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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY

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

TUESDAY, 29 APRIL 2003

PORT LINCOLN

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY

Tuesday, 29 April 2003

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

Members in attendance: Mr Adams, Mr Forrest, 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

Committee met at 9.01 a.m.

FOSTER, Mr Brian, Board Member, Eyre Peninsula Catchment Water Management Board

RAYSON, Mr Geoff, General Manager, Eyre Peninsula Catchment Water Management Board

ACTING CHAIR (Mr Adams)—I declare open this public hearing of the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry inquiring into the future water supplies of Australia's rural industries and communities. Today's hearing is the eighth of the inquiry. It is part of the committee's program of hearings in and visits to different parts of Australia. I welcome Mr Brian Foster and Mr Geoff Rayson, who are representing the Eyre Peninsula Catchment Water Management Board.

Mr Foster—Unfortunately the Presiding Member, Wayne Cornish, cannot be here today and I am standing in his stead for this hearing.

ACTING CHAIR—Thank 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; consequently, they 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 contempt of parliament. Mr Foster, would you like to give us an outline of the catchment board and the background and history of that and set the scene for Mr Rayson to give us details of your submission?

Mr Foster—Thank you. First of all, welcome to Port Lincoln. It is a great privilege to have a committee come to the area to look at the water issue. The water issue here is for us of paramount importance. The future development of the peninsula is very much tied up in answering the question of augmentation of the region's water supply. As I said earlier, I apologise for the non-attendance of Wayne Cornish. He is ill. I talked to him last night and he intended to get here about 9.30 this morning, but his condition has deteriorated and he will not be here at all today. I make that apology. The board members are all present here, I think, and they will be with you on the tour later on today, so that will be a useful opportunity to get some more detailed information.

The catchment board was formed in March 2001 and the charter for the board was to advise the minister—it is a ministerially appointed board—of water related matters. The two issues we had before us initially were (1) the development of a catchment plan for the region. We are involved deeply in that process at the moment and that still has some time to run before it is completed. But the development of that plan is absolutely critical to the ongoing management of the resources on the peninsula and to put in place a set of guidelines that can be put against developments and any water related issues that need decision at state and local level. Until we have got that plan in place, we are somewhere hamstrung because we have no legal basis for making recommendations and expressing views that we might have. So that is a priority of this board.

But there is one other issue that is probably a bigger priority, and it certainly has been in the initial stages. Eyre Peninsula is a pretty diverse area. You guys come from diverse areas, and I

think we have a little bit of each of your electorates within ours. We cover some 55,000 square kilometres. Our catchment boundaries go out to the edge of the Nullabor and encompass all of Eyre Peninsula, with the exception of the City of Whyalla at this stage. Geoff has the details. Our problem is that we run from an arid area, a pastoral area, down to this bottom end of the peninsula, which is somewhat more intensive agriculture and a higher rainfall area. The rainfall down here is in the order of 550 millimetres but rapidly drops off as you go further north. Consequently, we are not just one catchment, we are a whole series of catchments, and a lot of those catchments do not flow water very often.

The supply of potable water for the peninsula dates back to the early 19th century, back to about 1920 when the Tod Reservoir complex was initiated and constructed. That system provided the backbone of the potable supplies on the peninsula and, in fact, it enabled development of the peninsula and all the hinterland, which has not got any ground water resources. There are ground water resources up the west coast of the peninsula in limestone aquifers and they come down to the bottom tip of the peninsula. They are used for those areas, and the peninsula's potable supply now largely comes from those resources; they are relatively close to Port Lincoln. As far as the construction of the Tod Reservoir is concerned, we can look at the detail of that later today, so I will not go into that now. But, in essence, there is a trunk main that runs the full length of the peninsula out west of some 400 to 450 kilometres. That supplies the bulk of the peninsula with water. There is another main that goes up the east coast of the peninsula a couple of hundred kilometres and goes to a position north of Cowell. That provides water to the eastern side of the peninsula. As I said earlier, the western side of the peninsula has some limestone aquifers.

There are a couple of independent suppliers. One is at Elliston, which is independent of the main system and is reasonably stable at this stage and is providing the water needs for those communities in that area. There is another independent supply at Coffin Bay with a cloud hanging over it at this stage in relation to the definition of the aquifer that is being used and the amount of water that can be taken out of it on a sustainable basis. There are several other small communities on the peninsula that do not have access to the system or particularly good local resources, so there are a couple of small issues there.

In relation to the Coffin Bay situation, work is ongoing in trying to determine the definition of that lens to work up how much water we can actually use sustainably. When I talk about sustainability in relation to the lenses, we must bear in mind that the level of water in some of these lenses is within half a metre of sea level although somewhat removed from the sea. So I guess, at the end of the day, if we continue unsustained use of those resources and we continue in a dry climate pattern, we always have the risk of seawater intrusion and that is the last thing we want to see happen. So, while I said earlier that the focus of the board has been on planning, the issue of potable supplies for the peninsula is paramount. We were faced with a situation where we were unsustainably using the resources that we have available to us. The bulk of that resource is in the Uley Basin.

Since the formation of the board and preceding the formation of the board there has been a lot of community interest in water as an issue and in trying to determine solutions for the particular problems we have here on the peninsula. Of recent times the state government have grasped the nettle. There has been acknowledgment by the bureaucracy of the position of the supplies on the peninsula, and there is work in progress to try and remedy that situation. There has been a very detailed study of the requirements of the peninsula and optimal solutions to the problems we

have in the SA Water Master Plan that has just been released. An initial solution is being worked up and put in place, and we will see a trial desalination plant at the Tod Reservoir. But, because of salinisation, the Tod Reservoir as a resource has become unusable and we are relying 100 per cent on ground water. We will go into that issue when we visit it a little later today.

But there is acknowledgment at state level that there is a problem and that solutions need to be put in place. We are a diverse region, a region with low population. The resources that we can raise locally are somewhat limited. I think perhaps I should say that between agriculture and aquaculture we are approaching $1 million of export value coming out of this region a year; it is not insignificant, and water plays a large part in both of those activities. So it is fair to say that procuring additional water or augmenting the resources that we have on the peninsula in our underground aquifers and making them independent—not totally but partially independent of what is happening with rainfall, particularly in these drier cycles that we are apparently in at the moment—is absolutely paramount to the future of the peninsula. So that is a bit of a picture of where we are at and what the situation has been.

Mr WINDSOR—You said $1 million but I think you meant $1 billion.

Mr Foster—Yes, I am sorry—close to $1 billion in agricultural and aquacultural export production.

There are a couple of issues that I think we would like to talk about today, and Geoff has included them in his submission. I know in talking with Wayne Cornish that the National Action Plan for Salinity and Water Quality—and the 21 to 23 catchments or regions that are expressed within that—is a template for funding I guess for these types of issues. It is quite clear that this region is outside those templates. That causes us some concern, and I know it is a very big issue as far as our presiding member Wayne Cornish is concerned. I need to raise that point. The other issue is one of social equity, and I have already touched on it with our low population base. The board is funded via levies from the region. Because of our huge area and our numbers, there is a social equity level in relation to resources to fund the works that need to be done, and there is a social equity issue in relation to raising levies.

Mr FORREST—Levies are just rates.

Mr Foster—Yes, they are; land based rates on assessments and also on water users. There is also an issue on Eyre Peninsula in relation to cost of water. At the moment we are on parity with the state. If we look at an increase, a modest increase, in the cost of water, then alternatives tend to become a little more attractive economically. But one of the things we have to guard against is setting ourselves up with a differential cost structure on the peninsula in relation to the rest of the state and the adverse economic reaction that that may cause from a developmental point of view. I think that is an issue that needs to be written in.

The other brief comments that I would like to make, after talking to Wayne last night, are that, because we are outside of the NAP arena, there may be scope for developing up pilot programs on Eyre Peninsula as we are a self-contained catchment that may have application to the rest of the nation. That is an avenue that we would like to explore at some stage. Perhaps we could look at coming up with some new and innovative ideas in relation to augmentation. I guess you can say desal is to a degree and, as I have said, we will look at that in some detail.

