

Killara Feedlot.

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KILLARA FEEDLOT

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Mr PETER DRAPER (Tamworth) [1.00 p.m.]: Today I highlight the plight of Killara feedlot. Killara, a rural-based business located near Quirindi that is owned by Elders, is an Australian company. Killara has government approval for a feed mill, and lot feeding of 20,000 cattle. At the moment it employs 29 staff members directly—it is rebuilding because of the impact of the drought—and it injects about \$9.5 million every year into the regional economy. Killara is in danger of closing. The possible closure of Killara would have far-reaching effects locally, regionally and nationally. The owners would not be the only people to suffer. Killara's closure would also hurt workers, families and the region as a whole. It would particularly affect the communities of Tamworth and Scone—both towns have abattoirs that employ 500 and 250 staff respectively. Both rely heavily on Killara for livestock. The New South Wales water reform process is threatening the viability of this business. Killara is in the Namoi Valley, a region significantly affected by water reform plans.

The current water-sharing plan for upper and lower Namoi groundwater fails to recognise Killara's need for a secure water source. In today's business environment it is essential to have security of resources, but this has not been provided for Killara. In the Namoi there has been no allowance for industrial supply. The only allowances are for townships and irrigation. There has been an overallocation of water in the Namoi by successive governments for many years, and Killara understands this. However, the lack of equity in the new arrangements for Killara's water supply is in urgent need of review. Killara is a special case because its industrial needs have not been recognised. Its closure would lead to long-term negative impacts that the local and regional communities can ill afford. Killara is licensed to house 20,000 cattle. A minimum cattle population of 15,000 head is essential to keep the business viable. According to an independent water audit, it requires at least 1,500 millilitres of water every year. Without that minimum allocation the operation cannot meet its Environment Protection Authority licensing requirements.

The allocation proposed in the water-sharing plan is approximately 510 millilitres, only one-third of the minimum required to ensure that Killara remains viable. The proposed compensation package is about \$50,000, which is absolutely negligible when one realises that capital investment at the site already exceeds \$15 million. This proposed reduction is unacceptable for a number of reasons. Changing Killara's water licences to aquifer access licences ignores the industrial usage of water at that site. Industrial usage is normally given high security status when the resource is surface water. However, as Killara is totally dependent on groundwater, there is no recognition of the differences between water uses. The Namoi groundwater water-sharing plan places stock access licences, quite rightly, behind environmental needs, but above general aquifer access licences. The Government acknowledges the importance of livestock and operations such as Killara. However, it has clearly failed to recognise that Killara accommodates stock in an industrial operation that cannot operate without a reliable water supply.

Other large feedlots have been granted industrial water licences with high security access. That appears unfair in that it provides a competitive edge and a

certainty of existence to which Killara is not privy. Many of these businesses are not Australian owned. Data from an independent study shows that the effects on the local community of a feedlot the size of Killara are of the order of \$6.2 million per annum. The study showed that a feedlot the size of Killara represents 60 jobs locally and 179 nationally. Killara's own analysis shows that it injected \$9.5 million per annum into the regional economy. Killara currently employs 29 full-time employees as it is rebuilding. Under normal circumstances there are 36 full-time employees. Another 19 people are employed as a result of businesses transacting directly with it. Tamworth abattoir will feel the impact of Killara's closure. That abattoir, which is supplied by Killara, employs 500 people. Scone abattoir certainly will not be spared if Killara is forced to close. Scone recently spent \$35 million on upgrading its facilities. It employs 250 staff and 80 per cent of its supplies come from Killara.

Killara is not after a free ride. It is asking the Government to change the status of its water licences to industrial, and that it be granted high security status. That would then align it with other industrial users. It is not unwilling to participate in water reform, and it might even be able to relinquish sleeper licences as part of this process. Its water supply must be secured. The Government must bring equity into the water reform process and include industries like Killara that add value to the agricultural industry. This issue is about jobs and regional communities. The Minister for Infrastructure and Planning, and Minister for Natural Resources, the Hon. Craig Knowles, who met with representatives from Killara, seemed supportive of these proposals. I ask him to ensure that this important rural business has a secure water supply in the future. The Minister must guarantee that it receives sufficient water to keep its operations viable and to retain jobs. This important business supports small and regional communities.

Private members' statements noted.

The House adjourned at 1.05 p.m. until Tuesday 6 April at 10.00 a.m.

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