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Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON AGRICULTURE, FISHERIES AND
FORESTRY

Reference: Future water supplies for Australia's rural industries and communities

MONDAY, 17 FEBRUARY 2003

BOONAH

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY
Monday, 17 February 2003

Members: Mrs Elson (*Chair*), Mr Adams (*Deputy Chair*), Mr Forrest, Mrs Gash, Ms Ley, Mr Schultz, Mr Secker, Mr Sidebottom, Mr Windsor and Mr Zahra

Members in attendance: Mr Adams, Mrs Elson, Ms Ley, Mr Secker and Mr Sidebottom

Terms of reference for the inquiry:

To inquire into and report on:

The provision of future water supplies for Australia's rural industries and communities, particularly:

- The role of the Commonwealth in ensuring adequate and sustainable supply of water in rural and regional Australia.
- Commonwealth policies and programs in rural and regional Australia that could underpin stability of storage and supply of water for domestic consumption and other purposes.
- The effect of Commonwealth policies and programs on current and future water use in rural Australia.
- Commonwealth policies and programs that could address and balance the competing demands on water resources.
- The adequacy of scientific research on the approaches required for adaptation to climate variability and better weather prediction, including the reliability of forecasting systems and capacity to provide specialist forecasts.

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Committee met at 11.18 a.m.

BRENT, Councillor John, Mayor, Boonah Shire Council

MURPHY, Mr Patrick, Director of Works and Technical Services, Boonah Shire Council

SEAGRAVE, Mr Cameron, Community and Industry Development Officer, Boonah Shire Council

WEHL, Councillor Heather, Councillor, Boonah Shire Council

CHAIR—I declare open this public meeting of the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry inquiry into future water supplies for Australia's regional industries and communities. This is the third hearing of the inquiry; it is part of the committee's program of hearings in and visits to different parts of Australia. The hearings and visits allow us to pursue some of the issues raised in the 129 submissions to the inquiry, and the authors of some of those submissions are here today. Today and on Wednesday the committee will be holding public hearings in Brisbane. The committee will be visiting rural areas to see at first hand and to hear about some of the problems and solutions associated with future water supplies for Australian rural industries and communities. At today's public hearing we will hear evidence in relation to submissions from local government and community groups.

I welcome witnesses from the Boonah Shire Council. Although the committee does not require you to give evidence under oath, I should advise that these hearings are formal proceedings of parliament and consequently warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. If you wish, you may make a brief statements in relation to your submissions and then we would love to ask you some questions.

Councillor Brent—We have already supplied you with some information about Boonah shire. Some of that profile contains information on our community, agriculture, climate and water within Boonah shire. I welcome committee members; it is great to see that there are people representing rural electorates throughout Australia—New South Wales, South Australia and Tasmania. As one inquiry representative has mentioned, I know of two companies within Boonah shire area doing business with companies in your electorate. It is great to have that relationship between the north and south of Australia.

Welcome to Boonah shire. We are a strong heart beating in south-east Queensland that produces in excess of \$40 million of rural products. Currently we are all very much aware of home security and the strong national issue that it is. Paramount in my mind is that water security also warrants the same attention, particularly for rural and regional communities throughout Australia. At the time of council becoming aware of the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry inquiry into Australia's future rural water supplies, our shire, along with many other communities, particularly along the east coast of Australia, were and still are in severe drought.

Events post COAG of the early 1990s have seen the water issue become rather convoluted and seemingly impossible for governments to develop a coherent policy direction on. This

applies to urban and rural supplies. Given the COAG reforms and the difficulty many Australians have in coming to grips with just what COAG is all about—if I talk about water and full cost recovery—and given the dominance of the two supermarket chains in Australia and their 76 per cent involvement in that area, rural producers' chances of passing on increased costs are close to nil in that environment. It is also fair to say that the myriad investigations, inquiries, reports and strategies have failed to address the real issues. Also, in our community, the small and to some degree media propelled green groups have further derailed the best endeavours for the advancement of those significant issues of water for our Australian community. But there is no doubt in my mind that the drought has brought into much sharper focus the clear need for future water infrastructure, and, I might add, parallel to this, ongoing water efficient strategies to ensure that we make the best use of the water that is available or can be provided.

Later today, committee members will be travelling around our shire, looking not only at some of the infrastructure developed by private individuals but also at that which was developed as water infrastructure some years ago. The construction of Moogerah Dam, which was completed in the early sixties at a cost of £1.17 million pounds—for those who are a little younger than I, that is about \$2.34 million—has brought great economic benefit not only to our shire but also to the urban and industrial communities in Ipswich city and beyond. The state government of 1994-96 assembled a water infrastructure task force to report on possible infrastructure projects throughout Queensland. I believe that was a great initiative. We in Boonah shire nominated a weir downstream of Moogerah as one project, and in a two-year period we were fortunate enough to see that project designed, constructed and completed at a cost of less than \$800,000. That has enhanced the Moogerah Dam yield by some 20 per cent.

All Australians have benefited from the very real and positive benefits generated by adequate water for rural industry. As an example, the return on investment in water extends to in excess of \$9,000 per megalitre in the fruit and vegetable industry. The funding of necessary infrastructure is an issue for government. However, I suggest that the full sale of Telstra could partly be applied to a national water infrastructure program. I suppose from time to time we view with some envy some of the projects carried out within Queensland. I would call them luxury infrastructure items. At present, the following projects are either under consideration or are currently constructed: \$127 million for the development of the Brisbane Magistrate's Court complex, \$50 million for a new office tower in George Street in Brisbane, \$234 million for the Millennium Arts Project to expand the State Library, and a \$599 million project to construct the south-east bus and transit lane in Brisbane. These are rather large bickies compared to the original cost of Moogerah Dam—some \$2.34 million back in the early 1960s.

Obviously in Boonah shire we have seen the benefits of water storage. Our community has grown on the back of irrigation and we are strong advocates of this type of infrastructure. To this end, leadership for such a program needs to be provided by a minister and a department whose sole responsibility is water. We all recognise that Australia is a vast land and can play a valuable role in food production, as it currently is, but we can exceed our talents and abilities at this time to supply food into South-East Asia and further afield, should there be a willingness by government to meet this challenge. Practical examples of stored water abound in our shire. As I said a little earlier, inquiry members will witness them first hand this afternoon as we tour the shire. With the current drought, it is not hard to see the result of a lack of water and the issues that result. I assure you that in the south-east corner of Queensland, which encompasses some two million people, Boonah shire's point of view is held by the 17 local governments

surrounding Brisbane city, from Noosa in the north to the Gold Coast in the south, and west to Toowoomba.

In my view, water equals jobs. It is a part of natural resource management and should never be overshadowed by minority groups utilising, on many occasions, sadly, flawed information to justify their ill-informed case. I compliment the parliamentary committee—it is chaired proudly by our own local member, Kay—on their initiative and I am pleased that they have accepted Boonah shire's invitation to hold this hearing in Boonah today. Thank you for being with us.

CHAIR—Does anyone wish to add anything further?

Councillor Wehl—I would like to add a few comments to what John said. I am sure you are all aware of the statistics but I would like to repeat them. Australia's average rainfall is 16.5 inches compared with 26 inches for all other land areas in the world. The average run-off for Australia is $1\frac{1}{3}$ inches compared with $9\frac{3}{4}$ inches for the rest of the land area on the earth. Between 1912 and 1939, there were no fewer than six interstate conferences on bore management. A report on them was finally published in 1954, but little was done. We know that in 1915 the Great Artesian Basin had a flow of 2,000 megalitres per day, and in 1995 it was 1,200 megalitres a day. For that reason, I welcome this inquiry and I reiterate our mayor's comment that the Commonwealth needs to take a leadership role on water.

I believe that COAG has divided the issue. We need leadership and we need it in the following areas: pricing, capital infrastructure, research and development in ways of conserving water and, certainly, the renewal of water. I firmly believe that Australia needs to look far more at renewed water. When we look at how much water we have in Australia compared with the rest of the world, we see that we cannot afford to use it just once.

Mr Murphy —I support the comment on the lack of leadership in planning. South-east Queensland has proposed a planning study for rural and urban water. The cost of that study is approximately \$2.5 million. SEQROC, the union of 18 south-east Queensland councils and the state government, are divided on how to fund that study. In the past that would have been taken up by one of our departments; for example, by the irrigation and water supply department in the old days. Now, we have confusion over who should fund the study just to plan our water supplies in south-east Queensland.

Councillor Wehl—COAG is all about full cost recovery. I suggest that this cannot be done in isolation. If we are going to go down the path of full cost recovery, we need to address the issues that our mayor has alluded to in allowing farmers to pass on their true cost of production. At this moment in the dairy industry, particularly, we have no way of passing on our true cost of production, which has doubled since deregulation. In that time, the price we receive for our milk has fallen. We cannot say that we are going to have full cost recovery in respect of water if we are not also going to look at a way that farmers can pass that on.

CHAIR—Do you think that the states would agree to the Commonwealth assuming responsibility for the control of water? We heard other evidence that some councillors think it should be the responsibility of the councils to make decisions to do with water because they know their areas best, especially in rural and regional areas where they have a hands-on approach with their community. What is your opinion on that?

Councillor Brent—Quite clearly in the past we have demonstrated that we can manage our community's water in the urban area, but again it is beyond our resources to do it in a wider area—that is, provide water for rural production. It is hard not to be political, but I think there is a justified case to be developed that there is a new attitude towards providing for water infrastructure within Australia. In Queensland's case, history shows clearly that there is no emphasis whatsoever on looking towards new infrastructure. As for who pays, it is a national responsibility. There are many things that national government or Commonwealth governments provide, but the day is fast approaching when we will not need a level of state government and it will be necessary to have an expanded local government role. Because everyone is trying to maximise the taxation dollars that they are receiving, it is most important that we do it efficiently.

As you will recognise from the note in my opening comments, there is an opportunity, should there be a full sale of Telstra, to put the money towards some national noteworthy projects. I am sure that if you sought the views of local government throughout Australia they would be able to identify in their part of the world projects that would enhance the viability and economic activity of their communities. I could throw a couple into the ring now but they would probably tally up to only about \$25 million or \$30 million worth in our community. But let me assure you that if you provide that money, growth will come. Again, as I alluded to, in agriculture the multiple effect of the expenditure of \$1 is great. As communities we have been encouraged to look beyond our shores for markets. They are there and they are for the taking, but it is very hard to play on a field where we are being asked for full recovery dollar-wise when we pay for this water. It is a national responsibility. Given the absence of inclination, direction or commitment at state government level, we can only look to the Commonwealth to provide the necessary dollars.

Mr ADAMS—Basically, are you saying that the Commonwealth should subsidise your production?

Councillor Brent—Never. As you represent a rural area, I would love to see you put that point of view in your own electorate. It probably would not receive an appropriate response.

Mr ADAMS—I am asking you.

Councillor Brent—It is not appropriate. I do not think that anyone is looking for a subsidy. Communities have many things provided as of right, whether they be libraries, pools or public sporting infrastructure. The whole community pays in enhancing the way of life of individuals in communities. All political parties in Australia look towards the creation of jobs to grow our community, and water equals jobs; the absence of water means loss of jobs. That is one real way in which we can address this important issue of Australia's future viability.

Mr ADAMS—There are constitutional limitations to the Commonwealth taking over the control of water without a referendum giving it a tick—the High Court would not let the Commonwealth do that—so we have to try to work through other mechanisms. You say that COAG has fallen down and it has not worked. Do you want to give us some ideas? Do you have any specific matters that you can talk on?

Councillor Brent—I am happy to answer the question, but I might ask our Director of Works and Technical Services, who is involved in an urban sense, to respond to it from that perspective.

CHAIR—Mr Murphy wanted to expand on a question that I asked but I did not acknowledge that he could do that, so I apologise. He might want to do so before he answers that question.

Mr Murphy—On local versus state versus federal control, we have enough trouble trying to keep up with legislative changes and changes in ways of doing things. It seems that the bureaucracy continues to grow to put issues in place to try to slow down local thinking. Just to try to jump through those hoops is a major problem for us in local government. I worry about the future if we have local control of water. Cross-boundary issues in water management need to be considered together with resource management—for example, if one shire is not considering resource management in an efficient manner while another is. The quality of water discharged and a range of other things need to be considered on a catchment basis. I think that would undo local control to a certain degree.

Regarding examples at COAG, in south-east Queensland we have two monopoly suppliers of water. I say ‘monopoly’ because our catchment is managed by SunWater, and once you are in that catchment you are going to be managed by SunWater regardless. There is the fixing of price in comparison to the South-East Queensland Water Corporation. There is the real problem of cooperation: one has one policy and one has another, and they have different shareholders. Those sorts of issues are growing. Their focus is different from the focus of the elected representatives. They have a bottom line focus. It is all about the commercial price rather than the value of water.

As I see it, there is urban value. If we go on a purely commercial basis, urban will continue to outbid rural with regard to water price. In urban areas there is industrial and domestic use, but there is also garden use, which is about aesthetic value. In rural areas water has more value than just price—it has production value. When you weigh up the total value of water there is more than just the commercial value. COAG is pushing everyone towards a commercial price rather than an actual value of production, or value adding the water.

Mr ADAMS—Can we touch on prices—the urban price and the price that comes out of your dam that you were talking about?

Mr Murphy—I have rough figures. At the moment we are paying the irrigative value, which is around \$30 a megalitre. We are on a five-year price path to reach the upper bound, I think they call it—the rate of return and annuity—and that is going to be \$90 a megalitre to purchase at the off-take point. That is the difference.

Mr ADAMS—So everybody pays \$30, and the cost recovery is \$90. That is the shire’s position?

Mr Murphy—The shire’s position at the moment is that it is on a price path to meet the upper bound, whereas the rural producer will stay on the lower bound. But that is on existing schemes only. When somebody wants to develop a new scheme, they have to go onto the upper bound, I would imagine. So there is an imbalance there with regard to how they will manage prices in the future.

