

18 July 2006

Water Study
Productivity Commission
LB2 Collins Street East
Melbourne Vic 8003

Dear Sir/Madam

**Re: Rural Water Use and the Environment: The Role of Market Mechanisms.
Emerald Shire Council Comments on Productivity Commission Discussion Draft**

Please note our comments below with respect to the above draft report. This follows on from our previous submission in February 2006.

The report is obviously significantly focused on Rural Water Uses and the Environment. However, to look at these exclusively and in isolation to other community uses of water could potentially see an unbalanced approach to the overall use of water and not take into account the unintended flow-on effects from the implementation of the strategies suggested.

We wish to reiterate some of our previous concerns which have not been addressed by the draft report, namely:

Third Party Concerns:

1. The taking of "water" out of the value of land. Like most rural councils, ESC rating system values "irrigation land" as a separate rateable agricultural land compared to non-irrigated agricultural land.

This recent change in land valuation has required a review of Council's rating system and subsequently may have flow-on socio-economic issues such as other ratepayer types picking-up the lost revenue in the future.

- 2 Land use in rural areas must be sustainable. The removal of water from the land has significant negative affect on the residual lands sustainability and potential negative environmental affects.

Future Reforms:

3. Ensure a level of social equity; "a safety net approach versus a full free market approach". A balance is required again within each specific catchment to ensure the "highest bidder" (eg mining in Central Queensland) does not acquire all water allocations at the detriment of other sustainable and efficient land use practices.

Further, water should not be seen in the same commodity “free market” perspective as say the provision of gas and electricity. That is, the availability of water is far more irregular than other commodities in rural Australia due to the spasmodic natural environmental influences and droughts and climate change effects which are currently upon us.

Your favourable consideration of our above concerns would be most appreciated. Please contact Michael Brady, Executive Manager, Infrastructure and Commercial Services on 07 49828323.

Yours faithfully

Bryan Ottone
Chief Executive Officer