But there are a few other things that are happening in this region that I will just briefly mention that come under that umbrella. They are only small contributors but combined they could work up into significant savings for water. There is a lot of work being done at the moment on the old catchments on the peninsula that were in existence prior to the potable supply being put in. Some of those can be reconstituted and be effective, particularly for community based water use. There are some water outflows into the sea that potentially could be harvested at that point. It is an idea that could well have some time spent on it. The idea of sheeted catchments has been talked about. The mayor here in this city has in fact instituted that program on his own farm, which happens to be Boston Island across the harbour, with a great degree of success. Perhaps you will get an opportunity to talk to him during the break. So that is another idea that is well worth investigation. Salt interception, particularly on one of the tributaries to the Tod Reservoir which cannot be diverted from the reservoir, is an issue. I guess you have heard a lot about salt in your travels across the nation. It is no less of an issue here than it is anywhere else, but that is one particular tributary that could warrant some special attention because it feeds directly into the reservoir.

As far as desal is concerned, obviously we are looking at the Tod issue at the moment. There are a number of reasons that is the best resource to desalinate initially, which we can go into later. Once that is up and running there is scope for introducing smaller desal plants elsewhere on the system, and they can be as far away as Ceduna, 400 kilometres north to Louth Bay, which is just down the road, or Cowell on the east coast grid. There are opportunities for that type of development. I guess what I am saying when I mention that is that, although we are coming up with a desal option on the Tod Reservoir as an immediate solution, we really have a solution that is going to evolve over time; it is not a static situation. The Tod initial desal will get us through the next five years, but then we need ongoing solutions as the peninsula develops. Desal diversely spread around the region may well be one of the sensible things that we should look at.

Obviously you would have come across rainwater tanks in all of your travels, and that is no less of an issue here and is, in fact, where we have not got a resource. In my particular case, I am a farmer; I have 15 windmills and I have quite a number of rainwater tanks. I know what self-sufficiency in water is all about. That rainwater tank issue is one that I believe could well take some focus at a federal level. We need some encouragement for the ordinary person to be able to afford to put tanks in. In fact, with the catchments in these regions, the rainfall we have in these regions and the catchments that we have on the average house, most households could be very close if not self-sufficient in their potable resource needs.

That is just an overview and a few of the comments I wanted to make. I would like other board members to be able to expand on these issues when we talk to you later on this morning on the tour. But at this stage I will introduce Geoff Rayson, the general manager of the board, and ask him to speak briefly to the written submission that we presented to you some time ago. Thank you for this opportunity.

ACTING CHAIR—Thank you very much.

Mr Rayson—I will try to keep it brief. I know you have some time constraints. The inquiry is quite timely, in that the catchment board is quite new. As our first major task, we have to prepare a catchment water management plan, which is a method of tying together all of the agency and community resources to address all of the water related issues and ensure that we

get the best mix of issues addressed and the best bang for our buck in addressing them. The idea in submitting to this committee was not to look at asking somebody else to resolve all of our local issues but to take the opportunity to ensure that the federal government looks at the things that possibly can assist us here locally and also looks at the things that we feel we are facing that others Australia-wide obviously are facing and therefore could be handled generically through federal assistance.

A level playing field is a pretty important place to start in many different aspects of the management of water. We find competition to cut corners because, if one does not do it, the price of water can be less there than somebody else who is doing what is necessary to manage the water sustainably, and we believe it is important that right across Australia we have a clear share of the resources but ensure that nobody has pressure to use the resource without properly managing it for the long term. So catchment management needs to be practised Australia-wide in the strongest possible sense to ensure sustainability of the resources. Water pricing is a very important issue; at the moment there is considerable debate as to whether water is too cheap. For a glass of beer like this you pay a couple of dollars and yet you can get more than two tonnes of water home-delivered—the same quality as your beer, although it might not taste quite as good—for the price you pay for one of those beers. It is a very important issue that we need to think about. If in fact water were priced higher, would we then have the resources to manage the water properly? On the other hand, what does it do to a local catchment if they have to pay two to five times as much for their water as city or other catchments do? Clearly you are not going to be able to compete in the marketplace. Therefore the board would suggest that we need to look at, at least state by state if not nationally, a standard for water pricing that ensures that everybody across the states gets an even share but also that we look at the waste of water being managed perhaps by having a stepped price structure that is effectively a luxury tax on overuse. Those issues could I believe be progressed quite considerably on a national scale.

Effluent management is another issue that we need planning guidelines for. So often effluent, as is currently the case in the city, goes out to sea. Lately people have changed their ideas and, instead of it going to the river or the sea, it goes to wood lots that generally are not commercial. This city has spent a lot of effort just recently and has substantially got under way in recycling its effluent water. But at the moment it is cheaper to dump the water in the sea than it is to purchase it and put it into the pipeline. I think that our state needs to address that, such that there be a penalty paid for putting it in the sea rather than it being cheaper to put it there. But that needs to also happen Australia-wide once again to develop the level playing field.

Social equity is a very, very important issue. Naturally resources belong to the whole community, not just the local community. At the moment we have a situation where we have 55,000 square kilometres being the home to 34,000 people. In that patch we have a catchment levy equal to the highest in the state and yet we spend one 4,000th of the money per area that city catchments do and they have no natural resources left to manage. They are looking after engineering mismanagement of the past. It does not make sense that the rural communities have to spend either more per person or less per area to manage the resources and we have the lion's share of the natural resources of the state. If you look at our area here, we have three per cent of the population and about eight per cent of the state's area to look after. The people looking after that land have to travel about 400 times, on average, the distance that the people in the city have to travel to do the work to look after their catchment, in which case there needs to be social equity so that right across the state, right across the nation, we get the likes of the National Heritage Trust, the National Action Plan and other funding schemes that allow the rural

communities to live and to look after those natural resources. People in the cities would appear to see the natural resources of Eyre Peninsula being the responsibility of the Eyre Peninsula community to look after, but they of course share the benefits of the looking after that is being done. We as a community have to address that nationally and state-wide.

Something else that has, I know, been missed in other states, and definitely on Eyre Peninsula in the past, is the implications of seasonal cycles on water availability. There are a number of ways that this can be changed. Certainly on Eyre Peninsula we have a normal cycle of seasons which sees our ground water able to produce about 12 gigalitres of water a year. Currently we use 9.5 gigalitres a year. But in a normal series of dry years, we can get as little as five gigalitres a year, which is barely more than half the water requirements. In which case, before the system was even up and running 40 or 50 years ago, we should have known that in fact what is happening at the moment, which has forced us into water restrictions—trying to save about 15 per cent of our current water requirements; from demand, cutting it back by 15 to 20 per cent—we could have to do even more in the future. It could be down to close to 50 per cent of the water that we require on Eyre Peninsula being available for periods of a number of years. In that case we need desalination to take some of the peaks and troughs out of the system but we also need to properly plan for the long-term sustainability of the water resource. Just like farmers are being asked to have less dependence on drought relief, because they should know the normal cycle of the seasons, so our water authorities need to do that. I believe that is something Australia-wide that needs to be inculcated into the water agencies. It is not a matter of finger pointing to any one or a number of agencies; it is a matter of having to get a new way of looking at water to ensure that we are not left with our pants down some time simply due to a normal cycle of seasons. User pays is important for the use of water resources. It might not necessarily be the local user, it might not be the user of the water who sprinkles it on the crop or uses it in the bathroom, but it may be the whole community that uses it. That is a principle that needs to be looked at.

Another issue we need to look at is matching quality with use. At the moment 97 per cent of the public water supply—all produced, of course, to potable standard—is used for uses that do not require it to that standard. That means that we perhaps ought to be looking Australia-wide and certainly locally at: are there uses for the water at a lower standard? I believe there would be approximately double the water available for use on Eyre Peninsula if we did not depend on a single pipeline that produces one size fits all potable water. In fact, most gardens will handle up to a couple of thousand parts per million without a problem and yet the target for drinking water is 500 parts per million. That very issue is the reason why our Tod Reservoir, which has the capacity to produce more water than we use on Eyre Peninsula, cannot be used because the salinity is just above the potable standard and yet it never gets higher than the standard required for stock watering. That is an issue that Australia-wide we really need to address. Should we, for instance, be putting that water into the pipelines at, say, a target of 3,000 parts per million with every town having a small desalination plant, therefore desalinating only three per cent of the water instead of 100 per cent of the water? They are issues which, we feel, would bring benefits right across Australia if they were addressed.