Ms LEY—I certainly appreciate that since 1961, when the Moogerah Dam was built, the role of local government has changed enormously and that you are faced with complexities that those councils could not possibly have dreamed of. I am interested in your comments on pricing, following on from what we have already heard. You say that it should be viewed with the aim of being consistent across rural and regional Australia to remove competitive advantage gained through the cost of water, which of course is completely contrary to COAG principles, and that, for this to be fair and equitable, delivery infrastructure must be uniform across Australia. You have just mentioned that people here are paying \$30 a megalitre for water. I know that dairy farmers in my area are paying \$370—not that they would stay in business if they had to pay \$370 every year. That reflects the fact that in the Murray catchment water is extremely scarce. I am interested in how you would see a pricing policy which maintains the equity that of course is ideal but which reflects the fact that in some catchments water is more scarce. Could you expand on your ideas about pricing?

Councillor Brent—I should defer to my fellow elected member Councillor Wehl, who runs a dairy. I am most keen to put it to her: \$370 per megalitre for her water.

Ms LEY—It is definitely not sustainable.

Councillor Brent—It is not sustainable, and I think most of us would recognise this. If we were to ask \$370 per megalitre of our rural producers in this valley, we would begin to empty out this community and we could then move those jobs in our community to the urban areas. I do not know what they would do other than perhaps move to the department of natural resources to theorise about the future. However, we in Australia need to make up our minds whether we are fair dinkum about our rural industries—whether indeed we are going to be supportive and continue to assist and grow that industry or whether we exit.

We all understand that water is an important component of rural production. However, I do not believe we would have any issue at all if it were possible for our rural producers to pass on those costs of production to the retail field. In my opening address, I noted the dominance of two chain stores with 76 per cent of the market. Indeed I challenge those who might have the difficulty of dealing with those chains—it is not their problem that they are the only two in the marketplace. However, passing on increased costs is not easy in today's environment.

I am sure that, from time to time, inquiry members have travelled overseas to look at water issues. If that is the case, I challenge them to look at water infrastructure in the United States, look at its availability and look at its cost, and to travel to other parts of the world and look at the costs of water. If we are playing on a level playing field, we must acknowledge what is happening in other parts of the world and the costs of water in those areas, because they are our direct competitors. I know full well of a company that I am close to that is dealing with imports from Spain that could come via South Africa. I am very keen to look at the cost of water in those parts of the world to see whether there is a level playing field.

It really comes back to this issue: do we want rural industry in Australia? If we do not, let us make up our minds and see how we could exit in the best possible way. It is not sufficient, I believe, for a Commonwealth government to say, 'We all sat down around the table in the early nineties, called ourselves COAG and dealt with water issues,' when now we have outcomes from those deliberations that Australians are trying to deal with and none of us really have any

idea of where this plan will finish. I do not have an answer on water pricing at all. But we need to look at it globally to see how we can best fit global policies to the Australian rural scene.

Ms LEY—As a wool grower who has been subject to the wool floor price for many years, I am always very suspicious of any price fixing. Surely you would agree that the price can go up where scarcity is involved. I am interested to hear about your suppliers—and we will probably find that out a bit later—and how they are doing in the present drought. What happens to your price when your levels go down, or do you have plenty of water?

Councillor Brent—I can point to a couple of examples again. I am quite sure there are a number of people in this room today whose business this year will be close to zero as a result of not having water. I need not put the view to you that those companies employ people and that, if there is no water, there is no crop and there are no jobs. Certainly we hold the government responsible for lots of issues, but not for the lack of rainfall. But there is a requirement to look more closely at how we can ensure some security of water entitlements for rural people.

This community is suffering as a result of drought. Until rainfall occurs and we have some water caught in our storages and hopefully some recharging of our underground aquifers, rural industry is pretty much on hold in our community. Normally the value of rural products generated in our community is \$40 million plus. I think when we receive some statistics some five or six years hence they will demonstrate that the year 2002-03 will have been very ordinary.

Mr SIDEBOTTOM—I would like to reiterate some of the points you made which have resonated with me. I thought your opening remarks about water security being as important as national physical security were absolutely correct. That has been reinforced to this committee through our other meetings and it has been heightened, of course, by the drought. You also commented about the dominance of the chains affecting prices which affects full cost recovery. I take on board the whole issue of getting full cost recovery, given the COAG reforms. Water equals jobs is very important. I would like to follow through with you a bit later on the renewing of the water policy, because that is very important.

You started to make comments about the Commonwealth being involved in the provision, either by funding or through other means, for infrastructure. You talked about the full sale of Telstra—and we could talk about that all week. I am interested in your view here: are you supporting the principle of a national infrastructure fund? How it is funding and whatever else is another matter but you seem to be supporting the principle and I would like you to follow that through a bit more. Does it matter whether ownership of that infrastructure—certainly in the provision of water—is public, or can it be private? That of course affects pricing.

I would like you to take me through a bit more about the security of water entitlements because I am wondering if the drought has exacerbated this. Is the difficulty getting access to water as a resource and storing it, or is the real problem the pricing issue and not being able to get full cost recovery from that? If it is an access problem, I can understand that in terms of infrastructure. If the real problem is pricing, that is another issue. Or is it that the two together have made this so difficult that it looks like it is the one big problem, that it is the same problem?

Councillor Brent—I believe strongly that the issue is manageable. We can do a lot better than we have done. We have a particular project here in south-east Queensland. It is about renewed water. I do not know how familiar committee members are with this issue. It is about collecting effluent from Brisbane city and adjoining local governments and turning that water inland to the west of Brisbane, into the lower end of Boonah shire, into Laidley shire and Gatton shire and extending further westward to Toowoomba and out onto the Darling Downs. There currently is a draft report that is in the final stages of titivation prior to public release. I believe I can say that it is around an \$800 million project. Being privy to some material contained in that report, I am alarmed how issues are somehow or other not as important as they once were. We would all recognise the environmental degradation from sewage effluent, to whatever level of treatment, moving into the shores of the Pacific Ocean, into what we know as Moreton Bay in Brisbane. Yet the report has indicated that, really, there was no real environmental harm and we cannot use that as a justification for sending this water inland.

As I said a little earlier, we have to be fair dinkum about some of these issues. If we do have an environmental issue, let us stand up and say, 'Yes, we do have an environmental issue.' Let us be honest with ourselves and use it on both sides of the equation, not on only one. But the funding of this particular project has been now talked about in terms of the level of subsidisation to each and every producer who might access this water. At this stage it is probably not fair that I mention particular figures, but I view this with some concern because I believe this is one national infrastructure project that could be the equivalent of a Snowy Mountains scheme for the future. The outcomes are good for Australia, good for the environment and good economically for our region. Yet I am quite sure that, upon the public release of the report, we will hear all the reasons from all levels of government—local government included—why this cannot be funded. Yet I know the benefits and I know if we were to meet here in 50 or 100 years and view and listen to the discussion held here, we would be failing in our duty if we did not report honestly and say, if we did not proceed, that we have let another opportunity pass us by.

So pricing is an issue, but I have suggested one form of funding that we should use should there be a full sale of Telstra. We also have a national superannuation scheme under which it is incumbent upon employers to place a contribution of nine or 10 per cent—as it is moving that way now—into a superannuation scheme. If we believe that water is a national issue, the opportunity is present to provide into a fund, known as a national water fund, perhaps one per cent of the funds flowing into that super scheme, as that would be for national projects. The government has legislated very differently in a number of areas with regard to superannuation but it would be a mandatory requirement that one per cent of the super funds collected would indeed flow into this national water infrastructure program. The returns may not be terribly smart but the flow-on benefits that would accrue as a result of that infrastructure provision would enhance the Australian community. It is about time we seized the agenda. I believe that all the national political parties know of the value of jobs and how we must grow that area. Water is one way of achieving it.

Mr SIDEBOTTOM—Heather, earlier you again mentioned water renewal, giving a macro example of that. Don't you think it is really important at the micro level? In your submission you are talking about publicising water issues and educating the public. I think that is a very important part of your submission and I would like to hear you elaborate on that. But it strikes me that the micro level—that is, the local level—also needs to be dealt with as to what we do with water and how we manage it. I would be interested in your comments on that. Before you

comment, I note that one of the requirements in law for super funds is that they must get the maximum return for those that invest in them. What is suggested would require legislative change, otherwise you would be talking about a levy—another one.

Councillor Wehl—I will answer firstly the questions about water. Sid, I will give you some personal examples of why I think this. I believe that renewed water is probably the only guaranteed water for the farming industry in the future. We have a dairy farm of 400 acres on the Bremer River. In 1990 the water level of our bore was four metres from the surface and we could pump 0.5 megalitres every 12 hours. In 2003 the water level has dropped to 11 metres, so there is a fall of seven metres, and we pump 0.2 megalitres per 12 hours, so we have lost 0.3 megalitres as well. We have spent roughly \$130,000 on water in the 20-odd years that we have been on our farm. Let us put the drought aside. I understand the drought has exacerbated it enormously but, even before the drought gripped, our water situation in the mid-1990s was far worse than when we bought the place 20-odd years ago and before we had spent \$130,000. So to my mind renewed water, water that someone has already used first, is probably the only guaranteed security of water that we can have.

I will make a couple of points on pricing. I note Sussan's comments. I get very alarmed when people quote water prices. You will see in the headlines that someone has paid \$350 a megalitre. Farmers will often have a crop that is three-quarters finished and they need to purchase water at that price just to finish it off. I get alarmed that people see that price and think that it is a per-megalitre price that people are prepared to pay and have the ability to pay all year. That is certainly not the case. Every time I see one of those headlines I get terrified, because it is not the reality.

I believe that the pricing of water is extremely difficult—and we could never work it out right now—but in the end that it will be like the financial assistance grants calculation. It will be a very complicated methodology with lots of things being considered. There certainly is not just one price for water. There are so many things that need to be assessed, and I imagine that it will be a very complicated mathematical conclusion when we come up with it. But I am quite unashamed to say that I think that water that is used to produce something should be of higher value than water that is not.

Councillor Brent—I am quite sure there would be bipartisan support for a change in superannuation legislation. I believe some leadership has been shown on the water issue by significant and noted Australians, Richard Pratt being among them, who made some comment on these issues recently. Boonah shire took the opportunity to write to Mr Pratt to congratulate the group on its initiative in raising the profile of this issue within the Australian community. There are some strong business identities within Australia who are prepared to work with the Commonwealth and whoever else might like to come on board to further this initiative. Education is important. To this extent—Patrick, you may need to help me on this—Boonah shire has had water meters for nearly 40 years.

Mr Murphy—Since the 1960s.

Mr SECKER—Have they done you any good?

Councillor Brent—Could I comment on that very shortly? There is always someone who has an excess water bill who is unsure whether it flowed through the pipes or leaked somewhere

else. However, we had a demonstrated lower utilisation of water than any other local government around—I am talking about domestic water use at this time—and it is only recently that some of our near neighbours, Brisbane included, have gone to metering water. I congratulate the early members of Boonah Shire Council on installing water meters and ensuring that we did the best to maximise the utilisation of the minimum resources that were available at that time. There are still other local governments coming to grips with this issue in south-east Queensland.

CHAIR—I will add to that question. When you have water meters, you then have a levy that you put aside, don't you? Does your council work like that: if you collect money for water usage, you put part of it away for future planning?

Councillor Brent—It would be appropriate for the director of technical services to answer that question.

CHAIR—I will just finish that question. If you do that, what planning is in place? Knowing Boonah shire, I know that it goes through droughts and flooding, then there are more droughts and flooding. Are you making plans to catch that water in the good times to reuse later in the bad times, if you do collect a levy? I know a lot of councils do have to do it, then plan for the future with that money—that is, use it to provide water in the future.

Mr Murphy—To start with, in our pricing structure we have an access charge. It depends on the size of the main going into the premises, and that is because of pressure, firefighting and so on. Then we have a single price per kilolitre. At the moment it is about 80c. We did structure an increased consumption with an increased price. That was probably used for the management of consumption, but in reality it is cheaper to treat more water, so we have gone back to 80c a kilolitre for a single charge. We do have our planning. It funds the operation and maintenance, depreciation, and management and planning. At the moment we purchase water from SunWater, from Moogerah Dam, so, unfortunately, our source of supply is managed by others. We have been very fortunate in this recent case that, under the interim operating licence that SunWater have, they cut off other users so that there was a certain percentage left in the dam for us to access. Today we are meeting with SunWater, prior to our tour, to try to work out ways and means of reducing evaporation losses and relocating our intakes and those sorts of things. But, yes, it funds the planning of water.

CHAIR—Because you do not stockpile the money for down the track—say, 30 or 40 years—as some other councils have done?

Mr Murphy—No. Our pricing is not to fund a sinking fund, if that is what you are talking about.

Mr ADAMS—You have a rate for paying for the pipes, the pumps, the storage and so on, then people pay for the water they use in urban situations?

Mr Murphy—Simplified, yes. In an access charge you are paying for the infrastructure to be there. It is a fixed and variable charge, I guess.

Mr ADAMS—They are paying \$30 per megalitre, urban, at the moment?

Mr Murphy—No, that is just to purchase the raw water.

Mr ADAMS—What do you pay as an urban dweller?

Mr Murphy—The urban access charge is probably \$200 a year and then it is 80c a kilolitre.

Mr ADAMS—What is your allocation?

Mr Murphy—There is no allocation. If you did not use any water, you would pay the \$200 access. If you shut the water off and did not produce any water, the fixed charge would be \$200.

CHAIR—Do you meter your irrigators, too?

Mr Murphy—Irrigators are managed by SunWater, and they are not metered, no.

Mr SIDEBOTTOM—Is SunWater a public or private corporation?

Mr Murphy—It is a public utility—whatever you call them these days.

Councillor Brent—The state government ministers are shareholders.

Mr SIDEBOTTOM—Okay, it is public—corporatised.

Mr SECKER—As a matter of interest, at 80c a kilolitre it works out at \$800 a megalitre. I presume there is quite a bit of irrigation here. I think I saw a figure of about 2,007 hectares, just in vegetable irrigation. How much more is there in pasture irrigation with dairies and things like that?

