



City of Salisbury  
ABN 82 615 416 895

12 James Street  
PO Box 8  
Salisbury SA 5108  
Australia

Telephone 08 8406 8222  
Facsimile 08 8281 5466  
city@salisbury.sa.gov.au  
TTY 08 8406 8596  
(for hearing impaired)  
www.salisbury.sa.gov.au

4 December 2013

Office of the Mayor  
Gillian Aldridge

The Hon Ian Macfarlane MP  
Minister for Industry  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

Dear Minister

**Re: Water Cost Savings for GMH Elizabeth Plant**

The City of Salisbury is taking a strong interest in the ongoing discussion about the automotive sector and the development of policy settings relating to that sector. The GM Holden factory is on our boundary and a supplier park for that facility is located within our Council. Already we have seen a significant contraction in the component sector. Several large employers have closed their local operations with the resultant loss of jobs in an area already experiencing high levels of unemployment.

At its meeting on Monday 28 October 2013, Council unanimously resolved:

1. *The Mayor and CEO write to the Federal Minister for Industry summarising matters relevant to General Motors Holden, including details of:*
  - *The City of Salisbury's recent initiatives supporting Holden to help protect the local economy and the many workers directly employed by General Motors Holden (GMH), the associated component industries and many other small businesses reliant on GMH's long term sustainability;*
  - *The City of Salisbury's proposal to reduce GMH's water costs, potentially by up to half, through the supply of Salisbury recycled water to their Elizabeth plant; and*
  - *the economic and environmental benefits for City of Salisbury residents that could be achieved through Commonwealth Government investment in capital works/infrastructure installation required to enable the supply of Salisbury recycled water GMH.*
2. *A copy of the letter sent to the Federal Minister for Industry be submitted to the Productivity Commission review of the car industry and provided to the State Minister for Manufacturing for information.*

The City of Salisbury is a strong supporter of the Australian automotive sector. Council has opted to purchase and lease Holden made vehicles in all instances where they are fit for purpose for Council needs. Salisbury has also taken a leadership role in encouraging other South Australian councils to adopt a similar approach.

The Productivity Commission is charged with advising inter alia on significant transition issues or adjustment costs that may arise from alternative support mechanisms. Council argues strongly that such mechanisms should include consideration of public sector investment in economic infrastructure that lowers the cost base for the automotive sector and lays a foundation for regional economic diversification.

It is not clear from the Commission's terms of reference whether it is charged with considering how to reduce the cost base faced by GM Holden to increase its competitiveness. One way would be for the Federal Government to provide funding for water infrastructure to reduce that input cost for GM Holden. The City of Salisbury is recognised for its expertise in storm water recycling and is in discussions with GM Holden to extend our water distribution network to the GM Holden site. It is understood that the company currently uses approximately 250ML of potable water in the paint shop alone at a cost of around \$3.20/kl or \$800,000 annually. With some initial capital expenditure within GMH's site (estimated to be in the vicinity of \$700,000), Council would be in a position to supply water to the boundary for around \$1.00/kl or \$250,000 annually. This equates to a saving of \$550,000 per annum. Higher production volumes would increase savings.

Council itself will invest significantly to bring the distribution infrastructure to the site.

On Friday 29 November, 2013 Salisbury staff met with officials from GMH to discuss the proposal to supply Salisbury Water and were extremely keen to progress the initiative. Not only did they recognise the considerable cost savings, but the environmental benefits of using recycled water to replace expensive potable water had a strong appeal aligned to their company values.

As Minister responsible for the automotive sector we seek your favourable consideration of funding the up-front infrastructure costs to enable these savings to be realised. This proposal is put forward in the spirit of trying to ensure GM Holden remains viable as an Australian manufacturer and therefore hope it receives serious attention from the parties involved in mapping future policy settings for this important sector.

Yours faithfully

**Gillian Aldridge**  
Mayor

**Copy:** Australia's Automotive Manufacturing Industry  
Productivity Commission  
LB2 Collins Street East  
Melbourne Vic 8003