Harvestable rights is another issue. In some catchments in South Australia people already have farm dams sufficient to catch well over two years of normal run-off. We are facing a situation close to Port Lincoln in the high rainfall areas where people are seeing the benefits of irrigated horticulture yet, if they use the current state-wide rule of thumb, they will harvest probably four times the amount of run-off that actually runs through those catchments, ensuring

that the bottom end of those catchments will die in the future. We will be seeing today a situation where we really need to expand our thinking to ensure that the use of water is sustainable across the catchment.

The last thing that nationally I think we need to look at is establishing standards for mathematical aquifer modelling. Currently we use a two-dimensional model that assumes square sides and flat bottoms on the aquifers. On Eyre Peninsula nearly all of our aquifers are in buried stream systems which, obviously, slope towards the sea, and they slope in with a V bottom. Quite recently geologically we had a big drift of sand right along the west coast, and it occurs right down the south-east coast of South Australia and the southern coast of Victoria. It cut off those streams from the sea, but the aquifers now are in the sand in the old river channels. If you use a model that presumes that the sides are square and the bottoms are flat, you quite often overestimate—to the tune of about 60 per cent—the actual volume of the aquifer, in which case we need standards to change right across Australia. Many, many of the local coastal catchments, even on the east coast, have the same problem. Sand has cut the river off from the sea, and it seeps out slowly through the dunes so you have a reservoir of water under the surface; at the moment, they are not being modelled properly. Thank you for this opportunity, and I look forward to expanding on these issues in our field trip later on.

ACTING CHAIR—Thank you very much. Just to get an understanding of the levies that are paid, could you give me a brief run-down on the levies?

Mr Rayson—Certainly. We have a dual levy system. The Water Resources Act provides for different methods, according to the resources in each district, to get the fairest split. On Eyre Peninsula we have a single land based levy for every farm, entity or land entity. So all town blocks, for instance, and all whole farm enterprises pay the same price, which is currently approximately $28 per assessment. Plus, anybody who has a licensed bore in the two small licensed well areas, which are halfway down the west coast in the Elliston area—the County Musgrave Prescribed Wells Area and the southern basins, right down the southern tip near Port Lincoln here—pays a fee of 1½c per kilolitre, which is phenomenally cheap for the resource. It certainly costs far more than that to manage it. They are the two sources of funding, and they are used solely for the purpose of funding the Catchment Water Management Board to give the community the opportunity to manage those resources as best we can.

ACTING CHAIR—Talking about the cost, if this peninsula produces $1 billion, I would think the rest of Australia would think that it should sustainably manage its resources well enough to make that a sustainable billion dollars. I thought I picked up that you were saying that we would need some subsidy from the cities to help you manage the natural resources of the area.

Mr Rayson—Yes, absolutely. I would love to see a city that could sustainably live on its water resource. The cities are getting the water from the rest of the country, and they need to be sharing in the supply of the management resources to ensure that that water is sustainably managed overall.

ACTING CHAIR—That comes to the price of water—I think you made the point. What is the price of water in Port Lincoln?

Mr Rayson—The price of water is about 97c. The cost of delivering to Port Lincoln is probably in the order of 40c. However, by the time you get to the other end of the pipeline system, say, at Ceduna, it is probably more in the order of $3 per kilolitre. Australia was set up—and in our case the Tod Reservoir was set up—to generate development. So much of the area only got settled after the Tod Reservoir was put in. It was not in long, and then the decision was made: 'Oh, we have populations living here and there—the service industries and the towns et cetera, particularly—and now we need it potable.' That meant that we could for many years catch about 10 per cent of the water that we needed and were previously catching. In the last few years, because of the increased salinity in the catchment, it is actually now zero that is being caught from that source.

Mr FORREST—Thank you very much for your excellent submission; it has 15 really good recommendations. It is sufficient to entice us to come out and have a look, so well done with that.

Mr Rayson—Thank you.

Mr FORREST—Everything you have told us we are hearing everywhere. I am just sort of staggered that Australians think they can buy a 44-gallon drum of world health quality water for 1.5c. It is extremely difficult politically, but one thing that this current drought is confirming in the minds of Australians is, 'Let's have a good look at this.' If we could start with maybe a tiered structure to rating arrangements where, in a domestic urban situation, you might get your first 200 kilolitres for 40c or 50c each and then there might be a second tier. because some people for commercial reasons might need a bit more, and so for the next 200 kilolitres you might pay $1. But, if you use more than 400 kilolitres, which is an extremely large amount of water—it is a tank 25 feet wide and 50 feet high—you will pay $5, just to get some carrots in there, to get people to conserve and to drive it through the hip-pocket nerve. Is that discussion being done in South Australia?

Mr Rayson—We have done it here—in fact we had it in this submission. I chose to take it out because it was a little challenging to people up front. Peter Davis has certainly been a strong proponent of that issue. SA Water representatives here might be able to help us out. Paul, at the moment, is it the first 50 kilolitres at 40c? Paul tells me that there is a supply charge, which is independent of the price of water now, and water itself is charged at 97c per kilolitre. Currently, the Eyre Peninsula would use approximately 300 kilolitres per household per year, and Adelaide, I believe, is closer to 360. That is for people on the pipeline. People who are not on the pipeline use a heck of a lot less.

In fact, if we were to do as you say and have a staged structure where people who could not afford it had a moderate amount of cheap water, and over, say, 250—perhaps 300—kilolitres it went up to, say, $5 a kilolitre, I would be with you. I believe that straightaway the domestic users who overuse water would start to have to consider, 'Hey, this water is five times dearer; I need to install a rainwater tank.'

The important thing is that, in fact, at the moment, with the price of water, it will take you about 25 years, if you fill your tank twice a year, to pay off the price of the tank in savings in water. Yes, there are other savings, in that you do not use so many detergents and that sort of thing, but that is how cheap water is. If it went up to $5 a kilolitre, instantly, it would make it cost effective for people to buy tanks and manage their rainwater. Another thing that people tend

to do is that they use the rainwater last because they prefer it. In fact, if they emptied their tank first, they would catch more water next time it rained. That, too, saves the price of catching your own water and it also saves the demand on the system.

Mr Foster—I will comment further on the question you raised. Specifically, the Eyre Peninsula Local Government Association—and they will talk to you later and can speak on their own behalf—ran a water forum over here some months ago. As a result of that meeting, there was strong support for the type of idea that you have just raised in relation to a tiered domestic charge that had a social justice, social equity component at the bottom end, rising up to something that more equated to the real cost or real value of water, if you like.

It is an issue we have certainly talked about informally; we have not formalised our position. It gets back to what I talked about right at the start. Whatever happens in relation to water pricing on Eyre Peninsula needs to reflect what happens state wide. We cannot afford to set this peninsula up with a different structure compared to the remainder of the state. I think there is an issue there. That is one of the reasons that we have not been up front in promoting that idea.

ACTING CHAIR—We need leaders, though, innovators.

Mr Foster—As long as we have followers, we are happy to be leaders.

ACTING CHAIR—That is what we have had in Australia; that is why we are such a great country.

Mr WINDSOR—I think a lot of it will be covered on the bus trip. I am interested in the first page of your submission. It makes the point that rising salinity levels are occurring partly because of land clearing but also because of low till farming. Is there any substance to that allegation?

Mr Rayson—I believe so, and it is all to do with the amount of water that seeps into the soil compared with the salinity that is built up in the soil and the surface run-off to dilute it. If you get 500 millimetres of rainfall in the Tod catchment and you have native vegetation, it takes out 499.9 millimetres of that rainfall. Only 0.1 of a millimetre actually gets into the groundwater. I have slightly confused you, in that there are approximately 180 millimetres of run-off off the surface. So, between the vegetation and the run-off, you have now 180 millimetres arriving at the creek from the surface—0.1 of a millimetre at 20,000 parts per million. If you go to cleared land, there is a slightly higher run-off and about 20 times the recharge into the groundwater. So there is now slightly higher run-off to dilute 20 times more saline groundwater.