Mr Murphy—Allocations out of Moogerah Dam, on normal 100 per cent allocations, are 20,000 megalitres a year for irrigators, 7,000 for CS Energy and the Swanbank Power Station, Ipswich gets 1,700 megalitres and we get about 890 megalitres. That would be the total consumption out of Moogerah Dam if it were full.

Mr SECKER—A lot of those crops would be getting, I think you said, up to \$9,000 a hectare return—but that would be top of the range.

Mr Murphy—It would be \$9,000 return per megalitre, but in saying that I need to be clear that they go from a minus figure to an upper figure of \$9,000 per megalitre.

Mr SECKER—Just as in any business, there are good farmers and there are bad farmers. How have the water licences for irrigation been allocated and how was the pricing worked out?

Councillor Brent—That is a good question. It is always great to have openness and clear ways of achieving these sorts of things. If we go back to the construction of Moogerah Dam, it was really, 'Put your hand up; how much do you need?' and that was the allocation. We have had a number of changes in Queensland but we do not have adequate time here today to talk about those changes. However, I am looking at a letter I received in the last day or two which sets out changes in the way the state government will be dealing with underground water—

licences for obtaining water from either a stream or a bore. There is much scuttlebutt out there with regard to what we do in the future—are you able to have a bore within 400 metres of a creek and will there be a charge for it?

It is the unknown out there at this time for people in rural production. They have great concerns about what their future is. They need to know what their future is but as a result of COAG reforms there seems to be this ongoing position that is not engendering any confidence in our rural community as to where they will be next year or in five years time. We need to tidy this up. There has been great emphasis placed on this issue when the states deal with the Commonwealth on water reform. We all know about dividends, national competition policy and myriad other things that mean not a lot to people out there in user land. The only thing they know with a great deal of clarity is when they receive correspondence, whether it is from—in our instance—SunWater or the Department of Natural Resources and Mines, saying, ‘As from 7 April you will pay \$X for water,’ and enunciated in that fashion.

We talk about discussion with stakeholders; we talk about it regularly. We talk about consultation regularly. However, the process developed by departmental officers dealing with issues is not terribly clear. There are some in this room today whom I know have been dealing with water resource plans in our community. The meetings have been going on for four to five years. They started off with a great deal of enthusiasm and participation by people who were anxious to bring about a water management plan. However, if you attend one of those meetings now, you will probably find that there are not many more people than just departmental people attending. They are going nowhere; they are not achieving a result. Ultimately, I suppose, lack of interest causes lack of direction from government as to what area they should look at to achieve some of the Commonwealth goals set way back in those early COAG water discussion days.

Mr SECKER—Regarding your allocation, I can understand that that is how it happened 40 years ago—you put your hand up and you got water. Is there the ability to get new allocations?

Councillor Brent—No.

Mr SECKER—How is the pricing worked out? Is there some sort of board that says, ‘You will pay so much a megalitre for your irrigation water no matter how you use it’?

Councillor Brent—There are a couple of different systems, as Patrick indicated. SunWater sets the price paths. Somewhere in my material there is a price path that—I do not think committee members have been provided with it—if I were rude enough I would say has been ‘negotiated’. I should circulate that—it is not a confidential document. This is for urban water for Boonah Shire Council, beginning 1 July 2002, termination date 30 June 2007, and entitlement 860 megalitres. It shows the price path from now to 2007.

Mr SECKER—That is for the urban. I am interested in the rural. I am not surprised. I am interested in what you as a dairy farmer pay per megalitre.

Councillor Wehl—There is a great variety through here and the Lockyer Valley, for instance. We pay nothing and we have no monitoring of our bores at all.

Mr SECKER—I think I will come up here and be a dairy farmer.

Councillor Wehl—You might have a better flow where you are.

Mr SECKER—Do you have meters?

Councillor Wehl—No. This is underground water we are talking about.

Mr SECKER—I thought it was from the irrigation scheme.

Councillor Wehl—No, we are not on the irrigation scheme. We are on aquifer.

Councillor Brent—The underground aquifers at this stage, in this valley, as at today, will be.

Mr SIDEBOTTOM—It is happening everywhere.

Mr ADAMS—I would like to refer to sustainability. You say the aquifer is down to 11. The issue seems to be sustainability, which you do not address much. The big issue for rural Australia is sustainability. The debate has started and we are going to come into that. The price of water is going to be a part of that. If you cannot dairy farm at X price then the theory goes that something else that will return a higher income will work on the land and dairy farming will be done somewhere else.

Councillor Wehl—That is very true.

Mr ADAMS—I just wanted to get your reaction to that.

Councillor Wehl—If that happens, we will probably end up growing houses because, as the area around here has a great liveability aspect, that has a far greater return. I find this very ironic because many state government documents that we look at say how much they value the rural areas surrounding the south-east corner and state to what lengths they would like to go in their planning process to protect them. So I suggest that it is not as simple as you are saying.

Mr ADAMS—I see that you have a lot of four-acre blocks now.

Councillor Wehl—Sixty per cent of our ratepayers are rural producers.

Mr ADAMS—Are they producing off four-acre blocks?

Mr Seagrave—They are four-hectare ones.

Mr SECKER—The blocks are up to four hectares. Councillor Brent, I want to know what it is costing you if you are getting water from the Moogerah Dam. How do you work all this out if someone has an allocation of so many megalitres? Is there some sort of meter on each property?

Councillor Brent—There are a couple of systems. There is the urban supply—

Mr SECKER—I am not interested in the urban supply.

Councillor Brent—Leaving the urban supply quite alone, Boonah shire has no role to play in the distribution or allocation of water to rural users. It is an agreement by SunWater, being the corporatised entity, dealing with rural landholders. I am unsure—and I am happy to provide the committee with the exact number—of the exact number of dollars per megalitre paid by most rural users from that system. I am quite sure that there are one or two people here today who could quickly provide me with that information. It is around \$20 to \$30 per megalitre. This is for the water being drawn from this piece of infrastructure that is more than 40 years old. There are two systems. We have a Moogerah Dam system and a Maroon Dam system.

Mr Murphy—Mr Secker, you were asking before about how the water price was set. Queensland set up a water reform unit that looked at the efficiencies of SunWater. The aim of the costing was to go to a lower bound efficient price, so that you are not paying for the inefficiencies of SunWater—if there are any. Queensland are aiming for a price path to get that lower bound price. That was set up through the Queensland water reform unit, and it is set on per-megalitre basis.

Mr SECKER—Are you aware of any infrastructure proposals that have been planned or are likely to be planned that would help the people in this area?

Councillor Brent—Yes, there is one, Patrick, and it has been investigated, reported on and designed. It would really need some up-to-date costings carried out on it. If I were to have a ballpark guess at the cost, it would be something like \$25 million for around 30,000 megalitres of water. That is an infrastructure project subject to landholders being agreeable to the construction of that facility on the land. Obviously, people are disadvantaged as a result of a dam being built somewhere, and you need to think clearly about the issue. I would like to respond to the earlier question, realising it is necessary to give correct information to a committee. I am reliably informed that \$35 per megalitre is the cost of water.

Mr SECKER—That is pretty cheap.

Councillor Brent—However, it is being delivered from a piece of infrastructure built 40 years ago.

Mr SECKER—Is it metered?

Councillor Brent—It is metered.

Ms LEY—Is it permanently or temporarily traded in the market?

Councillor Brent—The opportunity to trade is about to happen. To draw on Heather's point, quite often you will see in the media—and I am sure this happens Australia wide—that some rural water is traded at \$1,000 a megalitre. However, quite often it is not for a huge quantity of water; it is about topping off a crop. Just this last week I have become aware of someone who has paid \$1,500 per megalitre to finish off a crop of capsicums. The water was bought from an underground miner in order to finish off the crop. But I dare say that in the local media it will be reported as 'Growers pay \$1,500 per megalitre for water' and we will again have the bureaucrats in Canberra or in George Street in Brisbane seeing an opportunity to balance the books in that particular way.

CHAIR—Thank you very much. I am sorry we have to cut it off here. This has been our first public inquiry in a rural town, so we hunger for all this information. I know we could have sat here for the next hour questioning you, but you gave a very detailed submission and we will take evidence from that as well to form part of our inquiry. Thank you very much for the opportunity to speak to you and for the time you have given us today.

Councillor Brent—I would like to thank you all for taking the time to come to Boonah shire today to hear it first hand.

CHAIR—Everyone who is here is quite welcome to stay on because this is a public inquiry. I have had a few people come and ask if they can answer or add to something that has been said here today. The people who are appearing before us are those who have made submissions following our advertising of this inquiry. We are on a schedule and have to leave here at a certain time to do our public inspections. If we have time we will listen to what you have to say but, if not, please feel welcome to put in writing what you want us to know and that will form a submission to the inquiry. Thank you.

[12.23 p.m.]

GIFFARD, Mr Philip John, Member, Tamborine Mountain Progress Association

PEAT, Mrs Jennifer, Honorary Secretary, Tamborine Mountain Progress Association

RALSTON, Mr Jack Stanley, Member, Management Committee, Tamborine Mountain Progress Association

CHAIR—Welcome. I invite one of you to make an opening statement telling us what you would like us to know and then we will open it up for questions.

Mr Ralston—There are two submissions: one from the progress association and one that was handed in this morning from Mr Giffard, also of the progress association. Would it be in order if I went over this one and Mr Giffard went over his submission?

Mr Giffard—I have six copies here of the supplementary submission.

CHAIR—We will get our secretariat to have a look at it first. If you would not mind, would you continue on the one you have already put through to us.

Mr Ralston—Our submission was prompted largely by concern about the security of the future supply on the mountain. Since making our submission, the drought situation has changed a fair bit. The water level in Maroon Dam is sufficient only for a few months supply. That supplies Beaudesert and irrigators downstream. The water supply at Canungra township, near Tamborine, has failed and water is being tankered in from the Beaudesert town supply. Oddly enough, the supply at Tamborine Mountain has not been greatly affected—but we do not know what is going on underneath the ground. We have little idea.

Tamborine Mountain is at the back of the Gold Coast; it is the hinterland of the Gold Coast. It is a small plateau with an area of about 2,000 hectares and an elevation of about 500 metres. The resident population is about 6,000 and increasing. There is also a significant and increasing tourist population. The resident population is concentrated largely in village areas and in low-density residential estates. There is rural residential and hobby farm land use. The balance of the area is devoted to open space, including about 130 hectares used for avocado growing.

Where does our water come from? We mention this because we think it is a good scheme. The mountain is not reliant on a supply of water piped from elsewhere. There is no reticulated supply and no sewerage system. The main sources of water are rainwater tanks, supplemented by ground water trucked from bores. Streams are only a minor source of water. Useable water is dispersed fairly well across the plateau and, to our knowledge, there has been no assessment of the resource.

There are lots of bores on the mountain. Numbers like 1,000 have been mentioned. Some are shallow—perhaps 10 metres—and others over 30 metres, but there are no records of what bores there are. The quantity available from bores varies a fair bit. In dry times, the shallow ones tend

to dry up, but there are bores—for instance, those used by commercial irrigators—which are capable of fairly big yields per hour. We really have no information on how the water is used. Rainwater tanks supply household needs, supplemented where necessary with tankered water from local bores. Some households have sufficient tank supply without supplement for many years. We have lived there for a good number of years and we have never had to rely on tankered water, but many existing houses need significant top-up by tankered water.

There is no regulation of the ground water use, except for some council requirements in respect of siting of bores. We understand that Queensland state legislation provides for control of ground water in areas declared under the legislation, but Tamborine Mountain is not such an area. There are very few measures in place to encourage or require residents to effectively manage and conserve their water supplies. Beaudesert Shire Council requires new residences to have a minimum capacity of 32,000 litres per new house. This association has long held the view that a larger capacity is desirable, and we understand that council is moving towards increasing the size of the minimum tank capacity.

We think our system is a good one because it does not rely on infrastructure like dams, reticulation systems and treatment systems. One of the advantages is a reduced need for dam sites; therefore, less valuable land is lost to inundation and more water is available for irrigators in dry times because it is not drawn from a dam site elsewhere. Given the nature of things as such, prudent use of water is promoted. Whilst the supply from tanks is free except for the cost of pumping, the top-up supply is naturally fairly costly because it has to be tankered in. Our system does encourage the development of an ethic for sustainable use of the resource.

The problems we see are with issues concerning sustainability and equity. The use of bore water increases with the increase in population and with increased tourist visitation. Deliveries off the mountain are also increasing. Water is tankered, probably in significant quantities, off the mountain for bottled water, making beer and that sort of thing. Another problem is that there are indications that the current use of ground water may not be sustainable and that is probably indicated by the progressive failure of some bores and the apparent long-term reduction of stream flow off the mountain.

Another consequence of the withdrawal of ground water is the effect on vegetation on the scarps surrounding the mountain. There are indications that additional water stress is occurring there. If the supply from mountain bores became inadequate in quantity or unsuitable in quality, then that would have an adverse consequence because it would be necessary to haul water back to the mountain, reversing the flow which is occurring at the moment. As I think I may have said, there is no regulation of the use of ground water—if you have a bore, it is yours to use free.

Mr ADAMS—Should there be regulations?

Mr Ralston—It is hard to see that the resource can be effectively managed, and in a sustainable way, without regulation. The things that we would like to see done include an assessment of the ground water resource and of what the requirements are to ensure that it is used in a sustainable way. Even though the resource is very non-uniform in the ground, we understand that it would be possible in a fairly short number of years to get a reasonable idea of what the sustainable yield might be. We would also like to see monitoring of how the water is used. I guess that is part of managing it. We would like to see an education program and an

investigation into the incentives and disincentives for the conservation of water by residents. We would like a reconsideration of the criteria for the assessment of ground water supplies to be seen as significant by the state. I should explain that the state government has said that the resource is such a small one in terms of irrigation water sources that it does not really see the justification to study it or manage it. We would like to see a system of regulation of the use of ground water developed in consultation with the local community.

Some of those things might not have much to do with the Commonwealth. There are some issues that we would hope the Commonwealth might take an interest in. One of them is the development of national guidelines for the sustainable use of water resources for rural communities that include, firstly, specific coverage of the issues listed above; secondly, liaison with state and local government to facilitate their involvement in the problems that have been mentioned; and, thirdly, support for research through direct involvement or funding to assess ground water resources which, as in our case, are small but critical to a local population of significant size. Also, consider that the Tamborine Mountain water supply might be an unusual situation, but there are probably others like it, and the mountain might be a suitable site for a case study to explore measures that might ensure sustainability.

