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Inquiry into Water Resource Management Charges  
Economic Regulation Authority  
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## PREFACE

Jardee Glen has a 78 megalitre surface water licence allocation for marron aquaculture, none of the water is 'used' by marron in the sense that water is dispersed by irrigation, 20 megalitres is lost annually to evaporation and seepage; the 58 megalitre remainder is storage to maintain an area for cultivating marron which is topped up by stream flow from June through to November each year. Cattle and sheep are run on the balance of the property. The majority of the water captured in the dam is from a stream which only flows in winter; which is typical for other in-stream dams in our area. The 78 megalitre dam is a refuge habitat for more than 20 species of native birds and for native freshwater fish that wouldn't occupy an otherwise dry paddock, some of the birds are 'refugees' from wetlands in other distant areas which have dried through climate change. Allocations of water from/by the Crown to private surface water licences provide a basis for primary production and are an important aspect of 'environmental water'; however, the latter attribute is not recognised by Government in environmental water accounting.

We are located in the Warren and Donnelly River catchments where 40 gigalitres (5%) of the 742 gigalitres mean annual outflow is allocated to surface water licences and the balance is water for the environment flowing into the Southern Ocean. This water balance is the reverse of that applying in the public water supply and irrigation catchments of the Darling Ranges where large dams regulating streams have left negligible water for the environment. Our dams and similar dams in the Warren and Donnelly catchments have been privately funded; there have been no public subsidies as for water for agriculture at the Ord River, Harvey irrigation district and Carnarvon.

## PREEMPTION OF LEGISLATION

It is irrational and improper that this Inquiry is being conducted before the *Water Resources Management Bill* - redefining Crown water resources and the extent of regulation, and determining the scope of potential fees and charges - is public, debated or enacted by State Parliament. Highly relevant matters for us include: will the *Water Resources Management Act* extend licensing from in-stream dams to include dams capturing springs and overland flow or runoff (we have a second spring-fed dam); will the *Act* include a requirement for a water licence for water accessed by tree plantations; will the requirement for a water licence for tree plantations apply to both existing and new tree plantations if the same approach is to apply to both existing and new dams on springs and capturing runoff; will the *Act* require mandatory metering and collection of water metering charges; will the *Act* provide the opportunity for development and administration of Statutory Water Management Plans by self-supply water users in the water resource region; will the *Act* extend water licensing statewide beyond the proclaimed Warren and Donnelly catchments (Manjimup and Pemberton areas) to include Bridgetown, Nannup, Frankland, Boyup Brook, Denmark, Mount Barker, Albany, Williams, Kojonup and many other farming areas that are not proclaimed areas? Outcomes on these matters raise vital equity considerations related to anti-competitive costs imposed by Government. Why should we in Jardee pay water licence fees and charges related to marron aquaculture when similar operations in Nannup, Mount Barker and Denmark are not subject to such fees because those catchments are not proclaimed? There is no rationale for this, especially as water is more abundant here and perhaps a greater need for 'management' of

scarcer water in those other catchments. Any fees and charges for water use must apply to all users (and suppliers), otherwise anti-competitive anomalies will be created. If water licence fees and charges are higher than as proposed below, anti-competitive anomalies will be brought into sharp focus. There is also potential for gross anomaly where 150,000 garden bores in Perth unsustainably using 120 gigalitres of water may not be included in any water licence fees and charges system applied to food producers in regional WA. The Government has given a higher priority to imposing new fees and charges on water users than replacing the antiquated *Rights in Water and Irrigation Act 1914*. The Inquiry should be halted until these matters are resolved by State Parliament and the *Water Resources Management Act* is enacted.

## FEES AND CHARGES

Submission on potential fees and charges raised in the *Issues Paper* for the Inquiry:

1. Water is vital to all communities and most economic activity in regional WA. In general, water is owned by the Crown and the Government should fund resource management and planning from the General Fund derived from State and Commonwealth taxes we pay. Specific charges imposed on water licence holders for ‘water resource management’ (including planning) are opposed. Apart from the fact that water is vital to life and that management of water resources should be a core function of Government, there is demonstrable diversity between water resource regions in WA such that the extent and process of management remains to be determined by Statutory Water Management Plans for each water resource region. There is no revenue raising ‘formula’ for water resource management charges that can be applied rationally and equitably across all water resource and use regions.
2. Where an allocation of water is sought, an ‘Application Assessment Fee’ could be required which reflects the complexity of Department of Water assessment for the particular dam or bore and water resource; with the applicant to receive a quote for assessment related to hours of service and fee per hour, and be able to appeal to a senior officer of the Department if the quote is unacceptable. The cost incurred by the Department of Water for assessment of an application for an allocation (new licence) must not be spread across existing water licence holders by inflating the ‘Water Licence Fee’ for administration of a licensing database. This was the fundamental flaw in the previous water licence fees twice disallowed by the Legislative Council.
3. Upon allocation of water, a ‘Water Licence Fee’ could be required which reflects cost recovery of administration of a licensing database. The licence holder could opt to pay either annually or 10 years in advance (analogous to a drivers licence). The Drivers licence fee is an established benchmark for administration of a licensing database and is either \$36.60 annually or \$116 for five years in advance. A ‘Water Licence Fee’ at a higher cost than a Drivers licence fee is opposed. If a higher cost fee is recommended by the ERA, it must only apply to the component of a water allocation that is ‘used’ or dispersed by irrigation, not to the ‘storage’ component of surface water in a dam which is a buffer against a dry winter fill season and is effectively re-available to stream flows at commencement of winter. The situation with a surface water licence for water captured in a dam contrasts with underground water drawn by a bore, where all of the water abstracted by pumping to the surface is ‘used’.
4. A ‘Licence Renewal Fee’ at end of licence duration (usually 10 years) could be required; this would re-present the ‘Water Licence Fee’ (analogous to the renewal of a Drivers licence). If a relevant Statutory Water Management Plan identified a particular water resource was over-allocated because of diminished resource, a re-assessment could be required and be subject to the same transparent fee process as an initial application.

## SERVICES OF THE DEPARTMENT OF WATER

It is difficult to understand how the Department of Water can justify a budget of \$93.57 million and 601 FTE in 2009-10 when they don’t supply a drop of water to users, and consequentially

we do not accept that self-supply water users should fund the agency beyond that submitted above in relation to licensing, which for most users could be \$232 for a 10 year duration licence.

Our experience with services of the Department is in the context of application for a surface water licence, where an application we made on 2 June 2004 was not granted by the Department of Water until 30 November 2004. Our application presented a plan diagram and estimate of dam capacity of 67.5 megalitres. The Department calculated a capacity of 35 megalitres on the plan submitted and issued the licence for that volume. Following dam construction to specifications submitted in application on 2 June 2004, the volume of the dam was independently surveyed as 78 megalitres capacity and the licence was re-issued. The Departments calculation of dam capacity was incorrect by an order of magnitude and the application processing time was unacceptably slow. We have had no reason to seek services of the Department of Water since 2004 and we can't envisage any circumstances arising in which we would require their services.

Neil Bartholomaeus is an appointed member to the Warren Donnelly Water Advisory Committee which provides advice to the Department of Water. Against a background of extensive experience as a former chair and member of both State and Commonwealth statutory authorities and advisory bodies, he is of the view the Department of Water fails to accept advice from stakeholders and has no effective processes to enable advice from stakeholders to have significant influence on either management of local water resources or decisions taken by the Minister for Water on applicable legislation. We await the *Water Resources Management Bill* to identify opportunities for improvement in consultative and advisory processes.

#### 'ABILITY TO PAY' CONSIDERATIONS FOR REGIONAL WA

We are opposed to paying for any alleged services by the Department of Water that are not of demonstrable benefit to our business. There is no evidence that even the licensing services are necessary in this water abundant region; however, we will pay equivalent to a Drivers licence for that. Having moved from Perth to regional WA in 2005, it is obvious most Government services in regional WA are inferior to those provided to residents of Perth. While just 5 kilometers from Manjimup (a regional centre), we have no reliable mobile phone service, telephone cables left above ground on the roadside by Telstra in 2005 fail when it rains, there is no high speed Internet service and a supplementary generator is necessary to operate toilets during the frequent failure of Western Powers local electricity distribution network. The State Government shouldn't plan to impose more fees and charges on regional WA for either substandard or unnecessary services; it is counter to State Government policy promoting 'regional development'.

#### HEARINGS BY THE ERA IN REGIONAL WA

Given the diversity of water resource regions, infrastructure and uses in WA, it is vital the Economic Regulation Authority conduct hearings in major water resource regions during the course of the Inquiry, including in Manjimup in the 'food bowl of the South West'.

Yours sincerely