If you go to low till farming, the whole aim of that equation is to reduce the surface run-off by 90 per cent and put that into your crop. You grow a bigger crop, but now you have only 10 per cent of the water arriving at the creek, and there is a fractional increase in the amount of water that actually seeps into the groundwater. So now arriving at the creek we have water in the order of 16,000 parts per million in the summertime and through the wintertime at about 3,000 or 4,000 parts per million. On average, Tod Reservoir comes at something like 6,000 or 7,000 parts per million in all but the high rainfall times. By reducing the surface run-off and increasing the subsurface drainage, the equation for low till farming actually ramps up the salinity phenomenally.

Mr WINDSOR—Do you have any proof of that, or is that just a theory?

Mr Rayson—We have not got research proof, no, but the equation makes sense if you have it described, and I have certainly discussed it with scientists who agree.

Mr WINDSOR—Could you get those scientists who agree to put something on paper for us?

Mr Rayson—All right. I will see what I can do.

Mr WINDSOR—I have been involved in no till farming since the early seventies, and your allegation is actually a criticism of the farming technique. If you have leakage through the system, you are obviously not taking enough moisture out. But your soil types are probably very different, and I would be very interested to see that, because that is the first time I have heard anybody allege that reduced tillage practices will actually increase salinity.

Mr Rayson—It does not increase the amount of salt in the system, and it does not increase the surface salinity, but it increases the salinity of the discharged water, purely because of that dilution factor. I discussed it only a few weeks ago with Professor Graham Allison. He used to be head of the CSIRO water division, and I could probably get some information from him.

Mr WINDSOR—I would be very interested to see that. There has been information put forward to this committee suggesting that changes in land use practices—forestry, for instance—have a somewhat similar impact in some areas on some soils.

The other question I have is for Brian: just for the record, you said that this area cannot be helped through the national action plan current arrangements, because it does not fit the template. Could you elaborate on why that is in fact the case? Is it just financial?

Mr Foster—I have not got all the details. Wayne Cornish, who you may know, heads a couple of national farmer groups and deals with these issues all the time, and I know that is one of his pet concerns for this area. His view is that catchments have been identified that can receive funding under the national action plan, and we are simply one of those areas that is outside those defined catchments. That is his concern, and consequently I express it. It seems to me that the focus on national action in relation to water excludes this area. I am not sure if there are other mechanisms, or if in fact there are mechanisms within that system, that allow us to pick up areas that are removed from those that have actually been identified. I would need to take your advice on that.

Mr WINDSOR—My understanding—and the chairman might be able to help us here—is that, because of the finite amount of money that is being put forward through the national action plan, the Murray-Darling system is seen as perhaps being more important than other areas. So it identifies a lack of money rather than a lack of the problem elsewhere.

Mr Foster—Yes, a lack of resources.

Mr WINDSOR—This is a bit of a political question, I guess, but would your region—and it comes to the issue of social equity, to a certain degree, too—support a national environmental levy concept to, effectively, raise money from a specific source to allocate it back to regions such as this?

Mr Foster—Perhaps I will give a personal view only. My view is that there are serious numbers of environmental issues, and salinity is not the least of them, and water is probably at the top of the list, that need to be addressed by this nation. I think, as a nation we need to address it across the board. To address any problem, you need resources. They have to come from somewhere. I am not prepared to sit here and say that somebody else should give us all the resources to fix our problems. I think there has to be a partnership arrangement and an equality application of the nation's resources to all of its problems.

As I said to you earlier, this is a relatively new board; it has only been operating for a whisker over two years. Currently in South Australia there is a review of the natural resource management structures, and the board's systems as we know them are going to change radically shortly and there will be a focus on a natural resource management overview board rather than a water board that will pick up all of the natural resource issues. There are concerns and questions about how that is going to be funded, and the levy system is one of the methods of doing that.

I think we, locally, are going have to pay our fair share towards contributing resources towards that system. But, because of our sparseness and low population in relation to some of the problems we have, we are going to need more resources than we can actually practically raise locally. I guess my answer is that I think there probably need to be some levy systems to solve some of these national issues. We do not seem to be able to do it from the funds generated from taxation. Is the raising of levies simply another form of taxation? Probably the answer is yes, but it is specific, and it is earmarking that money for specific problems. The important point is that those problems have to be resolved.

Mr WINDSOR—I think the federal government has recognised that in certain areas funding through the national action plan has been made available to resolve certain problems, and some of those problems are exactly the same as the problems you have, and you do not have access to the funding.

Mr Foster—That is right.

Mr WINDSOR—There is no problem about the government or the community recognising that areas need help. It just seems to me that, if the area is too small, we can help. It is a fairly simple equation, I guess, to add dollars, isn't it?

Mr Rayson—Certainly, that presumption makes very good sense, as I see it. There has to be a way, other than selling off the crockery, to look after the natural resources of the whole country sustainably. If it comes to a new tax, so be it, but we have to be able to compete internationally as well. I think Brian has covered it fairly well. It is just fundamental that, if you kill the goose that lays the golden eggs, albeit slowly through not spending this money, in the long term we are going to have bigger problems. It is also a problem here on Eyre Peninsula already. We do not have as severe a problem as some other areas, but I would hate it if we on Eyre Peninsula left the problem until it reached the stage where those affected were so badly affected that they did not have the capital resources to do something about the problem. I think if you help them before the problem gets to its absolute worst you have more chance of addressing it.

Mr WINDSOR—Geoff, you mentioned the potable water issue—97 per cent and three per cent.

Mr Rayson—Yes, it is a standard.

Mr WINDSOR—Why can't you do that?

Mr Rayson—The capital investment that goes into putting in a major water supply system of probably 1,500 kilometres on Eyre Peninsula—I am not sure of the distance—is billions of dollars, and governments for some time have not seen it as possible to even replace some of those systems around Australia. You would have to replicate the system to put in two pipelines or put in individual desalination plants. I have not seen the sums done on it, but they should have been; communities all around Australia should have been doing those sums. But, at the moment—and apologies to the SA Water people here—the government water authorities are not encouraged to look at anything other than that one size fits all water, and very few government water supply authorities will address those other issues, because it is not in their mandate. I believe that if we were to do that we would find a very different equation coming out in the management of our water resources and the cost of that management.

Mr WINDSOR—Do you think the main problem is money again?

Mr Rayson—I believe so.

Mr FORREST—One thing this inquiry is doing is highlighting how undesperate we have been with water. For example, this morning I went for a walk along the foreshore, and I counted 15 big pipes going straight into the bay with the town's run-off, and I thought what a wasted resource.

Mr Rayson—Absolutely.

Mr FORREST—Yesterday we were in Salisbury, where they treat that effluent. It is run-off and it has lots of stuff in it, but it is still a resource, and they just do not let it run straight into the sea.

Mr Rayson—Personally I wholeheartedly agree. It is a very important point. Not only is that water discharging to the sea, but it is taking all the oil drippings and all the plastic bags, and the dog turds and everything else from off the streets end up in the bay, and we are trying to grow an aquaculture industry in the bay! We have a problem in a nearby town where the seafood is recommended not to be eaten because of the fact that stuff from septic tanks is also mixed with the stormwater and discharged via the near shore aquifer to the bay. They are issues that this catchment board is very keen to address, to ensure that we have a clean and green environment in the future. The board is very committed to achieving that.

ACTING CHAIR—How is the education of the local community? Are they aware of those problems? Are they willing to come on board? Are they willing to make a contribution?

Mr Foster—I have two comments. In Europe, obviously, water is used seven or eight times, and in Australia we tend to use it once. I think there is a huge issue there for this committee in relation to that. On Eyre Peninsula—and it is part of the education thing—there are a lot of community stormwater harvesting projects and effluent reuse projects under way. There is a culture on the peninsula that is willing to accept that philosophy and at its own cost is in fact

instituting those projects. The board has an education program. Perhaps I will leave that issue to Geoff.