CHAIR—Thank you very much for that. Would a committee member please authorise the publication of the submission just handed to us by Mr Giffard.

Resolved (on motion by **Mr Sidebottom**, seconded by **Mr Adams**):

That the committee receive as evidence and authorise the publication of the supplementary submission from the Tamborine Mountain Progress Association.

CHAIR—Mr Giffard, would you give us a brief overview of the submission because we are running out of time.

Mr Giffard—Thank you for the opportunity. As a preamble to talking to this inquiry, I would like to clarify why we are putting forward the case for what might be seen by many as being a small, semiurban, semirural community. I believe that we have a model here that could have tremendous potential for the reduction of water usage in the urban situation, which must have an effect on the rural environment, because if these lessons were carried forward there would be fewer pressures on the urban environment for straight competition for water resources and for the price escalation that will occur from the urban demand.

Tamborine Mountain is in a rather special situation. I agree with everything that Mr Ralston has said. It is unique in being a community of its size, with its character and value as a tourism, residential and rural industry resource. We are under another pressure in that there is virtually no possibility of getting reticulated water and, because of that, reticulated sewerage systems. Experience has shown that most residents would object very strongly to the provision of such services.

In the broad case, sustainability of water supplies is critical to the Australian natural, resource and social environments. Tamborine Mountain should be identified as a model for self-sustainability of water supply and waste disposal. It would be an ideal model for this purpose. There should be studies to identify the existing basic mechanisms and the measures necessary

for sustainability. There should be input into the new Beaudesert Shire planning scheme that is now in the course of preparation to support the above aims.

Mr Ralston has given a good outline of our local society. We are on a sharp-edged plateau, with about 5½ thousand people; under the existing planning scheme that could increase to about 9,000. It is under great pressures for unwise development. It has a marvellous climate and it is about one hour from the Brisbane CBD and 40 minutes from the Gold Coast. I mentioned the number of residents, but we also have to cope with large and variable numbers of tourists.

Our present development control plan was quite a far-seeing document. It was developed in the period 1993 to 1997 in an iterative process involving the community, the council and the state government. It does have some good mechanisms in place for the good management of water. The minimum tank size has been mentioned. I would also like to point out that it has been found, via sensitivity analysis, that the volume of tank storage available is a far, far more sensitive variable than the amount of roof area you have or even, to some extent, the amount of rain falling. While we have a normal rainfall of about 1,500 millimetres per year, this year we had about half that. Fortunately, it was reasonably well distributed and we did not suffer exceptional water stress.

There is limitation on the development of commercial activities which cannot demonstrate sustainability on a rainwater basis. There is no control over the drilling and use of bores and extraction for water for sale on and off the mountain is a significant activity. One aspect of sales off-mountain is that it takes it out of the recirculation cycle. Where people are using their water in their houses, it is immediately returned via the waste water disposal on-site, and even water put onto gardens is largely returned, less evaporation losses. So we are a bit sensitive to water being taken out of the loop.

The aim of the present development control plan is also to ensure that effective measures are taken in relation to the supply of water and the treatment of the disposal of effluent so as to protect the quality of surface ground water and other aspects of the natural environment which depend on that water quality. That is quite far-seeing.

As mentioned, we have a problem in that the department of natural resources classifies the underground water reserve to be so small and fragmented as not to be a classified reserve. As such, the department takes no interest in, and fails to apply any controls to, the exploitation of the resource. It has even been proposed—unsuccessfully, unfortunately—that the taking and sale of water under these circumstances should be classified as ‘extractive industry’ and adequate controls applied. I fail to see why, if you take sand out of the ground, it is classified as extractive industry; if you take water out of the ground, it is often an open go.

Ms LEY—If you take water out of the ground and you sell it off the mountain, is any rate or levy collected by the shire?

Mr Giffard—None.

Mr ADAMS—So for the state government there is no royalty or anything?

Mr Giffard—Nothing. I have some numbers of interest, both by shire measurement and by measurement on the mountain. The normal consumption in a house is about 130 litres per

person per day. That is living quite normally—dishwasher, clothes washer—but simply not wasting water. The normal allocation in urban areas is 500 litres per person per day. This has been measured in Beaudesert shire by measuring the amount of water going into areas and the amount of sewage coming out. We find in dry times that about one-third to one-quarter is used in the houses and the other water is poured on the ground by some means or other. It is not so bad in wetter times. I have checked the use in our house, and we are using about 130 litres per person per day. I have recently been doing a water project on the Gold Coast. Their allocation per resident is 500 litres per day.

We believe that studies should be carried out. There are three levels of sustainability relevant on Tamborine Mountain. One is the rain collection area for a house. This is not really a problem. You could almost have houses cheek by jowl and they would each collect enough rain. The next parameter is the waste disposal area you need to absorb reliably within the periphery of your block. The third, which I think is the critical one, is the ecological sustainability area—the sort of environment you have when you are going to have a whole picture that is ecologically sustainable. I would like to point out that in the state Integrated Planning Act ecological sustainability is defined as ‘maintaining the balance of the natural, the built, the social and the economic environment’. It is not just about the birds and the trees; it is about maintaining the balance.

It is interesting that the development control plan predated the Integrated Planning Act by some years. It also has its basic aim of ecological sustainability—same words; different definition. The broad aim in this case is:

To ensure that land use and development is ecologically sustainable and their ongoing management on Tamborine Mountain are of a form and character that is consistent with the natural environmental qualities, semi-rural character and amenity, and resource management requirements of land within the Plan area.

The intent is remarkably similar. I seem to be coming up with lots of problems. We have another one: the DCP has nearly run its life because the Integrated Planning Act requires a different form of management plan. A new planning policy for the shire is in the course of preparation. The draft has not yet been released. I believe this whole matter is of such significance that water management must be given extremely high priority. If the department has good issues to raise, I believe it would be very suitable and apt that the department make a submission to the new planning policy.

CHAIR—We are running out of time and a couple of committee members would like to ask you and Mr Ralston some questions.

Ms LEY—It sounds as though it is a very interesting small system to study, and I am interested to hear about it. To clarify something: you said that, if you start a new development, you have to demonstrate that it can be completely dependent on rainwater, yet underground water is freely available. Is that freely available just to residents?

Mr Giffard—I will extend that: a new commercial development other than rural industry.

Ms LEY—So some sort of food processing plant or giant motel complex?

Mr Giffard—That would have a problem.

Ms LEY—What is your relationship with the Beaudesert Shire Council? Do you make submissions to them? Do you believe that you are representing what most of the community wants?

Mr Giffard—No community group could claim that. It represents the viewpoint of a wide range of people. I was a shire councillor in the period 1994-97 and I found that there was great coherence of community priorities. There was a normal sort of distribution curve in which some people at one end wanted to cut the whole area up into quarter-acre blocks and a few at the other end wanted to get rid of all the people. But the great majority in the bell curve had a great coherence of priority. They often expressed it differently, but they valued what was there. Many of the people had shifted there as a conscious decision for the lifestyle, the environment and the close contact with the surrounding country—it was marvellous. This is what is also attractive to tourism.

Ms LEY—Is that general cohesiveness of community still the case?

Mr Giffard—Yes. I have no reason to believe that that has changed dramatically. Recently there was a proposal for a car race circuit and there was a huge upsurge of opinion both on the mountain and in the surrounding areas. Recently there was a proposal for a cableway to bring half a million tourists per year to Tamborine Mountain. The local shire councillor carried out a survey for guidance, and I think there were 1,100 against and 50 in favour. So people are trying to take the long view. It is an extremely valuable resource, which also happens to have this water and waste disposal sustainability, which could be an excellent model for much wider use. We cannot go on in urban areas with this ridiculous situation where X quantities of water are processed to potable quality, distributed and probably two-thirds of it is poured on the ground. The other one-third is taken through the houses, has a low level of contamination put into it, is then pumped away and processed with considerable effort to dispose of it out of the system. As I said earlier, the huge quantities of water being diverted to urban pursuits are denuding, to a great extent by sheer volume and by cost pressures, the needs of rural industry. The whole matter of sustainability within communities is a matter of very great importance and should be supported.

Mr Ralston—The association holds regular monthly meetings. As far as is practicable, the responses that the association might make to Beaudesert Shire Council or whatever are canvassed at those meetings—often they are not because the time frame does not allow it, but members and the public are welcome to make their comments at those meetings.

Mr SIDEBOTTOM—It sounds like a real oasis and no wonder you want to keep it like it is. It is interesting: you talk about sustainability and would like to see it used as a model, yet no-one seems to know what the resource is or the extent of the resource.

Mr Giffard—That is the problem.

Mr SIDEBOTTOM—It certainly is.

Mr Giffard—The state department of natural resources says, 'It is not a reserve, so we are not interested.' It is quite a complex process. We have an underground water reserve. Water is pumped up. Some goes through houses. It is processed. It is put back into the system on the blocks by waste water—whether grey water or fully treated via septic systems or home scale

sewage treatment plants. It goes back onto the sites and is recycled. Our rural industries can take lots of water out of the resource, but it is put onto plants—some is lost in evaporation, some is recycled.

Mr SIDEBOTTOM—I appreciate that.

Mr Giffard—So there are a lot of complex recycling loops and the whole mechanism is not well understood. As a model, it could give very good guidelines for use elsewhere. It is a micro project with macro connotations.

CHAIR—Mr Ralston, in your submission you said that you were concerned about the extraction of water that is going off the mountain. Is there any evidence that the ground resources are being depleted in any way because of that?

Mr Ralston—There is no direct evidence except in respect of the bores from which that water comes. All we know is that in dry times bores dry up and are replaced or their yield declines. For instance, in dry times like we are having now quite a number of new bores have been put down to replace those which either failed or had a reduced yield.

CHAIR—Thank you. I am sorry that we have to close your session at this time, but we have run out of time. We know it has been a long trip for you to come here today and we really appreciate that. I can attest to the beauty of Mount Tamborine; I spend a lot of my time up there.

Mr Giffard—You are always very welcome.

CHAIR—It is a beautiful part of Australia and you should be very proud of it.

Proceedings suspended from 12.56 p.m. to 1.32 p.m.

HARVEY, Councillor Judy Anne, Deputy Mayor, Beaudesert Shire Council, and Member, Beaudesert Community Advisory Panel

LAWSON, Mr Chris, Director, Civil Operations, Beaudesert Shire Council

MUNN, Councillor Ronald Wallace, Mayor, Beaudesert Shire Council

STRUSS, Mr Stephen, Member, Beaudesert Community Advisory Panel, and Chair, Water Subgroup, Community Reference Panel

CHAIR—Welcome. Thank you very much for coming to give evidence. We appreciate the submission you have made to the inquiry. This is our second public hearing for this inquiry and we have had a few inspections. We are finding it very interesting to be actually out on the ground getting evidence from people who live in our communities. Thank you very much for taking the time to travel to Boonah; it has made it easier for the committee to be able to speak to you.

Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and consequently warrant the same respect as proceedings in the House itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I invite you now to make a brief opening statement.

Councillor Munn—Thank you very much for the opportunity to be here today; it is very important to us as a shire. I would just like to make some introductory remarks and then my director, Chris Lawson, will go on to address the submission and Stephen will add to that. My introductory remarks are about the infrastructure within the shire. Beaudesert shire has an area of 2,858 square kilometres and a population of 54,246, mostly concentrated in the urban areas of Beaudesert, Canungra, Tamborine Mountain, Kooralbyn, Logan Village and Jimboomba and the rural residential areas in the northern and eastern parts of the shire. The northern and eastern parts of the shire, where the rural residential areas are—from Jimboomba, around that area—carry about 50 per cent of the population.

Beaudesert shire's industries include dairying, irrigated pasture, cattle, horse breeding, poultry, turf farming, mushroom farming, small cropping—including viticulture, avocado and fruit growing—and the secondary industries of gelatine manufacture, which is the only factory in Australia, and animal by-products rendering, with possible future expansion into biodiesel. Each is heavily dependent on an adequate and reliable water supply. There are the developing industries of rural based tourism, which will be very important for us into the future. There are also the possibilities of some other abattoirs and boning rooms coming into the shire and they will depend on water and the availability of water.

Beaudesert shire operates treated water supplies in Rathdowney, Kooralbyn, Beaudesert, Cedar Grove, South Maclean at Jimboomba, on the Maroon Dam and the Logan River water supply system. It also operates water supplies in Canungra at Canungra Creek and from the bores at Tamborine. As I said before, the shire is in a critical position at the present time. The Maroon Dam is in a serious state and is down to urban supplies only. We are hopeful we will get

rain but, at this stage, there is something like 4½ months left in the Maroon Dam for urban supplies. Unfortunately for the rural industries of the shire, they are not in any way using the water coming out of the Maroon Dam. All irrigation has stopped other than that coming from the natural flow.

Beautesert shire rural industries use water harvested from rainwater, extracted from bores, water courses and extracted from regulated sections of the Logan River and its tributaries, and are fed by natural run-off and from the Maroon Dam. The Maroon Dam-Logan River system is operated by SunWater, a wholly owned state government corporation under the interim resource operating licence issued under the Water Act 2000. Urban and rural users share water supply resources in the Maroon Dam-Logan River system and at Canungra Creek and, in times of limited supply, this creates tension between those users. At times, these tensions are not easy to resolve, and we are happy and fortunate that our rural users have worked very closely with our council to ensure that we do not have any unfortunate happenings, and we thank them for that.

Beautesert shire recycles almost 100 per cent of its treated sewage effluent from its six treatment plants. Among these are the Beautesert treatment plant to the racecourse and to the golf links and at Canungra and Logan Village to irrigated pasture. Council, at the present stage, is looking at taking some of that water out of Beautesert and taking it through to the rendering plant at Bromelton and also to the gelatine factory. We believe that with some sophisticated machinery, we might be able to get to the stage where it is useable there and that would take the pressure off the Logan River. I would now like to hand over to our Director of Civil Operations, Mr Lawson.

