



Your strong and independent
voice for livestock producers

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Mr Lewis W Owens
Independent Inquirer
South Australian Water Pricing Inquiry
GPO Box 1045
ADELAIDE SA 5001

Dear Mr Owens

Livestock SA wishes to express disappointment in the Inquiry's fourth report entitled "A Balanced Bargain."

Despite the title of the Inquiry's third report "A Cautious Conclusion", this report provided an in-depth analysis to strongly demonstrate that unreasonably high-water prices had been set. The fourth report in comparison back-tracks on the Inquiry's findings.

As a result of the discussions from the workshop in March and further analysis, it is now felt that the most credible RAB (Regulated Asset Base) is between \$7,150 million and \$7,250 million. Even with this conclusion, the fact remains that the RAB needs to be reduced and accordingly there needs to be a reduction in the price of water.

As indicated in Livestock SA's response to the third report, the crux of the issue for Livestock SA and its members is highlighted by the summary in the third report of the price rises (page 43):

"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."

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. This needs to start with a reassessment of the RAB.

Yours sincerely

Andrew Curtis