Mr Rayson—One of the catchment board's three fundamental roles is to educate the community on water related issues. We already have a program up and running—a web site, developing fact sheets et cetera, a school education program under way—so we are really bowling ahead on that, but it has only been six months in process.

ACTING CHAIR—That is something where government could really be useful with resources and in helping communities—

Mr Rayson—Nationally and state.

ACTING CHAIR—be able to get that word out—that information—so that people would become more aware of the need to do these things.

Mr Rayson—I agree, and it is absolutely in line with the Kyoto protocol and all those things that are entrenched in our legislation. I think that we should nationally step up our impetus to get this education happening.

ACTING CHAIR—Thank you very much for your contribution, for your submission and for your evidence this morning. We appreciate it very much.

Mr Foster—Thank you.

Mr Rayson—Thank you for the opportunity.

[9.55 a.m.]

THOMAS, Mr Vance Leslie, Executive Officer, Eyre Peninsula Local Government Association

ACTING CHAIR—Welcome. 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; consequently, they 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 contempt of the parliament. Would you like to make a brief statement in relation to your submission?

Mr Thomas—Yes, I would.

ACTING CHAIR—Please do so and make any remarks you would like. I am sure that the committee would like to ask you some questions after that.

Mr Thomas—I think you would be aware by now that Eyre Peninsula is a pretty big canvas. I would like to throw a bit of colour onto that canvas so that you can get a better feel of some of the problems and challenges we address, particularly in the area of water. Firstly, I will give a quick snapshot of the Eyre Peninsula Local Government Association. It is a regional organisation of councils committed to responsive and innovative local government on behalf of its 12 constituents. We have nine district councils as members. They are the district councils of Ceduna, Cleve, Elliston, Franklin Harbour, Kimba, Le Hunte, Lower Eyre Peninsula, Streaky Bay and Tumby Bay. We have the City of Port Lincoln, and something a lot of people are not aware of is that we also include the Upper Spencer Gulf and have the City of Port Augusta and the City of Whyalla as members of our association.

It is interesting to note that collectively these councils have responsibility for close to 30 per cent of the state's incorporated landmass but just 4.6 per cent of the state's population, and that creates some problems for us. The association first met in 1938, so it is an organisation that has been around for some time. If you look at why it was formed, the simple answer is because it had to be: its members had to come together as a region, rather than speaking as single voices.

I will start by saying that Eyre Peninsula is an enigma. It is an opportunity rich region—and one of considerable diversity—and yet, as a direct result of its vast size, remote location and sparse population, I think it would be fair to say that it is an infrastructure challenged region. On a per capita basis, the region is a productive one, generating in an average year a third of South Australia's grain harvest and two-thirds of its seafood catch. It has higher levels of visitation than any other country tourist region in South Australia. Those are three of the industries; we will talk about a couple of others a little later.

Looking at the growth potential of not only the traditional but also the emergent industries in this region, I will just give a couple of lines about each, to give you a little bit of an idea of the potential in those industries. Grain is now, has been and will continue to be the most significant economic driver in the region. In the 2001-02 year, 2.3 million tonnes of grain were received at Eyre Peninsula's ports, and over the last five years the broadacre farming sector has recorded an

annual increase of 30 per cent—and there is considerable potential for secondary industry coming out of that.

ACTING CHAIR—So that is an increase of 30 per cent on production?

Mr Thomas—Per annum. The economic forecast for Eyre Peninsula's acquaculture industry is that it will double its capacity by the year 2010. If you look at the growth in the last decade, you will see that that is a considerable up on the curve. It is our second-most important industry, and it is closing the gap on agriculture. With respect to tourism, the regional tourism industry has recorded rapid growth since the early eighties, and it has more than doubled its levels of visitation in the last two decades. There were 206,000 visitors in 1984-85 and 455,000 visitors in 2001.

It is difficult to predict mining, but a major find could occur at any time within the vast Gawler Craton. PIRSA Mineral Resources, which are normally fairly conservative—that is the state based mineral agency—tell us that we will have $100 million per annum in mineral activity by the end of 2003, and they predict that that figure will escalate to $4 billion by the year 2020.

If water were no longer a constraint, I would suggest that this region would expect to see a rapid expansion in the field of horticulture—including the premium wine grape growing, olive growing and bush tucker sectors. I think it is interesting to note that our soil profile is similar to Coonawarra's Terra Rosa—I guess you could add a bit more Latin to that, and that would be 'sans aqua'. We only have three wineries on Eyre Peninsula at the moment, and they picked up in excess of 25 medals at capital city wine shows. Our grapes are now blended into some of Australia's top table wines, including Penfolds Bin 389 and St Henri, so the potential is there.

The generation of wind power as an industry has significant potential for Eyre Peninsula, and the region has been considered as one of the top 10 sites in the world. We have currently got several major developers investigating the potential of generating greenhouse friendly electricity by wind power, and collectively they have the capacity to generate one-quarter of this state's power.

In relation to real estate, there are a number of additional land divisions planned across Eyre Peninsula, with a focus on coastal real estate. Such plans include Ceduna Keys Marina, Smoky Bay, Venus Bay, Elliston, Lincoln Cove stage 3 and Perlubie Beach. Those six subdivisions alone represent over 1,000 new blocks. I think it would be fair to say that every one of these growth opportunities is reliant on an adequate and affordable supply of water.

So much for the opportunities; let us look at some of the challenges. I think we would have to put—up front—size and population as our biggest challenge. The total area administered by our three cities and nine district councils is 45,000 square kilometres or thereabouts, but that does not take into account the vast incorporated tracts of land to the north and west of this region. All up, we are talking about a patch about the size of Tasmania. Including those two Spencer Gulf cities, the region's population is 70,000, give or take a handful. Eyre Peninsula's population, taking away the two Spencer Gulf cities, is 32,875.

If you look at local government, the area that I operate in, discounting our two gulf cities for a moment, the average size of an Eyre Peninsula council is 4,300 square kilometres, compared

with the state average of 2,290. The average population of those 10 member councils is 3,286, compared with the state average of 21,000. The average number of employees is 24, compared with the state average of 103. The average revenue received by those councils is $3.5 million per annum, compared with the state average of $14.9 million.

I think it would be fair to say that by far and away the biggest infrastructure challenge to be faced by this region is water. It has always been on the agenda of the EPLGA, but it was in December 2000 that some preliminary data released by the state government as part of their Eyre Peninsula Water Supply Master Plan rang those alarm bells. We are talking about a 30 per cent reduction in extraction rates from Eyre Peninsula's underground water basins. I think I should point out that we are a triangle on a map; we are an island as far as water is concerned. We have no external supply of water and all of our water, with the exception of a small creek called the Tod that you may have flown over this morning, comes from underground.

ACTING CHAIR—We arrived yesterday.

Mr FORREST—In the dark.

Mr Thomas—You probably would not have seen that creek, in fact: it is hard to see in the daytime. Of real concern though was the fact that in 2000-01 SA Water, our state based water agency, was drawing 7,700 megalitres from our basins: our consumption rate for the period was 9,500. That was an equation that caused this region considerable concern.

In April 2002 the association staged an Eyre Peninsula Water Summit at Wudinna. That was attended by close to 200 persons, many of whom I see here today. The program, which was very successful, looked at, firstly, the definition of the seriousness of the problem—until that time I think it is fair to say that, except for a few people around this region, we really did not know how big it was; secondly, that problem's economic and community impacts; and, thirdly, solutions to the problem. So, like country people, it was a pretty simple agenda. I think the final communique probably says it all. It states:

By the end of the decade, the people of Eyre Peninsula set themselves the challenge of being totally self-sustaining in areas of economic activity, environmental management and community growth, by way of a combination of desalination and conservation to deliver adequate supplies of potable water to all of its communities.

That was arrived at at the end of that day.