Mr Lawson—We actually have a fresh submission, which we can leave with the committee, which covers the points the mayor has made and provides a further summary of our written submission. I appreciate that you are pressed for time after this morning so, rather than go through that in great detail, I will provide a briefer summary of our summary submission. Taking into account the water reforms that have taken place and the use of price as a mechanism to reduce urban water usage, we are aware from our own region that that has also brought price pressures to bear on our rural customers. That in itself leads to tensions between urban and rural customers. One of the problems we see is that urban customers are likely to be able to outbid, ultimately, the rural customers as time goes by, and we can see that as a source of conflict.

The other thing that appears to us to be happening in those rural areas is that, because of the nature of the change, there has been a huge investment—for example, in a town like this—in urban infrastructure. Ultimately, by driving the price of water up, that could reduce the viability of those very communities and then reduce the ability of the community to utilise that infrastructure as people are forced to seek jobs elsewhere. That is part of the submission we have made. We consider that the disbenefits of water reform need to be considered more by this inquiry than in fact the benefits.

The other point we want to make is that most rural industries—particularly in our area, and this is probably similar to other areas—now lack the capital to change their irrigation practices. So while we consider that irrigation practices may well need to be changed, capital for them will be a problem. Rather than continue to seek reform by changing the way pricing is used, we think it is more likely that a carrot approach is going to be needed. Otherwise we will find that all that pricing will do is to eventually bankrupt those farms, and that will also lead to the loss

of skills from those farming areas as those people who have been able to work in those areas can no longer afford to.

Another point we want to make in relation to dealing with the Commonwealth on water issues is that we have found it difficult. You will see in the submission a fairly detailed section in relation to our dealings with Canungra army base. We have tried to negotiate over a period of 12 months for a shared supply beneficial to both parties. We have in fact spent a fair bit of money on consultancies and a fair bit of our own time in trying to negotiate what we saw as a joint venture proposal. From the analysis that was done, it appeared that there would be benefit to both parties. It would appear that there has been a decision made and a decision to which we have not been a party. We have not even been officially advised as to what that decision is, even though we have made a submission. But it would appear that a decision has been made to install a new water treatment facility there without any further consultation with us, and that is most disappointing.

CHAIR—Did you say that the application was for a joint venture to install a water recycling plant?

Mr Lawson—The Army operate a 30 litre per second treatment plant. They have had difficulties with that plant—it has been allowed to run down over the years. They have difficulty with their source of supply because it is high in algal content—and that is on Coomera River. We operate a treatment plant on Canungra Creek. Canungra Creek is a limited supply. The intention with the water supply was to further develop the Army supply to supply both our communities, with ours as an emergency supply. The Army's sewage treatment plant is sadly in need of work. We have a good quality treatment plant which we could duplicate, and the idea was that we would jointly operate a sewage treatment plant on behalf of both communities. We have not been advised officially of anything except that a new solar driven reverse osmosis plant, I believe, is being installed at the army base.

CHAIR—Does anyone else on the panel have anything else to contribute?

Councillor Harvey—Yes. We appreciate being able to come today on behalf of the community panel to give you our comments. As a community panel, we believe that the most important long-term element for us is water sustainability. The advisory panel is a whole of community group with a significant component of rural and regional water users. So the basic direction of our submission has come from rural water users. The long-term reliability of current supplies for the rural community has been a concern in our area for many years.

Other major concerns of rural water users include the competition for water with urban users. Urban water is considered a higher priority use, and thus urban users are the price setters. Rural users cannot compete with the prices and are constantly outbid, and there are fears that the demand for urban allocations for development will be at the expense of allocations for farming areas. Without secure supplies for rural users, we fear that in the long term we will end up with the decline of our whole communities. Our submission, as well as going into detail on those points, outlines a number of planning and management issues. Stephen will elaborate on some of those.

Mr Struss—As a member of the community panel, my main input has been on behalf of the rural irrigation sector. My big push at this point is for more water storage, as I feel very strongly

about it. I feel that we have been pushed into a corner and that in years to come we are not going to have enough water. For all the talk about conserving water, which I appreciate is very important, through the re-use of grey water, I think the big push should be for more water storage. Years ago we had extension officers and representatives from the DPI, who we relied upon for good advice on farm planning, water management and irrigation planning. We do not have that service any more. There would be an advantage in once again having that type of service. I see the potential for water harvesting as a big issue, although it is not suitable for all properties, particularly those in the Logan basin. But with those properties that meet the geographical requirements needed for water harvesting, the carrot approach is needed to get people to spend money on water harvesting. I know that with my operation my water harvesting system effectively doubles the amount of water which I take from the Logan. Half of it would be otherwise just wasted water going past. The potential is huge, even if you just get 20 or 30 per cent of farmers to harvest water.

Mr SECKER—You said the water would otherwise be wasted. Where does it go after it goes to your place? Does it go to the sea?

Mr Struss—To the sea. I am talking about water harvesting in times of flood or high flow. I am sorry, I should have made that point.

Mr ADAMS—In times of high rainfall.

Mr Struss—Yes. An enormous amount of water goes past, and its potential is lost because we are not keeping that water.

Mr SIDEBOTTOM—So you are talking about taking it offstream?

Mr Struss—Yes, it is about storage offstream.

Mr SIDEBOTTOM—Whilst on a peak?

Mr Struss—Yes.

Mr SECKER—What effect would that have at the estuary where the water comes out?

Mr Struss—I think it would be nil at high flow because there is so much water going past. We are not talking about low flows when there is a minimum of water going past; we are talking about high flows. Hand in hand with that comment goes the policy that prevents us from making water storage out of naturally occurring wetlands or lagoons. I wonder if that issue should be looked at. They are natural depressions that, speaking economically, make it possible to store a fair amount of water at minimal cost.

CHAIR—Before we ask questions, I will introduce our committee to you. This is not the full committee: as you would understand, there are demands on members, as there are on councillors, to do constituency work. We still have a very good panel whose members have come from different states. I will get Sussan to introduce herself and tell us where she is from.

Ms LEY—I am Sussan Ley, the federal member for Farrer, which is a seat that runs along the Murray River at the bottom of New South Wales. It is lovely to be here.

Mr ADAMS—I am Dick Adams, the Tasmanian Labor member for Lyons, which is 60 per cent of the land mass of Tasmania. It has a lot of water. It has a lot of creeks that go dry when we have droughts.

CHAIR—As I am personally known to you, I will bypass myself. Ian Dundas is our committee secretary.

Mr SIDEBOTTOM—I am Sid Sidebottom, from the north-west coast of Tasmania. It is a rural coastal strip very much into vegetable production. Thank you for having us.

Mr SECKER—I am Patrick Secker, the member for Barker in South Australia. Sussan Ley has responsibility for all of the top end of the Murray; I have responsibility for the bottom end of the Murray. I think the Murray goes through the electorates of three members of parliament—there is only Neil Andrew in between—although the Victorians would probably like to claim some of it. But that is the New South Wales side, isn't it. My electorate is a rural area, and we have different concerns with the fact that we have the Murray, but we also have underground water concerns.

Mr ADAMS—It came up earlier this morning that the urban element in need of water can bid more than the rural area. I take it that that is when water is being priced.

Councillor Munn—Higher priority water.

Mr ADAMS—Yes, but has it come from a base of what water costs irrigators now?

Councillor Munn—What is the water cost for irrigating now? It is about \$30.

Mr Struss—In ballpark figures, our licences have a part A and a part B. Part A—

Mr SECKER—That is \$12.

Mr Struss—You have all that. You pay for part A; it is actually about the \$18 mark.

Mr SECKER—I heard that separately.

Mr ADAMS—So there is a part A and a part B.

Mr Struss—It comes to a total of about \$30 in ballpark figures. You pay for part A whether you use the water or not, and part B is your usage charge, per megalitre, of about \$12 a megalitre.

Mr ADAMS—We have talked about the increasing situation of infrastructure that was built for rural use now being used for urban use. Can you explain that to me?

Councillor Munn—The urban development in the northern end of the shire over the last 25 years has probably quadrupled. In some of those towns, like Jimboomba and around the northern end of Munruben and those sorts of places, we have to provide water, and we have been providing that water from the Maroon supply. So that is what is happening. It is taking more water out of the dam and it is not there for rural use.

Mr ADAMS—That was built for rural use originally, for irrigation?

Councillor Munn—We would have a difference of opinion on that one. I believe that it has been put there for the rural community. From where we sit as a shire, I believe it has been put there for Beaudesert town and for Rathdowney township. It was not really put there for the influx in the north.

Mr ADAMS—But the rate base of the north must be a substantial source of revenue to the shire.

Councillor Munn—It certainly is. But when we look at it, 54,000 people represents a rate base of about 25,000 to 26,000.

Mr ADAMS—Don't they pay for infrastructure?

Councillor Munn—They certainly do, but there are—

Mr ADAMS—Sorry, I just find the argument a little hard to accept as rational—that, in the normal evolution of development and planning, you would not plan for the growth that has existed and has been paid for by the rate base.

Mr Lawson—To clarify something, for the urban water users we are currently paying an access charge of \$134 a megalitre. That goes up to \$160 in three years time.

Mr ADAMS—As opposed to \$30 in the rural area.

Mr Lawson—No, as opposed to \$18. The consumption charge is \$15.50 as opposed to \$12, and that increases with the CPI.

Mr SECKER—The previous witnesses were talking about a figure of \$800 a megalitre for their water charges.

Mr Lawson—This is to purchase bulk water from the dam. This is not treated water.

Mr SECKER—It is not what you sell, then?

Mr Lawson—No.

Mr SECKER—Okay.

Mr Lawson—Because we have an urban community where people have jobs from elsewhere, they have an ability to pay those higher prices and are likely to be able to outbid

farmers. The way the Maroon system works at present is that council has an allocation which does allow for future growth and there is also unallocated water in that dam which is held by SunWater. The way the dam operates, it has high-priority water and medium-priority water, the high-priority water coming at that higher price. The only way it works, though, is that at the beginning of the water year—1 July—SunWater looks at how much water is available in the system and, if it can supply more than the high-priority customers, the medium-priority customers are then able to access the balance, but possibly not the whole of their allocation—for example, in the current year 40 per cent is all they are able to access.

Mr SECKER—I am sorry to interrupt again. That high-quality or high-priced water, which is going into urban areas, is treated, whereas the irrigation water would not be treated.

Mr Lawson—No, from the SunWater system it is all simply bulk water. We treat our own water. We take water from the Maroon Dam system, it comes down via the river and we pick it up at each point and treat it.

Mr SECKER—So they are basically the same?

Mr Lawson—It is actually the same water. It is just a different way of pricing, and so-called different security to that water. But once 1 July has passed and the decision is made about how much water you can have, it does not matter—it is just water.

Mr ADAMS—How much water is in the catchment? Are you one catchment or does the shire go over several catchments?

Mr Lawson—Principally we take our water from the Maroon Dam catchment. We do have Canungra Creek, which is a separate catchment.

Mr ADAMS—Canungra Creek is not utilised at all?

Mr Lawson—Yes, for the town of Canungra, that is all.

CHAIR—They did not have any water in the river up until about a week and a half ago.

Mr Lawson—No; we have been tankering water into Canungra.

Ms LEY—This issue has probably been partly covered. You said the key issue is to reach a balance between the needs of domestic users and irrigators. Your submissions and comments suggest that irrigators are under threat. Would you agree that they are?

Mr Struss—Council will probably hate me for this but, from speaking to those people who were about at the time the dam was built and who were on committees, I can say that the dam was built for the rural irrigators. There is no question about that. At that point council were offered water from the Maroon Dam but they did not see the need—they were drawing water from the Albert at that time. Since then they have changed tune because the consistency of flow from the Maroon has been far more suitable for a town, and the council are now taking water from Maroon. As our population expands and the urban sprawl goes out, we are finding that irrigators are put on the backburner. This year we are down to 40 per cent of our allocation and,

as that urban sprawl goes out and their demands come up, we are going to get less and less, unless we do something about more water.

Ms LEY—You said it is down to 40 per cent. What was it for the previous couple of years?

Mr Struss—I think we had 100 per cent the year before that. It is a pretty good catchment.

Ms LEY—So the savage drought has meant 40 per cent this year?

Mr Struss—Yes; but it is marginal now—we do not have a big surplus of water available if all the irrigators wished to take up 100 per cent of their allocations.

Ms LEY—Can they sell the unused portion of their allocations to other irrigators? How does your trading market work?

Mr Struss—Water is not saleable in itself. You can do temporary transfers amongst licensees. It is a negotiated price between buyer and seller.

Ms LEY—Does the full allocation of everyone's water, albeit some of it temporarily traded, get used each year?

Mr Struss—Yes. In a drier year, water that is unused by someone is certainly sold and used.

Ms LEY—Every state is different, of course, but you mentioned additional water catchments before and talked about wetlands and lagoon areas being made into more permanent areas of catchment. Is that a view that is popular within the community? How does the relevant department in Queensland—I do not know if it is Natural Resources or Primary Industries—view that? It would probably be your department covering natural resources.

Mr Struss—At this point we are not really allowed to do it. It is prohibited to do it in lagoons and natural areas. There are some areas whose ecosystems are fragile and must be maintained and looked after—I can understand that. There are also some areas that are really old swamps, billabongs and those types of things that will never get water in them again but are ideal storage sites.

Mr SIDEBOTTOM—Is that view quite popular within the rural community?

Mr Struss—We have had a meeting and discussed it. Yes, we found that there were people who would be happy to use those areas for water storage if they were able to.

Mr SIDEBOTTOM—I have a question to do with history. You said that the Maroon Dam was built for irrigators. Who paid for it originally? I am really interested in your advisory panel—I think it is an interesting idea—and I am wondering how it came about, in terms of its make-up and whatever else. Earlier we had a submission from the Tamborine Mountain Progress Association and the association made some really interesting comments about the controls/lack of controls over ground water. I would be interested in your council's position on the need for more controls—in the understanding, monitoring and assessment of the ground water—and whether the advisory panel also agrees with that prospect. Also, I was really

interested in your domestic water usage policy with the introduction of tanks. I will be interested to see how that works out. As well, I am interested in the complementary system that you have. You have introduced water meters for your rural residential residents who obtain their water via a trickle feed for a constant flow. I am particularly interested in how that works. I hope there are not too many questions for you there.

