



The Western Australian
Farmers Federation (Inc)

22nd April 2005

Inquiry on Urban Water and Wastewater Pricing
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000



Dear Sir/Madam

On behalf of WAFarmers members, I am responding to the invitation to provide comment on the ERA's draft report *Inquiry on Urban Water and Wastewater Pricing*.

I acknowledge that the terms of reference for the inquiry only include services to urban areas and note that rural water pricing and trading issues will be the basis for a subsequent inquiry, however, given that the draft report contains several references to rural water issues, I feel that it is appropriate to provide some early comment.

WAFarmers supports the State Government's decision to commence development of a desalination plant as a priority. The ERA's view of postponing this project until completion of the environmental assessment of the South West Yarragadee proposal is disappointing.

WAFarmers has consistently opposed removal of water from the South West Yarragadee aquifer and this position was strongly reinforced at our recent annual conference. WAFarmers members contend that the Water Corporations application should be rejected as the resource is needed for current and future needs of the region.

All studies undertaken to date on the Water Corporation proposal have recommended against removal of water from the aquifer and the social study reflected views from metropolitan residents that they did not believe that removal of water from the aquifer was desirable. WAFarmers looks forward to the outcome of the current environmental study, particularly in relation to its findings on recharge and the risk of salt water intrusion into the aquifer.

The Government has a ready made option to support desalination through the Harvey Water proposal. The ERA report states that the Water Corporation has this option in its 10 year plan. Why it hasn't grasped this opportunity which is available now is bewildering. There is far more that the Government can do within the metropolitan area to address Perth's water shortage than take the soft option of removing supplies from one of the fastest growing areas of the State. Recycling of grey-water, particularly for recreational reserve irrigation in the metropolitan area should be fast tracked.

In relation to the National Water Initiative (NWI) objective of full-cost recovery, the ERA needs to appreciate that farmers are price takers in the market place and unable to pass on increased costs of production. Rural water users can not be assessed along the same guidelines as the Water Corporation and other water managers who have the capacity to pass on full cost recovery to their customers.

The ERA report touches on water trading and resource management charges. WAFarmers has had extensive consultations with the Water and Rivers Commission on these issues and will provide full comment during the subsequent inquiry. However, WAFarmers members will only support trading if trades are restricted to within agricultural industries i.e. speculation is not supported. WAFarmers members will also continue to resist resource management charges until such time as resource security is improved through perpetual licenses (as proposed in the NWI). Put simply, when a farmers rights are established, responsibilities can be negotiated.

It is also worth commenting that the Water Corporation's arrogance and insistence in working in isolation on water source development is a major concern. The ERA report highlights this in its comment *"It is the Corporation's view that the alternative options put forward by independent parties do not have sufficient merit to displace options that are currently proposed in the Corporation's source development plan."* This attitude will only succeed in holding back the timely implementation of new water sources for the State.

The fact that the State finds itself in the precarious position being experienced is a clear indictment of the Water Corporations lack of vision over many years.

WAFarmers looks forward in participating in the ERA's rural water pricing inquiry later this year. In the interim, should you wish to discuss any aspects in this correspondence, please do not hesitate to contact me on 9652 4035 or WAFarmers Director of Policy, Andy McMillan, at the Perth office.

Yours sincerely



Dale Park
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Property Rights and Water Resource Security portfolio holder