

The Secretary  
Senate Standing Committee on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House Canberra ACT 2600

Submission from: Greg J Corbet  
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Gympie, Q 4570  
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4 April 2007

Dear Sir/Madam,

Debenmere Pty Ltd is a locally owned family company trading as Corbet's Concrete, Corbet Transport Industries and Golden City Brick and Landscape – all located in Gympie at 114 Noosa Road and employing in the vicinity of 25 employees.

My submission to the Senate Inquiry relates mainly to the commercial viability of our premixed concrete division, which supplies both commercial and private construction throughout the Cooloola Shire. However, the viability of our entire operation will be affected.

Our market for premixed concrete, in addition to the market for the raw materials with which to produce premixed concrete – being mainly sand and gravel products – is dominated by large national companies. In order for local, private operators such as ourselves to compete in the market, we must wherever possible purchase raw materials from private operators. Prices for sands and gravels from such private operators are considerably lower than those of the national companies (see Appendix A). This enables us to keep our production cost at a level to enable us to compete in the market.

In keeping with this need to purchase raw materials from private operators, we identified Agtec Sand and Gravel Pty Ltd as our only local, private operator who has been able to supply our raw material needs for our concrete plant as well as our wholesale and retail sales from our landscape supplies outlet. We have sourced material from this site for something like 10 years now and I have no reason to doubt that this arrangement would have continued indefinitely. Unfortunately, the Agtec site is located adjacent to the wall of the proposed Traveston Dam, and it is now allegedly proposed that this source of supply will be closed down.

I understand that the Agtec reserve is a unique geological formation in the Mary Valley system. I believe that it would be extremely difficult to find another such local reserve that could be established within a reasonable timeframe to ensure our ongoing supply of suitable natural sands. Agtec supplies natural sands to all of the local private operators; however my enquiries to Mr Graham Kafoa of Agtec Sand & Gravel indicate that no provision has been made to identify a suitable replacement site for this resource.

The loss of Agtec Sand and Gravel as a supplier would have a major negative impact on the viability of not only our premixed concrete operation, but also our brick and landscape and transport businesses which as stated above collectively maintain some 25 employees. It would also have a major negative impact on all other private operators, and by implication the economy of the Cooloola Shire as a whole and the sustainable future of an indefinite number of local families.

In the event that Agtec's operations were closed down to make way for the Traveston Dam, and we had to purchase our raw materials from national companies which are positioned some three times the distance from our plant than Agtec, our production costs would be prohibitively higher. As the large national companies control the bulk of the market share and are able to apply economies of scale to reduce their production costs, this situation would render us unable to compete in the market for premixed concrete.

In addition to the above supply problems, no clear indication has been given as to the effect the proposed storage will have on current transport costs involved in the cartage of aggregate from Sunshine Coast Quarries at Moy Pocket to our premix concrete plant and our landscaping supplies outlet. I believe that longer haulage distances will be involved which will cause a significant increase in cartage costs for these products in to our plant. Increased transport costs can only add to placing the future of our entire group of companies in doubt.

It is my view that the construction of the Traveston Dam would deliver a major advantage to large national companies, on top of the major advantages they already enjoy in terms of their market share. With the viability of local, private operators in doubt, the Cooloola Shire community and economy stands to lose the pressure for competitive pricing of construction materials which the private operators have always provided. The loss of this competitive pressure would tend, in turn, to slow the pace of further development within the Shire.

In assessing the economic impact of the Traveston Dam, we believe that the Senate Committee should consider the impact of the loss of these funds to the local community as these locally owned and operated companies are replaced by national companies the profits would be transferred out of the Shire. The economies of the rural and regional areas of Australia have a strong need for the generation of local business. We are certain that the effect of the proposed Traveston Dam on the construction materials industry of Cooloola Shire would be counterproductive to the Shire's economy.

Yours sincerely

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Greg J Corbet  
Managing Director  
Corbet Group of Companies  
ABN: 25 454 649 870

MARKET STATISTICS					
MARKET PRODUCT SALE PRICE RISE HISTORY					
READYMIX - Price per tonne ex. plant excluding GST					
Product	Effective 01/04/06	Effective 01/11/06	Effective 01/04/07	Average Annual Change	
Manufactured Sand	\$20.50	\$22.00	\$23.00	12.20%	
Fine Pit Sand	\$20.50	\$22.00	\$23.50	14.63%	
5mm Aggregate	\$20.75	\$22.25	\$25.25	21.69%	
10mm Aggregate	\$28.50	\$30.00	\$33.00	15.79%	
20mm Aggregate	\$26.50	\$28.00	\$31.00	16.98%	
SUNSHINE COAST QUARRIES - Price per tonne ex. plant excluding GST					
Product	Effective 01/01/06	Effective 27/04/06	Effective 02/11/06	Average Annual Change	
Crusher Dust	\$9.00	\$10.00	\$11.00	26.67%	
7mm Aggregate	\$9.20	\$10.20	\$14.80	73.04%	
10mm Aggregate	\$13.40	\$14.20	\$15.20	16.12%	
20mm Aggregate	\$12.50	\$13.80	\$14.80	22.08%	

NATIONAL COMPANY SALE PRICES - V - PRIVATE COMPANY SALE PRICES			
Product	National Company Pricing	Private Company Pricing	National Co. Variation
Sands	\$23.00	\$13.94	Plus 65%
5/7mm Aggregate	\$25.25	\$14.80	Plus 70%
10mm Aggregate	\$33.00	\$15.20	Plus 117%
20mm Aggregate	\$31.00	\$14.80	Plus 109%

**APPENDIX A**