Councillor Harvey—What was the first one?

Mr SIDEBOTTOM—The first one was about the dam being built for the irrigators and who paid for that dam.

Councillor Harvey—The state government.

Mr SIDEBOTTOM—State taxpayers paid for that dam?

Councillor Harvey—Yes. There is no doubt that there was a push from the farmers for that dam. They did all the work in lobbying to get that put there.

Mr SIDEBOTTOM—And the origins of your advisory panel?

Councillor Harvey—There are three levels of government on the advisory panel. The panel was not our idea; I believe it was an idea from state government regional managers. We have state government regional managers come along. We have federal government representation from the area consultative committee, or ACC, and then we have local government. We advertised for expressions of interest throughout the community and a panel chose from those expressions of interest the people to come onto the advisory panel. We specified which sectors we wanted; we tried to take a sector all across the shire. We have ended up with a group of people who come together, and we ask them to put agenda items on the table. I will tell you of two of the most successful things we have done. When we knew this inquiry was coming up, we formed from that community panel a subcommittee of people who were particularly interested in water issues. We also sought the expertise of other people outside the panel, such as water users, farmers et cetera. We worked on that and then put our submission in. The other subcommittee that we are working up at the moment is to have a look at the horse industry in our shire and what we can do with that. The advisory panel has been going for a year. It is now up for review as to whether we will continue it in that form or continue our consultation with the community in another form, such as more focus groups. The council is discussing that at the moment.

Mr Lawson—In relation to ground water, the Tamborine Mountain people have been talking to us as well. They have a ground water resource which is pretty much an unknown resource. Ground water in Queensland is controlled by the state government if it so chooses and it has elected, because of the size of the resource on Tamborine Mountain, not to declare it a resource that needs to be controlled. One of the difficulties on the mountain, as you have probably already heard, is that people can extract water from the ground without control and can sell it if they want to, providing that there are adequate health controls. The only control that council has is through town planning in relation to what happens on the site itself and it is not to do with the water, so that is an issue.

As far as ground water throughout the shire is concerned, at this stage it is not controlled. There are some areas along the side of the Logan River which we believe are susceptible and need control simply because water comes from Maroon Dam down to all of the other customers via the river and if bores are taking water from the river, effectively, that can upset the balance in terms of the stored water. There may at some time need to be some controls—only to manage it; not to seek to do anything other than that. That is probably about the ground water side of it.

As far as domestic water and trickle feed are concerned, we have 6,000 water customers and 3,000 of those are on trickle feed. Each property is fitted with a valve which limits their flow to two litres a minute. That goes into a rainwater tank. They repressurise it from there to their own system. They can harvest rainwater into that tank. It has taken us a while to find a meter that can reliably meter at those low flows. We have only just put those in in the current 12 months. Certainly, in the urban areas with meters we have found that water usage dropped off initially because of the charging system that we had prior to meters. When we put in meters in the rural residential areas the usage went up slightly but it has come back down again.

We are experimenting at the moment with a slightly different system to take some water directly to the kitchen sink so they have potable water. That is the new system that we have. So we have discharged our responsibility, if you like, to provide potable water to the domestic customer while still providing it into a rainwater tank. We have also invented a new valving system which maximises the amount of rainwater that they can harvest in the event of rain, while still ensuring that they have always got water in that tank from our supply if they need it. There has certainly been a lot of interest. The Department of Natural Resources and Mines has recently taken brochures that we have produced over to the Middle East to show them what we are doing, so it is fairly promising.

Mr SECKER—I think, as Mr Struss said, there was a cut to 40 per cent of the allocation for irrigation. Was there any equivalent cut made to the urban areas where water restrictions were put on?

Mr Lawson—It is probably best to explain it this way. In the Maroon Dam system the urban customers have 5,500 megalitres of allocation. With the water restrictions and the drought this year we will get about 1,500 megalitres only.

Mr SECKER—Urban areas have had a cut as well? Does that mean you are going to urban restrictions?

Mr Lawson—We have had restrictions on now for some months. You cannot use treated water outside the house. You have not been able to for some time.

Mr SECKER—There are a lot of dead gardens around the place?

Mr Lawson—Yes.

Ms LEY—Which hours?

Mr Lawson—A complete ban—24 hours a day.

Mr SECKER—I was talking to someone outside and I have asked them to put in a written submission. They said that, as well as that cut to 40 per cent, and this is after investing a couple of hundred thousand dollars in infrastructure to irrigate on their places, on 11 January they were told ‘no more’. Is that part of your system, or is it someone else’s?

Councillor Munn—That is certainly our system. DNRM have worked with us and with the farmers to cut it out so we have enough water there for the urban supplies.

Mr Lawson—To explain that: the 40 per cent allocation is 40 per cent of what they would normally be able to take. Most of the irrigators will have used that complete volume of water allocated to them by 19 January. It was agreed when the irrigators met. We have a group who meet—a water advisory committee.

Mr SECKER—He was saying he had not, of course, and that was the trouble. He is probably getting charged both A and B. He is being charged for water that is going past but he has no access to it, so he is getting charged for something he should not.

Mr Struss—There are certainly irrigators out there with allocations and priority water that we bought at the start of the year from SunWater that have not used it all up at this point.

Mr SECKER—Has there been any talk of compensation for them or something to help them out? It seems a bit rough.

Mr Struss—The irrigators had a meeting at which it was decided that when the dam reached a critical level, which was 5,800 megalitres or something, we should as irrigators stop irrigating to allow the balance of the water for the town. There was no ministerial pressure put on us to do it. As irrigators we decided that that was what we had to do. If there is any inflow or any fall at all we would like to think that the ones that have allocation left would have water available to them to use before the end of the financial year.

Mr SECKER—I know it is very hard to predict the future; cutting it back to 40 per cent would have been a pretty severe cut, anyway. It is very easy to be wise afterwards, but it looks as though even the 40 per cent figure was too high. But then you have had the worst drought in—

Mr Struss—It is an unusual build-up, isn’t it? You would expect some inflow into the dam and we have not had any into the dam.

CHAIR—Because we have had such a severe drought—and I know that Beaudesert has been affected by it—and I see you only have 4½ months of urban water usage left, what are your future plans? This inquiry is all about how we can sustain water in rural towns so that this does not happen. Where will you get the water from after the 4½ months is up? It is predicted that we are not going to have heavy rainfalls until later in the year. At what cost do you have to buy it? No doubt you have to buy it from somewhere. Who is going to pay for that?

Councillor Munn—What is happening right now is that our water and sewerage department is planning for the next four months. There is some run of river at present down the Albert. We are harvesting out of that into our Brayford Nindooindah off stream storage. That is being

harvested and we hope to pick up somewhere in the vicinity of four to five weeks supply. Would it be that much?

Mr Lawson—No, we would pick up a maximum of about one to two weeks supply.

Councillor Munn—That is one area. The other is that we are negotiating with the state government to bring more water out of the Logan City system into the northern urban areas. That negotiation has reached the point where the Department of State Development has now agreed to pay for the pump, which costs \$50,000, to take the supply up to the capacity that is available in that system. Straight after this meeting we are attending a meeting with the Logan City mayor and his officers to see whether we can get the access charges either waived for 12 months or lowered. That cost is \$312,000. We are hopeful of negotiating that so that we can afford to bring that into play. That will come into play probably over the next one or two weeks, because the Department of State Development has picked up the tab for the pump.

Mr SECKER—Do most people here have rainwater tanks?

Councillor Munn—There are rainwater tanks on the rural residential blocks. Chris could give you the numbers.

Mr SECKER—I was referring more to urban areas.

Mr Lawson—In urban areas, no. In the rural residential areas, they have a trickle feed.

Mr SECKER—What is trickle feed?

Mr Lawson—The constant flow into rainwater tanks from our system, where they repressurise it themselves on their own property. So they have rainwater tanks that take water from their roofs and they also get a low flow from us—a two litres a minute flow. You have to appreciate that in our area, in a dry spell, two-thirds of our customers are not actually connected to a water supply at all. They have got rainwater tanks, but if it does not rain, they want to get water out of our standpipes. In the current year we have had to effectively close our standpipes and move them on to the Logan water supply because we cannot even supply enough to supply the people on a full pressure supply.

Mr SECKER—Get the rain tanks out.

Councillor Munn—With that water coming in from Logan city, we would be looking at the possibility of closing down our South Maclean treatment plant, so there would be no more out of the Maroon system and it would not come any further than Beaudesert out of the Maroon system. If it continues to be dry and we do not get anything into the Maroon system, we are looking at putting in a \$1.5 million pipeline from Woodhill to Beaudesert. That is being planned now by the department. We would be looking to start that in the next month so we can put that in within 4½ months.

Mr SECKER—That will bring the rain! Get the pipe in and fix it all up and the rain will come then.

Mr ADAMS—At council meetings are you still passing planning approval?

Councillor Munn—When it comes to the Canungra system, no, we are not—we have put a cap on the Canungra system. We are, though, in the rest.

Mr ADAMS—Isn't there a situation here of unsustainability over years? We may have an exceptional drought now, but isn't planning letting us down here? Hasn't planning failed this shire in the past?

Mr Lawson—I would think not. You do have an exceptional circumstance at the moment. The bulk of the growth that will occur will be in rural residential areas, where they will have rainwater tanks as part of the trickle feed system. You have to appreciate that we have a 5,500 megalitre per annum allocation in the Maroon Dam system. In normal times at the moment we have only been using 2,000 megalitres per year, so we do have spare allocation on the basis of that growth. As Stephen said before, the Logan River system has proven to be very reliable. As far as Queensland and dams controlled by SunWater are concerned, it has proven to be about the most reliable system of all. So, from that point of view, it has been fairly reliable. But, ultimately, we have always planned to be able to bring in more water from the north.

There are also two more dams that could reside within our area—one within this shire and one within Beaudesert shire. I guess it is a question of whether they ever get built. Sooner or later, they will be built, we will use an enormous amount less water or, I suppose, we will go to desalination. Those decisions are up for grabs in a study we are hoping to kick off in south-east Queensland some time next month. So, no, I do not think it is entirely fair to say it is bad planning; I think this is an unfortunate year.

Mr ADAMS—I was not saying that; I was asking you that.

CHAIR—Was that planning that is on hold to do with houses or businesses?

Councillor Harvey—Subdivisions.

Mr SIDEBOTTOM—You talked about the worst-case scenario coming up in a few months if the supply is not there. Drought and exceptional circumstances relief is generally paid to industries and individual farms in relation to their activities. Please excuse my ignorance here, but I wondered if anything is ever paid to compensate communities. Somehow or other you are going to have to deal with this. You are talking about trying to get fees waived, to get access to some unallocated water and so forth. It just strikes me that in terms of state policy at least, and maybe national policy, exceptional circumstances and drought relief should take that into account. I would be interested in your views on that. The other thing we have not really talked about yet—Stephen alluded to it; so did Patrick—is the question of how we go about amply compensating irrigators if they have forgone their allocation to assist a community. They are not there for social service; they are doing that to help their community. So how do we go about compensating people like that? I am interested in your views on that.

Mr Struss—My thought on that question is that there is too much talk about compensating farmers at this point. I think we need to be hitting the other angle: make farmers more drought resistant—in other words, more water; spend the money at the other end, rather than try and

compensate farmers. That is my push. I know that is easier said than done, but it has to start somewhere.

Mr SIDEBOTTOM—I suppose I am trying to deal with the situation that exists now. But I would be interested in your view on how to assist communities.

Mr Lawson—There are some assistance programs in place. For example, before we had rain a week or so ago, Canungra Creek had stopped and we were having to take in six tanker loads of water a day—that is \$7,000 a week—to supply the 250 households in Canungra. There is a trigger point as far as the state government subsidy is concerned: once we get to 10 per cent of our revenue we can then claim 75 per cent of the costs of tankering in that water. We had not quite reached that trigger point and, of course, it rained—so that is good, I suppose.

As far as the rest of it is concerned and certainly from a national perspective, we have a company, Davis Gelatine, who have the only gelatine factory in Australia, on our industrial estate. They take their water from SunWater via the river. One of the difficulties for them will be that if they close down they will really close, so that will be our only gelatine factory gone. So we have been doing all we can to try to talk to various people about ways of finding water and finding funding to provide water. That is one of the reasons why the Department of State Development has gotten involved. The department was one of the attractors who facilitated Davis Gelatine's moving into that area. The idea is that if we bring in water from the north, from the Logan system, we take less water from the south and there is water left in the dam for other purposes. The problem is that ultimately if the dam runs dry Davis will not have water, and that is why we are looking at reuse water. We currently have users for that reuse water but in a drought we would think that Davis are probably more important, so to that extent the Department of State Development is helping us look at various ways and means of achieving that.

One of the difficulties we have in Beaudesert is that the 14-kilometre pipeline to try to connect Beaudesert to the north will only be a small pipe—a 200-millimetre main—because the pipes that are to the north of it are not big enough to supply any more than that. We would only be bringing in about three megalitres a day when there is a demand of about six megalitres a day under severe restrictions. So we are currently discussing funding for that pipeline with the state government. It is only an emergency pipeline—when we have plenty of water in the Maroon system we will no longer need that pipeline—so it is \$1½ million that the community would put as a noose around its neck in extra infrastructure just for that security. There are some processes there for it. We would love to have the pipeline if the Commonwealth would fund it for us.

CHAIR—You stated that the state would be helping to secure Davis Gelatine from closing down and going. Aren't the irrigators in the same situation? If we cut their water off, our farms are going to go: the farmers cannot carry the cost and they cannot feed their stock. Most of that area has dairy farmers and, as we heard evidence of earlier, they cannot carry that cost because the end user is only giving them a certain amount of money and they are under a contract for so many years at a capped level. So aren't we going to drive all the farmers away? Aren't we also worried about what we can do to get water out to their farms? I compliment the Beaudesert shire because I see that they have been coordinating the rural fire brigade to take water out to farms. Do the farmers pay for that?