A fair bit happened in between, but in September 2002 during a cabinet visit to Port Lincoln the state government gave a political commitment to addressing Eyre Peninsula's escalating water supply problems. It was a three-pronged attack to address the Eyre Peninsula's immediate supply problems, and it was very similar to the core elements that came out of our water summit. There was the desalination of Tod Reservoir, with 2.3 gigalitres of extra water at a cost of $32 million; a clean seas water reuse project—which is a project of the City of Port Lincoln to better reuse their water—of 0.3 gigalitres at a cost of $3 million to $8 million; and community awareness and restrictions, which are a critical element of all of this, bringing up another 0.5 gigalitres at a cost of $1.5 million. The deliverables out of that project were an immediate injection of 1.8 gigalitres, which is 20 per cent of Eyre Peninsula's current water; enhanced quality and reduced salinity in the Tod Reservoir; and environmental benefits emanating from wastewater and treated effluent reuse.

Recently, and prior to calling for tenders for the major project, United Utilities Australia undertook a six-month pilot study at Tod Reservoir—in fact, I think it is still going on. Future upgrade strategies were to look at an additional one gigalitre of water at Tod Reservoir—and provision for that was made in stage 1—to occur sometime this side of 2012; and then to look at 1.8 gigalitres of seawater—a seawater desalination plant to come in sometime by the year 2017.

Since that time, the Eyre Peninsula Local Government Association has been spending a lot of time talking both to the agency and at state government level, to make sure that that announcement has continuing momentum, and—as we understand it—it is still in place. There are a few other comments I will make later, perhaps, but I will leave it there, as a quick snapshot of what has been happening in the last couple of years.

ACTING CHAIR—Thank you. It is good to see that your summit was a success and that that was the communique that came out of it. I picked up from you that there are a lot of growth opportunities, but who is going to pay? I guess the state government has arrived and said, 'We're going to help you solve your water problems.' But will we make the solutions sustainable, or will we still be allowing councils to develop new housing on the peninsula? You have said that grain production is up 30 per cent: are we going to increase that, and is that sustainable in the long term? Do we have to alter the way we are farming? Are we going to continue down that path? Is the growth of the peninsula sustainable in the future?

Mr Thomas—Yes, it is a complex question that probably cannot be answered in two lines. I would make one comment: we are going to be seeing areas of growth that will not be heavy in terms of water use, and those will be in marine based aquaculture. Mining, obviously, is a fairly heavy user, but quite often they do their own thing in terms of providing their own supplies if the project is big enough. Tourism is what I would call a medium user of water. We will see growth there. This region is extremely good at producing the primary product from both land and sea. I think it will have to look at the secondary production—the second line of that—and value adding to that will have to be the way this region will go over the longer period.

ACTING CHAIR—But with the seafood industry, you would need high-quality world standard water to value add, so that just adds to your problem of water, doesn't it?

Mr Thomas—It does, but it becomes a commercial equation as well: if the value at the end of that is there. We almost had a similar situation when we were canning tuna in the eighties—poling tuna, chomping them up, putting them into tins and not selling them for very much—and we were running out of fish. I think the extension of that argument took it to tuna farming higher-value markets, and I think your secondary process in that equation has got to be there. At the end of the day, whatever it costs to get you to that secondary product, it has got to be able to sell and make a profit.

ACTING CHAIR—What do we do with the wheat? Do we turn it into Weet-Bix?

Mr Thomas—I do not know. I know what I would do with the barley: I would turn that all into beer.

ACTING CHAIR—That is good value adding, Mr Thomas.

Mr Thomas—I think there are ways of doing that. There have been several attempts to look at the production of flour in this region. We do have one mill at Cummins. If somebody had said that we would have this aquaculture industry 10 years ago, they could have taken me out and shot me. Nobody saw that.

ACTING CHAIR—If the price of technology comes down, maybe that will help as well.

Mr Thomas—On that point, and I think it is a relevant one to make, I got very interested in desalination back in the mid-1990s. At that time Israel was leading the field with a different process—boiling it and cooling it, basically. The cost of our water right now is 97c a kilolitre. Back in the mid-nineties, in 1993-94, Israel was producing water by desalination at a time when our water was at the higher end of the 80-90c range for a kilolitre. The cost of producing desalinated water by that process at that time was 700 per cent more than the current asking price for state provided water. Now you are talking about—and I know we can get into arguments about real and actual costs—a gap, particularly with reverse osmosis technology, where that is down to somewhere between $1.50 or $2 a kilolitre. You have a factor of 50 to 80 per cent added onto it, rather than 700 per cent. That gap is getting smaller. At the same time, the technology of how efficient these things are becoming is improving exponentially as, in the reverse direction, the cost is coming down. So it is looking promising.

ACTING CHAIR—Thank you, Mr Thomas. I would like to welcome Patrick Secker, our committee's South Australian member. Some of you may know Patrick.

Mr FORREST—This inquiry has come out of a call for the federal parliament to try and show some leadership on the whole issue of water. We receive a lot of submissions that relate to the constitutional problem that the Constitution provides water as a specific jurisdiction of the states. Suggestions are that in order for that to change we need a referendum to give the Commonwealth more authority, because it is pretty tricky, especially when you think about the Murray-Darling Basin; it is working, but it needs a lot of cooperation around those constitutional problems. Given your consultation, what would be the willingness of people on the Eyre Peninsula to support such a proposition?

Mr Thomas—There are two answers to that. Through the process leading up to, during and after the water summit, there was no doubt that there was a strong commitment and groundswell from the people of Eyre Peninsula saying: 'We may have to pay more for our water.' I think most of them would agree that in a general sense water is underpriced—and not just for Eyre Peninsula but for everywhere.

Mr FORREST—There is no doubt about that.

Mr Thomas—You know what your last power bill was, but you never know what your last water bill was. That is a problem. On the one side you have that problem. I believe there is a willingness for this region to pay a premium for its water. But should it have to? The other side of that equation is that, as I mentioned, we have difficulties in business and industry because of the size and remoteness of this region. They really have to fight to remain competitive because of those issues alone. If you added an additional impost of higher priced water to that and it was not being paid anywhere else they would lose whatever edge they have; whatever margins they have would be whittled away even further. I know it is a very complex issue, but I really believe

that somehow somewhere somebody has to have the courage to say that our water is undervalued Australia wide and the price must go up.

Mr FORREST—But, in order to ensure that was done with equity right across the nation, the Commonwealth would have to drive that, and it cannot at this stage. We can show a bit of leadership. We might write a good report and inspire the states. But you would get rail gauges again—different rail gauges in every state.

Mr Thomas—Yes. We have not been good in that area, have we? I have to be honest. The urgency of the issues at a local level has driven the actions of the 12 member councils and the Eyre Peninsula local government. We had a huge problem and we had to fix it or else we would have been in real trouble. We played a part in that process. Perhaps three years ago this region was in serious trouble. Now we are looking for solutions. I do not think that road is going to be an easy one by any means, but I think we are walking in the right direction.

Mr SECKER—Mr Chairman, I apologise. The early flight was booked out so I had to get the 8.45 flight. Mr Thomas, you were talking about desalination, and you probably know it is already at Penneshaw and Kangaroo Island. You are right, it is a little less than double the price. I think the state government actually subsidises that to a certain extent, or it used to anyway. Have you done some sort of feasibility study, looking at the use of an osmosis desalination project for the Tod River, for example, and whether, because you are obviously not having to take as much salt out as you would with the sea, it might be even more feasible?

Mr Thomas—That is a very good point. A lot less energy goes into—and there is a lot less complexity in—desalinating brackish water compared with salt water. You would think it would be easier, but it is not. In fact, because of the state government announcement in September 2002, exactly that will happen. A major desalination plant will be on the Tod Reservoir. At the moment, that will be in place by the end of 2004, supplemented by a lot of other things. It is not just desalination. We have to use water better, we have to catch it better and all that sort of thing. If the growth is there and additional water is required, an additional one gigalitre will be sought from the Tod Reservoir system, and it will move to a close to two-gigalitre seawater desalination plant. We are talking 15 years in this now.

I put a submission into this particular project, but more recently there was an inquiry into rural water resource usage, and that came up at about the time that the trials by United Utilities Australia were going on with the desalination element of the project. One of the things I was very interested in looking at was a project of Australia wide significance. Given that this region is rated as one of the best places in the world to generate power from wind, given that reverse osmosis desalination is a very resource-hungry piece of machinery, wouldn't that be the perfect marriage? I would really like to see that, and that was part of my submission—at the end.

