



21D051

14 October 2021

Ms Michelle Edge
CEO - Department of Primary Industries and Regions South Australia
Per email: michelle.edge@sa.gov.au

Dear Michelle,

Re: Livestock Underpass Grant Scheme

SADA wishes to place on the record its support for the Livestock Underpass Grant Scheme (LUGS) which was announced by the South Australian Government earlier this year.

Notwithstanding that support, SADA does want to take this opportunity to point out some of the challenges that have occurred for dairy farmers to take advantage of the scheme. When SADA initially set about bidding on behalf of farmers for support it did so via the Regional Growth Fund Grant Scheme.

Over a period of 3 years SADA organised and bid for grant funding from the scheme, twice under the auspices of the competitive rounds and finally a single bid under the strategic element of the scheme. In these bids the numbers of intended underpasses fluctuated between 12 and 8 with the average underpass expected to cost in the order of \$200,000 per installed unit. At the time none of the bids were successful. This lack of success led the SA Government to announce the LUGS scheme.

While SADA is aware that there are a number of larger farmers working on developing applications to the scheme a problem has become apparent. The original bids to the Regional Growth fund were predicated on a dollar for dollar basis with the unit price standing at \$200,000. This meant that the farmer's exposure would have been about \$100,000 if the bids were successful.

The LUGS scheme offers \$70,000 which is subject to GST, which is quite different to the Victorian scheme. Farmers are now reporting that recently costs have gone up considerably and that the same units which were bid for in previous years have increased in price to about \$250,000. Factoring in the lower subsidy and the increased price the farmers exposure is now in the order of \$180,000 per unit which reflects an imposition that is greater than most farms can sustain.

SADA is writing to the SA Government with a recommendation that the subsidy be increased to at least \$100,000 per unit. Naturally, a greater subsidy than that would be enthusiastically greeted by SADA. Moreover, SADA also suggests a review of the Victorian model regarding the impost of the GST arrangements.

Attending to these two issues will in SADA's opinion enhance the take up of this scheme and will help develop the SA dairy industry to better attain the ambitions of SA's growth state policy. If you have any questions regarding this letter, please don't hesitate to contact me.

Yours sincerely,

Andrew Curtis
Chief Executive Officer