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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

WEDNESDAY, 26 MARCH 2003

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY
Wednesday, 26 March 2003

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

Members in attendance: Mr Adams, Mrs Elson, Mr Schultz, Mr Secker and Mr Windsor

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.

WITNESSES

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Committee met at 5.06 p.m.**CHARLES, Mr Bob, Federal Member for La Trobe, Victoria**

CHAIR—I declare open this public hearing of the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry in its inquiry into future water supplies for Australia's rural industries and communities. This is the seventh hearing. Today we welcome to the committee Mr Bob Charles MP, the member for La Trobe. We have your written submission and we thank you very much for that. Would you like to give a brief statement in relation to your submission and then we will ask some questions.

Mr Charles—Very briefly, Chair, simply to set the scene, I declare an interest in a property on Lake Eildon in Victoria. It is a leisure property. The last time the lake was full was in 1996. We have not had high rainfall since and, of course, we have had drought for the last year and a half. Essentially, the problem is that neither the catchment authority of Goulburn-Murray Water nor the state of Victoria recognise in their legislation, which governs the operations of Goulburn-Murray Water, leisure use of that lake.

The conflict occurs because over several decades infrastructure has been built up around the lake to cater for leisure and tourism activities. In fact the leisure operators are taxed by Goulburn-Murray Water for access to the lake, for frontage. Every houseboat, fuel barge and so on is charged, regardless of whether there is any water in the lake or not. At the moment the lake is down to about 10 per cent and very few people go to Lake Eildon when there is no water. The whole place is a ghost town.

The problem is that it is shared use. Several thousand people signed petitions, saying there should be a minimum water level kept in the lake, but the reservoir was built for irrigation purposes, time has moved on, and it is time now to examine shared use of the water resource and the water authority appears not to be making any effort to do that. In 1996 when the lake was full, if they had given the irrigators 100 per cent of their entitlements and sold no more water out of the lake, we would still have 30 per cent of water in the lake today, because the lake would keep filling; it would be used and filled and used. The problem is, they sold every litre of water they could get their hands on. That took the lake down below 30 per cent and it has never had a chance to recover, with the low rainfall since 1996.

Mr SECKER—You say, Bob, that with the 1996 levels it would have been okay, but they have kept increasing the allocations?

Mr Charles—No, that is not what I said. We have not had much rain. The problem is that they sold the lake down that year. They had so much water it was coming out of their ears, and they counted on it continuing to rain.

Mr SCHULTZ—Over and above the 100 per cent allocation?

Mr Charles—Yes, that is correct, and they sold it dirt cheap.

Mr SCHULTZ—Just to make money?

Mr Charles—Yes. They have a statutory responsibility to manage the resource financially, appropriately, and they have no statutory responsibility to use the resource at all for leisure or recreational activities. I have a beef with the state of Victoria about that. I must admit the Chairman of Goulburn-Murray Water has finally started talking about leisure use in his public statements—because we put so much pressure on, quite frankly. That is just a political reality. I do not want to take the water away from irrigators and I do not want to stop the farmers having the right, and I do not want to stop us growing anything, but overuse of the resource without any control on its wastage, its evaporation rates and its uses is, in today's modern society, inappropriate.

Mr SECKER—I suppose it is easy to be wise in hindsight, but if you had had normal years after 1996, you probably would not have had the problem you have now.

Mr Charles—Not as bad as it is, that's for sure.

Mr SECKER—But they sold a heap trying to make some money in 1996?

Mr Charles—Yes.

CHAIR—And they did not lower that level of selling over the next, say, six years?

Mr Charles—To the best of my memory, without going back into a huge file, that was the last time they oversold water. They keep giving the irrigators 110 per cent, sometimes 115 per cent, of their rights, but they did not sell bulk water cheaply to any at all. There are a number of major weired water catchment resources like Lake Eildon in my state. It is huge, as we all know. When it is full, there is more water in the Eildon than there is in Sydney Harbour. There is a lot of water, and it goes all through open channels, flood irrigation, which, I am sure your committee has heard over and over again, we have to think about bringing to an end eventually. We just cannot afford to keep doing business that way. It is too wasteful of a precious resource. My message to the committee is that we really need to consider shared uses of water—that it is not just for irrigation purposes; it is also for town water supplies.

Mr SECKER—Is the town water supply affected now?

Mr Charles—I do not believe so. There are two or three towns that are still connected to the Eildon output, and I believe they are all right. We also use it for hydro-electric generation, which becomes environmental flows, because it goes on back down the Murray.

Mr SCHULTZ—The environmental flows is the other issue.