Mr SECKER—That would be very sustainable.

Mr Thomas—If you could put the wind power generator next door to a desalination unit, I could not think of a better way of putting two things together, given that we have considerable problems getting the wind power product into the main transmission group. I am only a simple person; I like simple things like that.

Mr SECKER—Having grown up with rainwater all my life and relying on rainwater tanks, does the council encourage the use of rainwater tanks? Do they have regulations or have they looked at the idea of any new housing developments needing to have rainwater tanks?

Mr Thomas—I have to think about 12 councils when I answer that question. Certainly in the city we are sitting in right now there is a very positive approach. In fact it was the City of Port Lincoln that put a motion to EPLGA's last meeting, and a letter has now gone to the secretary and to the Treasurer Peter Costello on GST tax rebates for rainwater tanks for domestic purposes. I do not know whether that was mentioned with the earlier presentation, but that has only just left my desk, with a copy to the state equivalents.

I think we are going to have to learn to do that a whole lot better, and I think there is still a missing link in that anyway. It is one thing to put a tank in a back garden, but if you are like me it fills up, overflows and a lot of water is still wasted. I think we have to encourage people to pump it back into their homes, and I think that is another part of that problem.

Mr WINDSOR—You mentioned earlier that there was potential growth in horticulture—in grapes and wines. Is that irrigated at all or would it be envisaged to be irrigated?

Mr Thomas—You have three operations at the moment: Boston Bay wines, which you drove past on the way in from the airport; Dellacolline wines, which is in the hill country just behind the city; and a fairly large operation in the Koppio Hills. They are watering their vines on occasions, but it is not flood irrigation or anything like that.

Mr WINDSOR—You do not see that as exacerbating the problem? If you encourage growth in an obviously high production area, it will create problems into the future that you are trying to resolve at the moment?

Mr Thomas—Of those that I mentioned, I wonder whether there will be the margin in olive growing because it is going to be a costly process to water. I am not sure about that one. Similarly, in the grapes I think we are fortunate that we have a soil profile that can grow, particularly, a very high quality red. I think at the upper end of that market there is potential.

Mr WINDSOR—Why has there been a 30 per cent increase in grain production—good seasons or better land use?

Mr Thomas—Probably the people behind me would be in a better position to answer. Certainly, the seasons have not been too bad in recent times. Curiously, this came out of a regional road strategy that the association has just completed. That is where I picked up the data. That was tapering off very dramatically in terms of future forecasts. There was nowhere near that sort of percentage increase predicted for the future. I am told by a gentleman who is sitting behind me that, basically, the area sown, because of low till farming, has increased enormously, and that would be a significant factor in the increase.

Mr WINDSOR—I thought that might have been part of the reason. But I am just getting at what Geoff was talking about earlier. Is there a benefit from low till farming and is there a disadvantage in terms of water quality and how do you reconcile the two? Is one worth putting up with for the other? That is a question that you guys would have to answer. I thought that might well have explained part of the increase.

Mr Thomas—The lady to my right tells me that she thinks the main reason is the low price of wool: in the sheep industry there have been so many people who have lowered the stocking rate of their sheep and that has opened up greater areas for cropping.

ACTING CHAIR—Thank you very much, Mr Thomas, for your submission and your time today. It has been very useful. Hopefully our committee can make recommendations which will be useful to the parliament.

Mr Thomas—I have said before that I am a simple person, and I am. I would ask the panel just to think about Eyre Peninsula and perhaps to look at it as a page on an atlas, a yellow landmass surrounded by blue water: mix the two together and you get green.

ACTING CHAIR—It would be a very good place to do a lot of pilots to see things to do with water.

Mr Thomas—In that upper end of technology and water, I certainly believe that—particularly where you have the additional ability to provide power.

ACTING CHAIR—The wind and water idea was a very good one, and I think that should be trialled.

Mr Thomas—We did ask for that in our submission. Thank you.

[10.27 a.m.]

Davis, Mr Peter Woodley, Mayor, City of Port Lincoln

ACTING CHAIR—Welcome. 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; consequently, they 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. You are going to make a statement, and then we may have time for a couple of quick questions.

Mr Davis—I have a lifetime of experience—both in the Northern Territory and on my property, Boston Island—dealing with water. I note your time line, and I regret that I have something of the order of five minutes. You talked about leadership. Firstly, just so you have some idea of where I am coming from, my family has been involved in the Territory for probably 70 years. My brother currently runs a station called Limbunya. Vance talked about Eyre Peninsula council size as being of the order of 3,500 to 4,000 square kilometres. My brother's station is 7,000 square kilometres, and it has three rivers, the Negri, the Stirling and the Yuendi, that run through it—when they run. At times in the dry he has stock perishing. He has bores, and on those bores up to 3,000—sometimes 4,000—head of cattle are running. That will give you some sort of idea of the volumes of water that he has to pump daily.

I recently visited Perth and saw the Mundaring Dam—which feeds water out to Kalgoorlie—which I suppose held something of the order of 10 per cent of its catchment. My wife and I then drove across the Nullarbor, through Streaky Bay. It was mentioned earlier this morning that the pipeline system on Eyre Peninsula is under stress and that there was a water forum at Wudinna a few months ago. At that forum it was, effectively, announced that the state government would spend $7 million putting in a pipeline to Streaky Bay off the current—existing—overstressed Southern Eyre Peninsula system. That pipeline cost $7 million. At that forum the managing director of Fabtech SA Pty Ltd, which I would encourage you people to visit in Adelaide, particularly you, Patrick, seeing you are a South Australian MP, stated that his company, for that same sum of money, could have delivered double the quantity of water, including the storage—rainwater, plastic sheeting.

ACTING CHAIR—Just where are you driving to?

Mr Davis—I am driving at the issue that water—

ACTING CHAIR—If it is an issue that is a localised issue of local politics between individuals, I am not interested in hearing this.

Mr Davis—I am not talking about politics.

ACTING CHAIR—Order! If you want to make a statement about the issues that we are here to deal with, that is fine.

Mr Davis—Yes.

ACTING CHAIR—But if it is the local circumstances of something to do with local politics—

Mr Davis—It is not politics, sir: this is the issue of water for my nation. It is critical.

ACTING CHAIR—Okay, I will allow you to continue at the moment.

Mr Davis—Okay. The reason that I gave that example is that I visited Geoff Rayson, who you heard from earlier, and asked him to give me advice about how I could overcome the problems on my island, which is three or four miles out there. I used to cart 1,500 tonnes of Port Lincoln water out to that property in my boat each year. I am one of the few people who have been warning this region—and I again stress my experience—about the pressures that we are facing. Like the other two people, one of whom is here, John Hyde, I was not really listened to until the feathers began to hit the fan a few years ago. I said, 'Look, I just do not know how to put it in: do I put in an eroded catchment system or do I use bitumen?' Geoff Rayson said, 'No, what you should do is go and see this mob called Fabtech in Adelaide. They can supply plastic that will be welded and that will catch water.' I imagine most of you flew here commercially and, remembering the importance of water, I would encourage you when you depart to request the pilot to fly you over my homestead on Boston Island. On Geoff Rayson's advice, I spent $40,000. I was advised by Fabtech that the thing might be 50 per cent—maybe 60 per cent—efficient in terms of the average rainfall. My rainfall is of the order of 250 to 300 millimetres. I thought that was conservative. I put down 2½ thousand square metres of plastic. We have not had that piece of plastic down for a year yet, but it is going to deliver—in my judgment—in the order of 600,000 litres a year. It is unbelievably efficient. It will run dew.

One of you talked about the pipelines leading into the sea in Port Lincoln. You need to remember that Salisbury has a plain—that is where vegetables used to be grown. There is a range of hills up here. It is extremely difficult. Water has this characteristic of going to the lowest possible point. So it is very difficult for our city to stop that run down hill. But how do we do it, until there is some money put in place—and I am the chap that has been saying for years that the price of water should be doubled. Now we have been hearing about the price of water here today: how many of you know that there is no charge for the cost of the bloody water? The 97c you have been hearing about is the cost for the storage, the repairs, the maintenance, the pipelines et cetera. There is no charge for water!

