

Running ck Rd
M/S 768
Rathdowney Q 4287
Ph/Fax 07 5544 1191
markinstall@hypermax.net.au

27/8/2002
Kay Elson
C/-
House of Reps Standing committee
Parliament House
Canberra ACT 2600.

Dear Kay,

I am writing to you to give you some comment with regards to the House of Representatives standing committee on agriculture, fisheries and forestry inquiry into future water supplies for Australian rural industries and communities.

I believe that COAG and NCP have had a major unintended impact on rural and regional communities. Firstly, that the COAG requirements have resulted in price increases for water but have not brought about sufficient savings for the cost of implementing it, and that tying it to NCP, it has put rural users at an economic disadvantage. The major disparity here is that urban users only have to change simple lifestyle habits to reduce their usage and therefore costs, but in rural areas, there are no alternate sources of water, and for rural industries, often the water usage is directly correlated to income, i.e. the more available the higher the income.

COAG has also brought about a drift of water from rural areas to the coasts, and with it jobs and the very survival of some rural communities. Whilst those industries may have higher value uses, it is often outweighed by the negative impacts upon communities where the water once was.

Farm incomes are already low when compared to those of urban dwellers, and most farm incomes are correlated to rain or water. So any government policy or program which reduces the amount of water available to rural industry has a negative effect on farm incomes, and can make viable farms unviable. Often investment in water is what allows the certainty of getting a crop in or being able to supply product when other areas are dry. I know that without irrigation (and in the past year it has been severely limited due to drought) we would be in absolute dire straits right now.

The Queensland State Government has a rural water use efficiency initiative which is worth looking at. COAG and NCP has resulted in full cost recovery for water which has driven up the price. Urban users have the ability to avoid higher charges and have higher incomes to pay for it, whilst urban industry is better placed in the market to increase their prices to help offset the cost. In agriculture however, we are for the main price takers, and whilst we have to compete with other nations without these restrictions or imposts, there is less opportunity to increase our prices to cover the increase in costs.

Technology exists today that would enable me to reduce my water usage 50% or so and grow the same amount of crop, and run the same amount of cattle. However, at around \$5000 per acre to install, and with a lifespan of perhaps only 5-7 years and increased maintenance costs, the costs are too prohibitive. In areas with flood irrigation there are significant water savings possible by capping flowing bores and piping flood irrigation channels. In both these instances as well, the cost are often too much to be borne by the individual.

I believe the Commonwealth does have a role in ensuring adequate water supply in rural areas. Catchments do not recognise state boundaries (e.g Murray Darling covers Vic, NSW, Qld, and SA) and after all we are a country, not a nation of states. I'm sure that programs could be developed to bring both increased returns to rural industries and communities, as well as reducing our overall use of water.

Thank you for the opportunity to make comment on this issue, and if you would like any further information please do not hesitate to contact me.

Yours sincerely

Matthew Arkinstall.