Mr Charles—Yes, it heads back up to the Murray. This is rumour, and I do not know how you deal with this, but there are people who say that the vineyards through New South Wales and Queensland are soaking up thousands of millions of litres of water that were not used for vineyards before, say, the last 20 years, and increasingly we are building new niche vineyards, as you know, and some big ones, too. And that use, plus all the water that goes into cotton in southern Queensland and northern New South Wales, is soaking up so much water that we do not have enough in the Murray by the time it gets down there and the Murray-Darling catchment water storage is affected as a result of that. The extent to which that is true, I do not know. I have been unable to get any data on that. The states do not seem to talk to each other.

CHAIR—That is exactly right.

Mr Charles—The water authorities do not talk to each other, and they do not even communicate on a regular basis with each other, let alone with us.

Mr SCHULTZ—The problem that you have described with Eildon is not exclusive to Eildon. In this region alone, the Burrinjuck Dam and the Blowering Dam, both of which are considerably bigger than Sydney Harbour, are nearly empty. Burrinjuck Dam is down to one per cent and Blowering Dam is down to four per cent. It has a similar problem, in terms of management, to the issue that you describe with Eildon, and we know the problems that that causes, where you get flushes and then nothing into the river system; you get cold water that kills all the native plant species and fish and creates other environmental problems, which refers to the environmental flow that you mentioned. If the states allowed the Commonwealth to influence the management of those particular storages, how would the Commonwealth handle the situation, given that any funds to assist communities after the dams have died have to come out of the Natural Heritage Trust funds right across Australia? It is a pretty big issue. It is not just related to Eildon. Would you like to comment on that?

Mr Charles—Only to say, Alby, that I do not have the answers. As a generality, it seems to me that, over the last if not the full 102 years at least 70 or so of them, we have consistently been moving power from the states to the Commonwealth, sometimes surreptitiously as with the income tax act—grab a bit here and a bit there, use the economic power in order to transfer control. There are a number of jurisdictions where it would be desirable for the national interest to have a single regulatory authority. That does not get down to local levels. I believe very strongly in local councils delivering to local people the things that localities need. It seems to me that local government is expanding, Commonwealth power is expanding and the states, quite frankly, have diminishing power over anything that our forefathers and the constitutional framers had in mind.

I wish I had an answer for you, Alby. I do not know how to go about it, but I know we have to get there. If the rumours that I hear are true about southern Queensland and northern New South Wales sucking the Murray before it ever gets down to us, then what hope do we have? How do we negotiate? To the best of my knowledge there is only one major agreement between two states—and the Commonwealth is involved a bit—which is trying to do something about environmental flows. That relates to the Snowy, and it was only accomplished under extreme political pressure by an Independent in the Victorian state government.

Mr SECKER—It did not do us any favours in South Australia.

Mr WINDSOR—Mr Charles, the committee has to take a more general approach. If a ruling was made where no more than 100 per cent of the allocation was allowed to be allotted to an area, would that rectify the problem? The problem seems to be that there has been an expectation that it would keep raining and they have made money during the rain, and now the penalty is being paid. In a general sense, there is an expectation that people will get up to 100 per cent of their allocation, irrespective of which state you are in. It would be difficult to adjust that below without some sort of property right compensation process, but the overs are probably something that could be looked at. Could you comment on that?

Mr Charles—Mr Windsor, you make a very valid point. I do not know how your report will deal with this. Water is a precious resource and it is worth a lot of money. I suspect that those who use it for commercial gain are not paying the market price at the moment and I also suspect, as Dick Pratt says, that a lot of the practices that we use to transfer water from one storage area to a final use or even another storage area are frightfully outdated, inefficient, expensive and wasteful.

I do not think it is a case of the Commonwealth trying to take over the country water supply. You cannot do that. A lot of it comes down to local issues. It is a matter of setting up some kind of framework with an overview of how everything should work—it sounds complicated—and with enough dollars to convince people to cooperate, because if one jurisdiction runs off and does their own thing for their own benefit, then as always the whole system breaks down. If there are water rights now, they are legal rights and the farmers and irrigators own those rights. If we start to pull it away, then they have to be compensated.

Education is also part of it, teaching people how to use water more effectively. I heard a program last week—I think it was on the ABC—about a grazier who is now growing alfalfa, I think it was, in essentially what is a plastic hothouse. Within four or five days he had a crop to feed his animals, through planting it in this hothouse. He has quit broadacre grazing and is now feeding his stock out of this plastic tent, and he thinks it is financially viable. He is using an infinitesimal amount of water compared to what he would be using to grow grass on broadacres. There are modern technologies, education, there is more intelligent use, and then there are financial controls or penalties. You have to look at all of those things. I do not have the wisdom of Solomon. I wish you the very best in your deliberations because what you come out with on this will be very important.