When we start desalinating—and I know about desalination because I looked at it 30 years ago—it costs around $1.00 to $1.50 a kilolitre to desalinate, which is cheap. It is still cheap, as has been pointed out. You put 500 of those in a row, and it will cost you a dollar. If we desalinate or, in fact, catch water with plastic, it is going to cost at least $2.50 a kilolitre. That is what the price of water should be.

One of you talked about the Murray-Darling system, which is effectively Australia, to all intents and purposes. The CEO of this council, Ian Burfitt, came from Deniliquin—he was the CEO there. He has been here maybe three years. The price of water in Deniliquin was 5c a kilolitre. I learned the other day that the water cost in Victoria is of the order of 25c. Here in little old South Australia we are paying 97c a kilolitre, and some of us have been talking about having a common price for Australia. I can guarantee you that, if you live on Brian Foster's farm with his 15 windmills, he is not delivering water at a dollar a kilolitre any more than I am on Boston Island or they are on Limbunya station in the Territory.

So how do we fund this little exercise of watering Australia? Remember, we just had a decent drought. How stupid can you be to put GST on rainwater tanks for people who cannot get it back? At least the Labor Party and the Democrats had the brains not to put GST on food; you would think that they would have the same intelligence relative to water. I have a photostat of the *Australian Master Tax Guide* in front of me, and I am looking at page 985. There is a three-year write-off for expenditure on water facilities. It says:

Primary producers may claim a deduction for ...

and so it goes—three years. When I started in agriculture 40 or 50 years ago—and until about 25 years ago—if a farmer wanted to store water, he had a 100 per cent write-off for water conservation. You turn the page in the act, and on page 986 you read:

... outright deduction for expenditure on land care operations.

So when we have abused the land and we start to repair the stuff we can have a 100 per cent deduction but if we want to store a bit of water to be independent and self-reliant we can only have it over three years. There should be automatically an increase to a 100 per cent write-off for any water storage—movement or whatever—and it should not just be to primary producers.

Some of you talked about the number of pipelines you have seen. I mentioned to some of you privately before this meeting commenced that you should have a look at the roofage. Vance talked about the fish factories. Go and have a look at the roofs on those fish factories. They are all brand spanking new, and they get a 2½ per cent tax write-off for capital depreciation. If it is good enough for primary producers to have a 33 per cent write-off, let us apply that 33 per cent write-off to all businesses and primary producers—and it should be 100 per cent, as I have already indicated. Think of the water: just one factory in Port Lincoln, Lincoln Tuna Processors, is consuming something in the order of 25 to 30 per cent of the total water of the city. Let us give that company a stimulus, an incentive, to store its own catchment. If I did not tell you the area of my plastic, it is 2½ thousand square metres. The area of that piece of plastic would be less than the roof areas of some of the fish factories in this city. I have not had it there for a year yet, and it is amazing how efficient it is.

One last point: how do we fund a local issue? The local catchment management board told you that it raises its current half a million dollars of revenue annually from, firstly, a land based levy at $28 per assessment, which is crazy: they are trying to raise money for the storage or the handling of water. They also, as Geoff said, charge 1.5c a kilolitre for bore licence owners, and they intend to raise that to 2c. So they are actually charging for water here, and out of that levy they raise about $150,000 to $200,000. Now recently, as part of their education program, they gave five grants totalling $32,000 to the Eyre Peninsula community. I am the chap that has been saying publicly for some years that the price of water should be $2.50 immediately, at least. If you take our catchment board, if they just took the decimal point out and instead of 1.5c charged 15c—they want to go to 2c next year but let's charge 20c—they would not get $200,000; they would get $2 million. I spent $40,000—a wool clip—but I am only able to claim it over three years.

Mr FORREST—How much did you spend, sorry—$40,000?

Mr Davis—I spent $40,000. That is $20,000 for the plastic and $20,000 to $30,000 for the rest. Come and have a look. It is very simple to cure the problem: it needs leadership. It needs no GST—instantly: when you get back, just bloody well do it. You are the people who put the GST on. A 33 per cent write-off should be applicable to all businesses and all private individuals across Australia. Would you believe it? We would begin to become self-reliant. It is easy stuff. I have a submission—it is over there. There are four or five of them here. I would have loved to have had a similar half an hour.

ACTING CHAIR—What have you done or what has your council done in relation to these issues?

Mr Davis—These are the sorts of things we are doing. But, because of the Constitution, the council cannot require that an individual provide a water tank. We can recommend. It is a state government responsibility, but the state government—this is how silly the system is: I—

ACTING CHAIR—That is all right. So council cannot deal with that. What about the outflow—the run-offs?

Mr Davis—We are trying to do that, as was pointed out.

ACTING CHAIR—How much money is your council spending a year on that?

Mr Davis—I must say virtually none, other than when we can get grant money, and we then contribute in kind.

ACTING CHAIR—So you are not using any of your rate base to look at that issue?

Mr Davis—To look at which issue?

ACTING CHAIR—The issue of the outflows.

Mr Davis—Straight outflow, yes. Because of a Commonwealth clean seas grant, we have invested something in the order of $1½ million to $2 million—and I am not sure what our contribution is, but by far the majority came from the Commonwealth government. The result of that is that the city is now going to start watering our reserves, our ovals and so on. As Vance pointed out, the capacity exists to pump that water over the hill and start some serious, real water reuse. But, in terms of the actual council doing its bit, yes, we are putting in things like watering after hours, pop-up sprinklers, timers, you name it. But the actual dollar contribution is chicken feed really.

ACTING CHAIR—Have you stopped any future growth until you have solved your water issues?

Mr Davis—No, and it is not necessary. An example is the domestic use of water. If you come up to my home in Port Lincoln, I have totally changed my water system so that we have a mains supply coming in—

ACTING CHAIR—No, I am not interested in—

Mr Davis—Hang on, you need to know this.

ACTING CHAIR—I am interested in what council has done.

Mr Davis—Council has effectively done nothing.

ACTING CHAIR—Has council passed any resolutions which are different or revolutionary in trying to achieve some of the goals that you have stated before the committee.

Mr Davis—Yes.

ACTING CHAIR—Can you tell us of those, please?

Mr Davis—It has passed resolutions recommending that people put water tanks on. It does not say—and you will see in my submission—

ACTING CHAIR—What about the fish factories that you talked about, with the storage?

Mr Davis—It is similar there. When they put a new factory up, we suggest. It is pathetic.

ACTING CHAIR—But industry is not taking up those options.

Mr Davis—Why should they? What is the tax deduction if you are a business? Zero. You go and have a look: you will see the water going straight off the roof out into the stormwater pipes. It is crazy stuff.

ACTING CHAIR—You are telling me that you have no power as a council to influence that?

Mr Davis—Not under the act, no. But I am suggesting in my submission that the Commonwealth and the state government, who draw up the book of rules by which we operate—we do not make the book of rules—change things so that under the development assessment act all future planning applications require the catchment, delivery—because it is important—storage and pumping not just of domestic catchment but of business usage as well. And it should be tax deductible. That is going to cost the government tax revenue because, if you have 100 per cent write-off, that affects the profitability; it means that the business is less profitable because it is writing off that sum of money in year one.

How does the Commonwealth fund that loss of revenue? We used to have a thing called the Commonwealth Bank of Australia, and that is why I mentioned King O'Malley to you at the beginning of this meeting. The Commonwealth—that bank, which was a creation of the government—delivered long-term low-interest loans, and its profits totally flowed back to the government, so you protected the government's revenues.

ACTING CHAIR—Thank you very much, Mayor, we appreciate it very much, and thank you for the use of your council chambers. Thank you to the good citizens of Port Lincoln and surrounds for your attendance—and others today. This is parliament really working in the regions rather than the little hour and a half that you get to see at question time on the telly. So thank you very much for being with us.

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

That this committee receives the submission from Mr Peter Davis into evidence and authorises it for publication.

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

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

Committee adjourned at 10.45 a.m.