheme. The amendments put up by the member for MacKillop on behalf of the Liberal Party are very good amendments, and they acknowledge the contribution that South Australian farmers make.

Salinity levels are still around 5,000 or 6,000 EC around Lake Albert because what happened was that bund go in in a hell of a hurry, when the government was worried about acidification. Then we see no eagerness at all to complete getting that Narrung bund right out of the water and out of that channel there. There is also the effect of all the silting around it; at least 20 per cent of the material that went into that neck between the lakes will still be there, and that has had a major effect. The River Murray basically recovered over 12 months ago, yet here we are 12 months on and we still have people in a region around a lake who cannot access water as they should be able to.

In fact, as the minister would be aware—it was brought to his attention the other night; he was in Murray Bridge at the meeting I was at—an irrigator said that her irrigation fees, the level 3A fees, do not even cover the amount that irrigator gets for the leasing of her water. So, apart from not being able to recoup those fees from leasing out their water, they have to pay absolute top dollar because, through no fault of their own, water has had to be delivered through a pipe. I acknowledge that the pipe was put in and that the state government did some work in regard to that—but it had to be dragged along to that point.

Many people and communities are suffering around the bottom end of the lakes. I acknowledge that many around Lake Alexandrina have been able to keep irrigating, but I want to talk about an irrigator at Murray Bridge. I will not name him, but he grows very good produce. This is part of the cost that primary industries have to pay, the hidden cost that members on the other side who have never run a business will never know about. This person has a \$700,000 extra penalty, a debt that they have to service, because of what happened with the River Murray and what they had to do to lease and buy water in. Thankfully he is still surviving, but I can tell members that he is none too happy about that situation.

The CHAIR: Is that it?

Mr PEDERICK: I am getting there, thank you. I have just a little story to tell, if you do not mind.

The CHAIR: A big man with a small story.

Mr PEDERICK: Thank you, Mr Chairman; I do not want you to overstep your authority on your first day. I want to get back to the Keith pipeline which is the pipeline where, when water went down around Meningie and around the Narrung Peninsula, this source of water for both towns, and farmers and businesses on that end of the River Murray, was under extreme threat during the drought. In fact, I had discussions with former minister Karlene Maywald on what was happening there. There was talk of a desalination plant being put in at Taillem Bend for a cost of \$75 million, and the SA Water representative—I think it was John Ringham, but I am going only on memory—looked at me and said, 'What do we do with the salt?' I said, 'We'll have to get rid of it because we need the water.' That is how critical it got.

As I said, I indicate my interest. The pipeline runs straight past my farm, and obviously I draw water out of it. When I was farming we used it for stock water, spray water, household water and for firefighting when we needed to, which happens occasionally.

I want to reinforce what the member for MacKillop was saying, that off that pipeline many industries have been set up, not just sheep and cattle grazing in open farmland but quite a few feedlots with both sheep and cattle. Members should also understand that there are some grazing properties that have over 500 head of breeding cattle that drink one heck of a lot of water, I can tell you.

This is a cost to the bottom line—the cost of water—which is quadrupling over time, that these people cannot sustain. In fact, down in my area there are many sheep and cattle producers who come to me, people who farm near Cooke Plains, Ki Ki, Coomandook, and they say, 'How are we going to go on?' It is a real issue, because if people only have B class poly pipe, which is the thin-walled pipe, and you get a leak, you are in real strife. If you do not pick it up in a hurry because you are busy maybe sowing a crop or harvesting that crop, or doing other duties, you can lose a lot of money.

It is very hard to get a claim back with SA Water on major leaks. You can have, I think, one claim every 10 years, and then you have to fight like hell to get that claim authorised. That is not just for the sheep and cattle industries but for the piggeries that are in the area and, certainly, down into the member for MacKillop's area. They need a lot of water to water the pigs in the eco-shelters and the breeding sheds to keep things operational and to maintain the proper water levels for stock. You cannot just switch the tap off, and no-one would do that, I can assure you. Apart from that, people need water to clean the troughs out in the paddocks and out in the feedlot yards so that stock can have good, clean water to drink as necessary.

The point I am trying to make is how vital the farming industries of South Australia are to the state. They certainly see it that they are fully subsidising the desalination plant, which, with pipework, is \$2.2 billion. I know it is 100 gigalitres, but if was built back in 2007 when we brought our policy up about a 50 gigalitre desal plant, it would have been far, far cheaper. For 50 gigalitres back then you could get a plant (as it was in Perth) for around \$400 million with the associated pipework. Now we see that just the associated pipework for Port Stanvac is over \$420 million.

This is why these people in the farming areas are so outraged about the cost of water. It is not just my area: it is right across the state. We know this water goes right across to Ceduna, because they know darn well that they will never source water for their properties from the desalination plant. If anyone in government in this state is fool enough to let the River Murray get to the state it got to, they will be at absolute risk of water supply with no guarantee.

I certainly cannot see people rushing around to save their bacon because it took a lot of kicking and screaming to get the government to act in the most recent drought. I say that we do need a scheme that farmers and irrigators can access similar to the BIL scheme in the Barossa.

I also want to close with a few comments about third-party access. I concur with the member for MacKillop that this Labor government is not serious about third-party access. There have been proposals taken to them over many years, including by the former member for Flinders, Liz Penfold, who was seeking offshore investment to put in small desalination plants to deliver water to the West Coast of the Eyre Peninsula. Yet, 'Oh, no, we'll just pump it 700 or 800 kilometres from the River Murray and put more strain on an already over-allocated river.'

The CHAIR: Is this the same topic?

Mr PEDERICK: It is the same. I am talking about third-party access now, Mr Chairman. I'm glad you're listening, I'm glad you're taking notes.

The CHAIR: The second chapter?

Mr PEDERICK: It is; it's moving on. I would like the government to rethink the amendments of the member for MacKillop. I know they do not have many members in regional areas, but the farming people of this state make a significant contribution to the wealth of this state. Last year, overall it was \$4.7 billion. We run a very real risk of areas of farmland just being deserted, and we need to make sure that the many billions of dollars that gets contributed annually is rewarded.