Mr WINDSOR—We had a similar argument put to us in the north of the state, from some people who believe that the dams—I have five dams in the electorate—should be used for flood mitigation from time to time; that they should never be allowed to get full because if a flood occurs when they are full it creates a whole range of circumstances. There is that argument as well—that they should be letting some go so that they have an area to hold a massive flood. Personally, I do not identify terribly much with that. It is another argument that people have come up with.

Mr Charles—I can appreciate that in your circumstance. We do not really face that in Victoria. It is not a big problem. We do not use our water storages as flood mitigation. Melbourne's water supply is very secure. We are in the first stage of restrictions, and have been for several months, but it has been raining more. We had hardly a drop for several months but in the last two months—not calendar months, but 60 days—I have had 196 millimetres at home. Mount Dandenong is in a high rainfall area in Victoria but it is all water. That is almost eight inches in 60 days. The problem is, of course, that you need it in the catchment areas so that it gets into the water storages and we do not have to wind up having potable water. But we do learn. In Victoria, if you lived in metropolitan Melbourne, it was against the law to have a water storage facility off the roof of your house.

CHAIR—It was illegal in Queensland.

Mr SECKER—Yes, it is crazy. We have that in some council areas in Adelaide.

Mr Charles—Is it state law?

Mr SECKER—You are allowed to have 100-litre storage but you cannot have a decent 5,000-gallon tank.

CHAIR—They make money out of water in urban areas.

Mr Charles—I am in a fairly high rainfall area with grazing properties in both Berwick and down near the Prom. I have not had town water from about 1972, until recently. I did not know what town water was all about.

CHAIR—In your submission you said that Lake Eildon was built for irrigation purposes for farmers, then urban use came into it, and then tourist use came into it. Down the line somewhere surely there was a lack of planning when saying, ‘We originally built it for the farmers and now we are going to share it with urban users and then tourists.’ There seem to have been some irresponsible decisions made along the way if they have not looked after those three industries. In your submission, you say that Lake Eildon should be up to 40 per cent capacity to maintain these three industries. What would you suggest the committee should be doing to make sure that that 40 per cent is maintained?

Mr Charles—The law in Victoria governing the operation of Goulburn-Murray Water says that they are only there to distribute water to those who have water rights and to use it for economic purposes. They are charged with the responsibility to make a profit. My contention is that Victoria needs to change the act. If they could be sure it never got below 30 per cent most of the operators around the lake would be happy. But you do need enough base left in order to be able to supply the towns which depend on it for potable water; to be able to have electricity generation, therefore environmental flows; to be able to satisfy the needs of the irrigators; and to be able to have enough water left in the lake so that its recreational uses are not destroyed. As long as it does not get below 30 per cent most of the operators can survive. There are some that cannot at 30 per cent.

CHAIR—What dollar value would there be on this lost tourism industry to your area, or the unemployment that it has caused?

Mr Charles—In my submission I quoted some studies done by two local government areas, one being Delatite Shire—I have forgotten the other one. It is not the kind of money you are talking about, the economic value that the irrigators get out of that water—there is no way known it is—but it is important to local communities that the leisure and recreational uses of the lake continue. They are talking about an estimated total of around \$16 million in direct expenditure lost by businesses in the Lake Eildon study area when the lake levels declined to 20 per cent and 30 per cent. It is a lot more than that now, because it is down around 10 per cent. As I said, around our place it is an absolute ghost town. The definitive studies I quoted in my letter of submission to you are the only ones I am aware of.

Mr ADAMS—Should the tourist operators around the lake be able to apply to the federal government for drought relief or for some assistance? The lowering of the lake has been brought about basically by drought, hasn’t it? It has gone down over a period of many years to the level it is now, where there is mud and a long way to get to the water from some areas.

Mr Charles—It is almost the whole area. Eildon is about all that is left where you can get to the lake. In January I had to haul my yacht six kilometres and we finally got it in and I managed to sail for about two hours out of the two weeks, and it was no good anyhow. You cannot sail there, now, at all. I partially went through the answer to your question before you came in: that is the fact that in 1996 the lake was full and they oversold all the water. It got down to 30 per cent. We have not had drought conditions since, but we have had lower rainfall conditions since, and now drought, and now it is at around 10 per cent. Allocations are not being met to the irrigators. If they had not wasted—that is my view—the water for a small economic gain there would still be enough water in the lake to help satisfy the recreational use to a reasonable extent, considering the atmospheric climate conditions.