Councillor Munn—No.

CHAIR—That is excellent.

Mr Lawson—The water usage of Davis Gelatine, for example, is 0.7 megalitres a day. That is not going to sustain any farm, so it becomes an issue that this is something that it is possible to do. There are 65 jobs, it is the only such factory in Australia and it has 90 per cent of the market in Australia, so under those circumstances it is going to be a matter of balance.

CHAIR—I am not saying not to do it—I do not want that on the record.

Mr Lawson—No, but this is simply something that you can do, as distinct from the amount of water that the farmers would like to have that we simply do not produce, for example, from our treatment plant, so it would be impossible to do.

CHAIR—As I said before, this inquiry is all about sustaining the water supply and not having to worry about water when we get drought. I know that at the beginning of your presentation today you said that dams are the problem-solving commodity we need—I think the mayor may have said that. Is there anything else that you can see that could bring water into your area? I know that you want to store it from the overflows that you have when the Albert River is running. I think that is a great idea, because I know where it is going and in good times the water is only running out to the sea. But you are now pumping from it in bad times, so if that is not doing any damage down the end why hasn't the shire been doing this for a few years to store it for the bad times?

Mr Lawson—I will explain what we have from the Albert River system, as distinct from the Logan and Maroon system—it is a different river system. We have the Nindooabah or Brayford offstream storage which we can flood harvest into—and we can only flood harvest. So, as a permanent supply, it is not reliable enough. When we can flood harvest we do. In the storage we have got, that gives us about three months in total.

CHAIR—Should reservoirs be built to store all this water in the good times? Is that one solution? Or should it be piped from somewhere else back to your shire? We are trying to get ideas about what the shire thinks should happen to sustain a constant water supply.

Mr Lawson—In terms of the Albert, you probably have nowhere else to go because there are irrigators along the Albert as well. We are simply taking what is our fair share to harvest during those times.

CHAIR—There is no ability to take more from them?

Mr Lawson—No; it is not a very productive catchment.

CHAIR—What about the Logan?

Mr Lawson—I think the only thing that would be possible to do on the Logan would be to manage the Logan River system in a different way. We mentioned in our submission that it currently has a resource operating licence. That will be reviewed when the water resources plan comes out. That process has been going for about six years. We have been promised that it will be completed in the current calendar year. I do not know that it is necessarily managed in a way

which is as good as it could be both for the irrigators and for us, and we are certainly seeking to have that reviewed. In terms of harvesting more water, apart from the offstream storages that Stephen has spoken about, there are not really very good sites to construct dams—the natural topography makes it very difficult to do more, I would think, on the Logan.

Councillor Munn—If I can add to that, I firmly believe that there is the opportunity to fast-forward a major pipeline out of Mount Crosby through Ipswich and the northern part of our shire and across to the Gold Coast. That has been looked at in this future planning that Chris talked about earlier. I think we should be looking at fast-tracking that and putting that in so that we can have enough water not only for our shire but for Gold Coast City and also to help Logan City in some of the problem areas they have with low pressures just north of our border in the southern part of their city. I know it would cost in the vicinity of \$120 million to \$140 million, but the willpower is probably there from the Gold Coast and from us—we are a very small player, of course—and also from SEQ Water. I would like to think that somehow we could put pressure on them to make sure that that happens, and that would then allow the northern part of our shire to be on that system so we do not put any more pressure on the Maroon system. We are looking at it—we have been working on it for the last month or so. I would hope to go to the state government, with the Gold Coast City Council and others, if they were willing, to put a proposal to them.

CHAIR—That sounds very positive.

Mr ADAMS—Do you think the federal government should be helping shires build water schemes and helping build dams for irrigators?

Councillor Munn—I personally believe they should. In the case of that pipeline, I think it would be money well spent by the federal government. Coming down to the lower end of the scale and talking about community help, I believe that in times of severe drought, such as we have at present, the cost to councils is astronomical and that there could be some help from the federal government. Talking about community help, on Saturday I went out to Rathdowney, where they were seriously considering cancelling their heritage festival, which they get between 8,000 and 10,000 people to. I went there and said no, I would be looking for help to make sure that water is brought into the town so that that festival goes on. The community need to know that the council is behind them. But I think they also need to know that state and federal governments are behind them.

Mr ADAMS—What criteria would you have for the allocation of funds—over and above drought conditions—for that money to flow from the federal government? I am not aware if the smaller shires have difficulties in upgrading or whatever—that seems to be on all over Australia—but do you have any ideas on criteria other than ‘give us some money’?

Mr Lawson—This is just a personal view but I think that we are probably more interested in the hard times. For example, at the moment we pay about \$730,000 to SunWater for this 5,500 megalitre allocation for water, which we might or might not get to use. We have traditionally only used about 2,000 megalitres of that anyway. We have to get a better security of supply. We have to go and get it from somebody else, but that other person also wants to charge us for access. It is likely that in the current year we will have to fork out well in excess of \$1 million in access charges alone, whether or not we get the water, just to have that additional security. We are 6,000 customers; that extra money is a real impost on us. It will take a long time to be

able to recover from that in terms of our financial reserves. In normal circumstances I do not think we as a community have a problem in funding water infrastructure. It is in times like these that it is extremely difficult. That is the urban customers. The rural customers are in a different situation in that they need to be given the opportunity to change things so that they can modernise and so on. That is a different situation.

Mr Struss—I do not quite go along with what Chris was saying that it is only in times of extreme drought, which we are having. I do not know if it has been pointed out today that Maroon Dam is fully allocated now. Farmers would like to buy more water, but they cannot—it is not available. It is not only in extremely dry times. If more water were available, it would be bought.

Mr ADAMS—Are irrigators using new technology—drips and things like that? Is there new technology in place from the irrigators' point of view?

Mr Struss—Probably not in Beaudesert shire, no, but that was one of my issues when we first started on extension offices of DPI, that consulting officers might be made available, so that farmers can be made aware of what is available. You are not going to change it overnight with farmers because of the huge infrastructure costs.

CHAIR—We have to close your section because we have run over time, but we really appreciate your input today and your travelling over to Boonah to put in your submissions. I think you have a supplementary submission so I would like a member to move that the evidence be accepted.

Mr ADAMS—I will move it.

CHAIR—If there is anything further you want to add to this inquiry once you leave, please do not hesitate to send it through to us. Thank you very much. It was a very detailed submission and a lot of thought went into it. We appreciate the time.

[2.37 p.m.]

ASH, Mr Ralph, Utilities Engineer, Esk Shire Council

BALACHANDRAN, Mr Vimalan, Manager, Operations, Esk Shire Council

BRAY, Mrs Jean, Mayor, Esk Shire Council

CHAIR—I would like to thank representatives of the Esk Shire Council for taking the time, firstly, to formally put a submission in to our inquiry and, secondly, for travelling here today to talk further on your submission to us. We know it is a very important issue that we are trying to resolve. I do not think it is an easy issue, and we are only at the beginning of our inquiry at the moment. This is our first visit out into the rural towns, but we will be travelling throughout Australia collecting evidence and coming down with recommendations. So your submission has been very important to our inquiry. I think you were present to hear what I said to the previous witnesses about the giving of evidence under oath et cetera. Do you wish to make a brief statement before we go to questions? Is there anything on which you would like to expand?

Mrs Bray—Thank you, Chair. I would like to give some background regarding our shire and the issues that we believe are related to water. It has largely been a council submission, but I would like to touch on our rural industries as well, because they are suffering quite severely as a result of the drought—and have been suffering, as we all have, through a collective 10 years of reduced rainfall.

Esk shire is the largest shire in south-east Queensland land-wise. It covers nearly 4,000 square kilometres. We have a population of about 14½ thousand. One of the difficulties we have is that our shire is a rural one that has changed quite considerably in recent years. The southern end of our shire, just as Boonah does, borders onto Ipswich. So the southern part of our shire contains the bulk of our population—or certainly more than 50 or 60 per cent of our population. A lot of those people look to the provincial centres for work. In the northern part it is very much rural. As I say, the drought has impacted badly, so we have some quite severe unemployment issues right across the shire, but certainly in the northern part. As a shire, we also happen to have quite a lot of small towns—historic towns, not new towns—and one of our big difficulties is in providing infrastructure for those towns. We currently run five urban water supply schemes. It used to be six but we have managed to amalgamate two of our schemes into one to service two towns.

From one of our urban water supplies we actually provide water to two neighbouring shires as well—Gatton and Laidley—and a university. In the Lowood scheme we have linked Lowood with Fernvale and we supply Laidley and Gatton as well from that scheme. That scheme is just downstream of Wivenhoe Dam. We also have a water supply in Esk, which is 30 minutes away from Lowood. We have another supply at Toogoolawah which is serviced out of a pipeline out of Wivenhoe that goes up to Tarong. We were fortunate enough to get a state government grant some years ago to allow us to do that. Prior to that, the town was supplied out of bores. Right now, those bores would not have been capable of supplying that town. We also have a supply to a township at Linville, which is another half an hour further on from Toogoolawah, and we have a supply into Somerset Dam, which is about another 20 minutes away from Toogoolawah. So

we have a range of small water schemes and we also provide four sewerage schemes in our shire. We have about 10 towns.

One of the problems we have at the moment is at the township of Coominya—you might be able to pick it up on the map in the submission. This is a township of some 550 people that has no reticulated water supply. We are able to access some water out of bores to provide water for the public toilets, and the pub and the school get some water. But the township relies on tank supplies—and it happens to be the closest town to Wivenhoe Dam. So I can tell you there are people there who feel pretty cheated off, to put it bluntly, because they are the closest to the major water storage in south-east Queensland. As a council, we simply do not have the capital funds to provide water to that township.

I might add that Wivenhoe Dam is totally within our shire, and part of Somerset Dam is in Kilcoy shire as part of the scheme that is now owned by the south-east Queensland water corporation. We also have a rural dam about 10 kilometres out of Coominya as an irrigation dam. That has been dry for quite some time, and our rural people are suffering quite badly as a result. We have another dam further up, right on the border of our shire, that is actually owned by Toowoomba city and that captures water before it comes into Wivenhoe Dam. So we are well placed strategically to have lots of water, but that water belongs to a lot of other people. From the shire's perspective, we struggle quite substantially to find the funding for the infrastructure to provide what people see as an expectation, almost a right—rather than having to rely solely on tanks—when they are living in an urban area in the 21st century, not the 19th.

Those are just some of the issues we have. In our submission we have mentioned a number of towns that would dearly like water, but we simply cannot afford it. Our residents are paying quite substantially more for water than residents in the shires that are serviced out of Mount Crosby, simply because we do not have the economies of scale.

Mr SECKER—How much are you paying per kilolitre?

Mr Balachandran—It is \$1.53.

Mr SECKER—That is \$1,530 a megalitre.

Mrs Bray—So we are paying a fair bit more than those who are serviced out of the Mount Crosby treatment plant. We have been bumping up the price of water for some time. We have been restructuring our water charging in line with directives from state and federal governments. I would have to say that the pricing of the water means people are really starting not only to value its importance but also to feel the bite of it. In a shire where the water is within sight or travelling distance of a lot of people, they find it a bit hard. But we continue to remind people that it is a regional resource, not just our resource.

In terms of the rural sector, Atkinson's Dam is dry. It has been dry for some time. It services the lower Lockyer. For something like five years we have taken a very active interest in a proposal to pipe some excess water out of Wivenhoe across to Atkinson's Dam for rural users. The concept of that was that it would pick up the township of Coominya and that we would be able to provide water by sharing the pipeline; we would be able to put water into Coominya. We also have a very large abattoir at Coominya that is now the largest employer in our shire. They have something like 350 employees. The abattoir used to rely on their own supply but they

found that ran out very quickly and have now got a temporary line into Wivenhoe. A major concern at the moment is that where the abattoir have their pipeline the water is receding at quite a rapid pace, so they are starting to analyse their long-term future. They recognise that unless they can get a more assured supply—like the Beaudesert shire representatives were just talking about with their gelatine factory—they may well find they are not able to continue operating, so we are working closely with the abattoir on that.

Some four or five years ago we as a council, being worried about the township of Coominya, linked with the abattoir people and the irrigators to see whether we could combine to share the cost of a pipeline that would provide the irrigators with some water. That proposal has gone on for a number of years and it has been incredibly frustrating. There is a cost; there have been some studies done in relation to that. But it has all just come along and—typical of water issues—added to the confusion about the issues, which are very diverse. They are a bit like our shire: they are terribly diverse.

You would be well aware of the Lockyer reuse proposal. It was also initiated some two or three years ago and there have been major studies in which our council has had a part. We are now urgently awaiting the outcome of another study—it has been supposedly coming out since August; it is supposed to be out at the end of this month—because we have been told there will be no decision made about an Atkinson's Dam-Wivenhoe pipeline until the results of the reuse water study are known. So now we are again waiting on a study into that issue.

Our rural producers in the southern end are not in good straits: the water is not there and they are feeling the pinch. There are major economic and social impacts when rural producers are not able to farm. Obviously there is less farm employment. One of my concerns over the years is the view, from both a state and federal perspective, that you analyse things cost-wise at the farm gate. I suggest that it is totally inadequate and inappropriate in this day and age to analyse costs and benefits at the farm gate. It is unrealistic from a farming perspective. You need to look at the wider social and economic activities that occur beyond the farm gate, such as transport and the small communities. Our perspective as a council is that our small communities seem to miss out at times. We have chased the dollars wherever we can but it seems to me that the federal perspective is that funding is focused on supporting some rural industries and people, with not much relevance given to the impact of a downturn in rural industries on small communities, yet small communities have a role in the whole economic growth of an area. I have covered those few things. I am happy to take some questions.

CHAIR—I will let the committee introduce themselves as one panel member was not here when we did that before. All the members of our committee represent rural towns. This is not the full complement of the committee; the others have commitments in their electorates. I will let the ones who have come to visit Queensland introduce themselves.

Ms LEY—I am delighted to be here. I am Sussan Ley, the member for Farrer, which takes in the Murray River and the bottom of New South Wales.

