

6th of September 2014,  
(Attended meeting at Tintinara on the 28/8/14)

To whom it may concern,

My name is Adam Merry and I operate a family farm consisting of 2,429Ha (6,000)Ac, on the Coorong in the upper south east of SA. Within the following correspondence I will endeavour to express my ongoing concern for the increased cost of mains water and how this impacts our enterprise and therefore profitability.

Our property is called Warreena and is located at 9649 Princes Hwy between Woods Well and Policeman's Point. We purchased this property in 2000, and it at the time had the capacity to run 250-300 cows with a mains water cost of around \$1/kl. This region as I'm sure you are aware has little or no suitable ground water for stock consumption due to the high levels of salinity. The mains water supply was crucial to the decision for us to purchase this property as obviously no water no livestock!

Since 2000 there has been a steady increase in the mains water cost per Kl to a now extremely unsustainable level of \$3.22 or more. Over this period we have worked very hard to regenerate pastures, refence, improve water infrastructure, control weeds and vermin and fertilise our farm to not only improve production but increase the sustainability of farming in this region. By implementing the mentioned practices we have managed to reclaim many low lying salt affected areas, recover many wind eroded hills and increase our stocking numbers. As the carrying capacity grows so too has the water bill. In 2012 we calved down just over 600 cows that has taken many years for us to breed up and be proud of every animal on farm, but this has led to an annual water usage of 20-22,000Kl or around \$60,000. This cost equates to aprox' \$100/calf sold which is not able to be absorbed or passed on to our consumer as it can be in many other businesses.

We have considered relocating but the projected loss of property equity is too great as the prospected purchaser knows that they are going to be \$60.000 a year worse off if they buy my farm, apposed to one not that much further down the road where good ground water is available. It is also the ongoing risk as to further price rises, if the trends of the last few years was to continue then there would be absolutely no chance of making any sort of a profit with beef cattle.

Given the water constraints we have recently looked in to various alternative water sources. I will list a few of these in brief below and my quick summary of them;

- Running a pipe from lake Albert to property in conjunction with other land holders; This comes at significant risk due to the unknown longevity of the lake and a capital cost to me of around 250-\$300,000. With commodities where they are we could not justify that level of increased debt and exposure.
- Building a desalinisation plant to utilise our saline ground water; This comes at a significant cost of aprox' \$100,000 with on going running and water pumping

costs. The major issues for me is handling the large volumes of brine created through the desalination process and the huge chance that the water quality that the plant is built around will deteriorate over time with big quantities being drawn from one point. If the water increases in EC by 30% then your brine increases and out put decreases leaving you with a short fall in water supply, negative environmental impacts and then this can all compound very quickly.

- Water catchment ponds; again 150-\$200,000 to catch and store a quarter to half our usage and if you receive no or little rainfall from Sept'-April as we have in the last few years then I strongly believe you will be looking at an empty dam by January and turning the expensive mains back on when consumption is at its highest.
- I have also been investigating the prospects of piping good confined water from near Tintinara across as this too would be an expensive process, the water is of better quality and a more secure source. I would need to include additional farmers along the way to assist in funding this project but I do think this has some environmental and economic sustainability.

Since 2012 I looked at my business and decided that an enterprise change was the only way we could remain profitable with the current input costs and cattle prices. I made the hard decision to sell some of our good young cattle that had taken years to develop and replace them with some sheep. The sheep drink considerably less than cattle and can also tolerate more saline water. A saleable lamb can also be produced in a much shorter period of time through the wetter time of the year compared to a calf who takes nearly a full year to reach market specifications. We have now halved the number of cattle on farm and introduced 2,000 ewes, at a considerable change over cost. This has been the only thing in my control to try and remain viable but this all comes with other issues;

- Sheep require a greater level of management and with parents who are nearly 70 and being 50 and 60kms from the nearest towns the increased labour requirement and cost of such is a significant constraint.
- Sheep are much harder on our sandy soils and hilly topography, exposing the property to increased pasture degradation and wind erosion
- If sheep become less profitable due to world markets or a disease out break we would then have now where to go with other enterprises, such as back to all cattle.
- Our country is not suited to cropping so this is a poor alternative to running livestock
- If we were to look at selling and were showing a profit with our sheep enterprise it then limits prospected purchasers as many people just will not work with sheep. For example both of my neighbours on the north and south who own 5,000 plus acres each do not have a sheep and never will, so this straight away knocks them out as competition for the land if they wished to expand.

To conclude this is an extremely complex issue that affects families and communities far beyond just another bill. Since the extreme water pricing I have seen two service

stations close, two caravan parks, our local school at Salt Creek and the Policeman's Point pub is struggling. This whole area was opened up by the establishment of the mains water system and now it is the very thing that is closing it down. If the cost of this water does not be significantly reduced the upper south east will become a very sad state of affairs with poor property values, increased dryland salinity, wind erosion, weeds and vermin as no one will have the money or inclination to control it.

It is increasingly frustrating that fundamentally the same water (I know not filtered) can be purchased at a fraction of the cost and pumped out for irrigation or used for stock and domestic consumption only a short way down the road.

This water is used for food production, I know we have little votes in the rural sector but the general population in the cities will get hit harder if we cant survive and they inturn have to pay significantly more for their food, or have to go with out something because its just not there.

I do not know how many submissions you will receive relating to this topic but it is in my experience from the numerous meetings and seminars that I have been to that there is a much greater issue out there than will probably be reflected by such correspondence. Many farmers and I don't like to say it but are of the older generation and have many issues but are not prepared to take the time or have the capacity to send in some valuable feed back. My point being if you multiplied every letter you received by 5 you might actually be getting closer to the number of people who are genuinely affected by this crippling water cost.

Thanks for your time and consideration and please don't hesitate to contact me for any further information.

Regards,

Adam Merry.