Mr ADAMS—The dam was built, I understand, for irrigation purposes.

Mr Charles—Absolutely.

Mr ADAMS—The recreational and leisure industry was built up around it, but that was a secondary industry built up around the primary concept of servicing irrigation purposes for the farmlands of the area.

Mr Charles—Absolutely. Without any legal consignment whatsoever, except by the grace of Goulburn-Murray Water, who let them do it.

Mr ADAMS—The planning was pretty haphazard.

Mr Charles—It was non-existent.

Mr ADAMS—And we now have people who have investments and are losing money.

Mr Charles—And heaps of it. You ask if they should apply for drought relief—I do not believe so. I think this committee has to figure out how we can come to grips with this whole issue to see if we can convince the states to talk about cooperation in the regulations we have in water use and, along the way, Victoria should rewrite the act that covers it. In my case I am talking about one dam only and a reservoir facility.

CHAIR—Has it been declared an exceptional circumstance drought declared area? If it has, the businesses can then apply for help.

Mr Charles—I do not know.

Mr ADAMS—There are levies paid, aren't there, by shack owners?

Mr Charles—Yes, there are.

Mr ADAMS—As in rates?

Mr Charles—No. There are three—maybe four—kinds of charges that operators along the lake have. Firstly, they pay, per metre of shoreline at some particular point of lake water, an annual licence fee to be allowed to operate as a leisure operator. Secondly, every houseboat pays

\$1,180, and pays so much for a fuel barge, whether it is in the water or out of the water. These charges have continued to mount.

Mr SCHULTZ—That issue—whilst it is interesting in the realms of this committee's charter—certainly is a compelling argument for the authority responsible for those charges to give a discount when drought conditions or adverse conditions stop people from using the area. When they are not using it, they are not there, so there are no maintenance problems for the people making the charges.

Mr Charles—It is a cultural problem, and I suspect this might well be true of other authorities around Australia. Because the authority's task has been to maximise return from the water in order to provide irrigation water for the farmers, it has no culture of positively dealing with these other issues. It basically just does not care. For instance, when the water disappeared, people started showing up. It is a place for kids. Where we are there may be a couple of hundred permanent sites and some cabins, a swimming pool and spa, tennis court and golf course. It is a beautiful place. It is a place to take kids, where they can run free and not worry about anything. It is a fantastic holiday place for kids. But you cannot take the powerboats any more, so there is no waterskiing, nobody going in the rubber tubes or body surfing or anything. They bring along trail bikes for the kids. The management authority stopped them doing that because, if somebody comes off on the lake bottom, then it could cost them millions of dollars. The ranger was wandering around telling people they could not ride trail bikes on this pristine dried mud. It is terrible.

Mr ADAMS—They are social issues. I am seeing you in a new light, Mr Charles. You want us to stop looking at it from a totally economic point of view, from an economic rationalist point of view, and look at it from a more socialistic point of view. Is that what you are saying?

Mr Charles—I did not say that at all, Mr Adams.

Mr ADAMS—I thought that is what you said.

Mr Charles—What I am saying, very simply—and I will say it over and over again—is that it should be a shared resource. It comes out of the sky and we spend money in order to hang on to it. Also, if we are going to regulate how we use it, we want to use it in a responsible way for the majority of the community, not just for the leisure side.

Mr SCHULTZ—I am sure Mr Charles does not want to be converted to the realms of socialism!

Mr Charles—I doubt it.

Mr ADAMS—I think you did. You were saying that the reason why this dam was built should be forgone and those who have leisure and pleasure facilities around the lake should now get some sort of benefit from it, possibly from the taxpayers of Victoria or nationally.

Mr Charles—No. What I am saying is that because the authority allowed the leisure industry to build up, allowed leisure operators to use the lake and charged the leisure operators for that privilege, they should have a responsibility to allow them to use part of the resource. But they feel no responsibility for that whatsoever and I suspect this gets replicated, authority after

authority after authority, which is why I made my submission to you, but just on behalf of Lake Eildon.

Mr ADAMS—Sure. There are many different bodies around Australia looking after sections of water and sections of river that do need an overview.

Mr Charles—Yes, please, it would be very helpful.

CHAIR—Thank you, Mr Charles. You have been an excellent witness and we appreciate the amount of time you spent. We know how busy an MP can be and to make a submission to that extent was really appreciated.

Mr Charles—I thank you for asking me to appear. I thank you for the opportunity and I wish the committee all the very best in its judicious consideration of these weighty issues.

CHAIR—Thank you very much. We appreciate it. I hope all that water returns pretty quickly.

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

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

Committee adjourned at 5.35 p.m.