Mr ADAMS—It is great to be here. I am Dick Adams, the member for Lyons in Tasmania. I am a Labor member. The electorate takes in 60 per cent of the landmass of Tasmania. My biggest town has 10,000 people. I represent a heck of a lot of small towns.

Mrs Bray—So you understand them.

Mr ADAMS—Yes, I understand.

CHAIR—I am Kay Elson, the federal member for Forde. Esk is not in the electorate but is very close to it. Our secretary is Mr Ian Dundas.

Mr SIDEBOTTOM—I am Sid Sidebottom from the electorate of Braddon, which is on the north-west coast of Tasmania, including King Island. Ours is very much a rural coastal community and economy, particularly in vegetable growing, production and processing. We have lots of little towns too. We cannot share with you the problems of drought per se but we fully appreciate what you are going through, so I am very interested to see what we can do.

Mr SECKER—I have the bottom end of the Murray River and also the Limestone Coast, south-east Murray Mallee, Kangaroo Island and the Fleurieu Peninsula. I think I have two cities with over 10,000 people and about 150 much smaller ones.

CHAIR—Before we go into questions I will move a motion to ask a member to move that we take the extra supplementary submission you have made today as evidence.

Ms LEY—I so move.

CHAIR—Thank you.

Mr ADAMS—I guess this problem exists in the smaller shires and the smaller municipalities—to meet the infrastructure costs with the changing economic base in rural areas. What is the easiest way that federal policy could assist your shire?

Mrs Bray—From a community perspective we have been chasing dollars out of the state government for infrastructure. Currently we are eligible for a 40 per cent subsidy on certain capital infrastructure. We found—and it was certainly an example with Toogoolawah when the bores were running dry and there was competition with local producers for whatever water was underground—that we applied to the state government and were fortunate enough to get a 90 per cent capital subsidy through a different scheme. I cannot remember the name of the scheme.

Mr Balachandran—It was the small communities assistance program.

Mrs Bray—The SCAP program. That was an absolute godsend for us because for some time now, even though we were running six different schemes—now five different water schemes—we were sharing the costs with the five communities that were the beneficiaries of that scheme. We do not charge our rural people, only those people that receive water, but we share the costs across the lot. Any substantial capital expenditure that we have is shared across the lot. When we start putting new towns onto supplies or spending on enormous capital and infrastructure, that is shared across everybody. So to get a 90 per cent subsidy to allow Toogoolawah to get onto a reliable and continuous supply was an absolute godsend. We have been advised that the state government is currently reviewing that. I have heard two different messages out of the state government. One is that the SCAP scheme finishes. We applied for Coominya and were not successful, even though they recognised that it was eligible. The other message I got as late as last week from two state members was that they are reviewing the scheme.

But, as a shire that has a lot of small towns, we simply cannot afford the capital cost. One of the difficulties with the state government's SCAP scheme and the anomalies that we see in the system is that even some shires that have large centres and a number of smaller towns, or maybe just one small town, can access those dollars. We see that as unfair competition. To come back to a federal perspective, I think that if small communities are important to the federal government—and I recognise that in some cases, like mining towns, towns go out of existence, and they always have—and if the federal government is prepared to recognise that some small communities are worth saving and are worth supporting, then some special funding to help meet some capital cost—

Mr ADAMS—The question then is: which ones and what are the criteria?

Mrs Bray—Once again, water is not the only solution to small communities. I recognise that some new towns go out of existence and some old towns too. In our particular case we are dealing with old established towns that rely partly on rural industry and the rural industry relies partly on them as well—it is a two way deal. If there is a relevance to that town remaining and being in a community—in our case people in a number of our smaller towns are also able to access into larger towns for employment—and if there is a base where they can at least cover their operational costs and meet those costs, then I think these are some criteria on which the federal government can make grants to those small towns to get them the infrastructure. Without that infrastructure, economic growth cannot happen.

Mr ADAMS—What about sustainability? If the farming areas are going to be sustainable into the future, would it be a criterion to look for innovative ways of farming that would increase the value that is coming out of that region and those towns? There could be innovative ways of delivering water—new ways that we have not thought of.

Mrs Bray—One of the problems I have is how you define sustainability. I think it is a recognised worldwide trend that a lot of farms now are not economically viable as entities. They need either value adding linkages or to be larger. In our case, particularly in the southern part of the shire, farms of that size struggle to be economically viable. That does not apply to all of them—we have some very good producers doing some really beautiful things—but at a broader level some of those farms would not be sustainable without outside income. As I say, I understand that that is an international trend in some respects.

One of the things that we have long wished for—and, once again, I understand that it is a two-way deal—is to find the funding to get a report put together. There also has to be acceptance by the rural sector that they are willing to change, that they have the support to change, that perhaps what they have been doing for the last 50 years is no longer economically viable and that there are other alternatives. But, once again, to change a farming operation from one thing to another sometimes takes dollars and, particularly after 10 years of drought, perhaps those reserves are not always there. So there is a range of questions, but I believe a number of farmers in our shire are trying to do that and there are some quite innovative activities happening. But at a broader level farmers sometimes do need a bit of financial support in the same way that councils do with their rural communities—some capital infrastructure that gets you over the hump. At the same time, you cannot expect to live on handouts. I do not think we are really asking for that; it is just that some hurdles are a bit too high.

CHAIR—What would be the cost of putting that pipeline to Coominya so close to the town?

Mrs Bray—The initial study looked at a pipeline alone, and the cost would have been \$12 million to put the pipeline across.

CHAIR—Is that to service the 550 people?

Mrs Bray—No. The Wivenhoe to Atkinson pipeline was initially estimated to cost about \$12 million. One of the hurdles we have overcome is that initially Wivenhoe water was not available for rural producers; it was strictly designed and built as an urban supply and will always remain that way. But there is spare capacity in the system and, with the change of the structure of the South East Queensland Water Board to the South East Queensland Water Corporation Ltd, the change in legislation allowed for them to sell to rural producers and other industries. They are currently selling water to Tarong Power Station. It cost \$12 million for the pipeline, but we have had a study done to get a water supply into Coominya that was separate from that, and the cost came out at \$8 million. Eight million dollars for 550 people was a pretty big amount to try to overcome.

Mr ADAMS—What was the distance?

Mr Balachandran—Between Coominya and the dam?

Mr Ash—It was about 12 to 13 kilometres.

Mrs Bray—We are subsequently looking at whether we can re-evaluate some costings and can look at a much smaller scheme that will service the immediate town area rather than the surrounds, to see if that is achievable. We are doing some costings on that at the moment. That is the situation.

Mr Ash—Can I add that the second submission, which was given to you today, mentions the scheme to service Coominya and also this abattoir the mayor has mentioned. We have got it down to about \$5 million for servicing the town itself. That is the latest scheme being proposed. But, even with that, it is still \$11,000 a block that we would be expecting the people of Coominya to be able to pay for a water supply scheme to their houses. As the mayor said, we are a very spread out shire and our people are scattered through the whole 100 square kilometres or so of the shire. The trouble we face is being able to put these little schemes in every town up and down our shire and then continue to operate them. Other shires near us have at least one very large centre and they are able to cross-subsidise within their shire to service their small towns. Because we do not have one big centre anywhere in our shire we do not have the ability to function in that way. That is why in our submission we have mentioned some criteria which could be used for making some sort of grant each year and maybe some capital grants to get some of these communities serviced with water.

Ms LEY—You mentioned that you cannot cross-subsidise. Is that just because you do not think it would be fair for other towns to contribute towards—

Mr Ash—We do not have a big centre to use as the base to cross-subsidise.

Ms LEY—What are the average rates paid by people in the shire—total rates?

Mr Ash—Total rates would be getting up towards \$1,500 to \$2,000.

Mrs Bray—No, if you are talking about general rates—

Ms LEY—Yes.

Mrs Bray—General rates as well as service charges and things like that would be anywhere from \$350 up to \$1,200 to \$1,500—it just depends where you are. We do currently cross-subsidise within our sewerage users, our water users and our garbage users, and we do not charge anybody for water unless they are getting it. What Ralph is saying is that there is no one scheme large enough that is able to offer the economies of scale—they are all costing, rather than making a profit. The scheme where we share the treatment plant with our neighbours Laidley and Gatton is obviously the most economical in terms of pumping water, treating it and so forth, but even it is not economically viable because we do not have the population base on which to provide those economies of scale.

Ms LEY—If you were to put in the scheme that is outlined in the supplementary submission and it was \$5 million for 330 lots, what scope would there be for the 330 to increase to, say, 500? What additional costs would you face if population came to the area and numbers increased? It would obviously not go up by the same proportion—there has to be some fixed cost in there.

Mrs Bray—You would be talking about further subdivision of the particular area so you have an increased number of people.

Ms LEY—I am talking about the cost of the water. I do not want a whole accounting calculation, just the cost of increasing the water to, say, 500 or 600 lots. How much more than \$5 million would that cost?

Mr Ash—We currently have a headworks charge, in that general area, of around \$2,000 to \$3,500. That would be the sort of charge to meet the cost to keep expanding it. The pipeline going from Lowood to Coominya would service a large area which could easily be tacked on with a fairly low cost, except that you would still have to allow for the headworks coming up some time in the future, such as the upgrade of the treatment plants. But, because it is all coming from one treatment plant centre, the economies of scale start to improve in time.

One of the reasons we are looking at trying to get some water supplies to our communities is because, without that, they cannot grow; it is the starting point for them to start to grow. We are close to Brisbane—most of the shire is within an hour of somewhere in Brisbane, whether it is Brisbane city itself or the northern centres of Brisbane—and we have the potential, once we are established, for growth to finally come into our area. But while we cannot even supply people with town water, why would anyone think about subdividing in Esk when they can do it next door, in Ipswich, which has all the facilities. We are really held back by the fact that we cannot get water supplies.

Ms LEY—How many members of the community, and to what extent, have the characteristics of the Tamborine Mountain people we heard about earlier who look after their own water and are very aware of the acute shortage of water? Does that approach come through in any of your communities?

Mrs Bray—I think people are acutely aware of how valuable water is. When you do not have any and you have to buy tank loads or truck it in, you are very conscious of it. For Coominya, in particular, there have been about four schemes touted in the past and we, as council, and the residents have always struggled with the cost. One of issues we struggle with in terms of Coominya is that continuing to promote subdivision, when you do not have jobs locally, is a recipe for a range of other social problems half the time. We have been down that track and we are trying to overcome that.

This is why we are very keen to help the abattoir. They are an industry and a value added industry, and we are terribly keen to get that short supply because they are currently providing a lot of employment not just for our shire but for the surrounding region as well. That is where we see their strength—if they can continue to expand, which is what they would like to do. I had a meeting with them just last week. Initially, when we talked with them two or three years ago, they were using about three megalitres a week. We proposed about three megalitres a week for the township of Coominya. They have a treatment plant that is capable of treating, I think, about seven megalitres a week.

They have now increased their usage with the value added industries they have done there to about 7½ megalitres a week. So they are at capacity, but they would like to expand more. They have doubled their water use and would like to expand more, which in turn would have economic benefits for us and the region because they would be able to have some more jobs. It is all chicken and egg, and you go around the circle. That is why water in that particular region is the opportunity for the industry there to grow and provide extra jobs and a direct link for cattle producers throughout our shire as well as have some linkages with people farming vegetables there. So that is the issue we are dealing with.

Ms LEY—Does the state government of Queensland not put any funds into assisting a water supply for a small town at all?

Mrs Bray—Yes, they do. You are eligible for 40 per cent of some infrastructure costs. We are saying that 40 per cent in our case is not enough when you are dealing with massive capital costs. It does not cover everything.

Mr Balachandran—It covers trunk mains from the source to the town and, in some cases, major reservoirs. Could I address one of the questions Mr Dick Adams asked earlier. I think he asked: what would be the eligibility criteria to hand this money out if there is only a finite sum of money? The community water supply scheme, as an example, did meet the criteria set by the state government for this SCAP program, so those criteria have already been met. It then became a question of how they prioritised the ones that were eligible to hand the money out.

The challenge we face is that there is no possibility of council establishing the infrastructure but, in terms of dealing with growth, I think it behoves each council to set a strategy in place to develop a contribution to cover growth. We can deal with that. It is the challenge of establishing the facility in the first place and then charging at an acceptable level—'acceptable' being subjective—to recover operating costs. I do not think it would be unreasonable for a council to have to demonstrate that it has a strategy in place to have an operating costs recovery on a sustainable basis over a period of time as being one of the criteria—which leads to Ralph's point about requiring some assistance on operating costs in the first instance and, secondly, the capital contribution to get the facility up and running. So in terms of criteria, the operating cost

needs to show that we can at some point get over needing subsidies. On the capital side of things, if you can show that there is sustainable growth that can be covered through contributions coming through—in other words, we do not come back to the federal or state governments cap in hand for a further augmentation; we have strategies in place—that might be a reasonable way of prioritising how the money is handed out.

CHAIR—Thanks very much for that explanation. Do you have another question, Sid?

Mr SIDEBOTTOM—I am just getting frustrated as this goes round and round. Just on that point, Dick asked what criteria you would place on such a scheme, and that is one way of tackling it. I do not know enough about your demographics but, just looking at the map we have been given here, it strikes me that while people may be able to go towards Ipswich that would not be a wise move at all from a state perspective because, unless you go north-west into your area, you are going to have an incredible concentration of population and demand on the services. That is an argument in terms of the demographics of the state, particularly in that region going towards your area. Otherwise you might be looking at something like a moratorium on growth. You just cannot take any more, that is it, see you later: planning approvals cease. See what happens then.

Mrs Bray—In fact, we have that in place right now. If you cannot connect to a scheme that has the capacity to provide for it there is no development.

Mr SIDEBOTTOM—It is going to be very lopsided.

Mrs Bray—Yes.

CHAIR—As there are no further questions, thank you very much for taking the time to appear before us today. You have given us a lot of food for thought that we will have to try to resolve before the end of this inquiry.

Mrs Bray—Thank you very much. We appreciate the opportunity.

Resolved (on motion by **Mr Sidebottom**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 3.11 p.m.