

SUBMISSION BY HARVEY WATER JUNE 2009**TO ECONOMIC REGULATION AUTHORITY****INQUIRY INTO WATER RESOURCE MANAGEMENT AND PLANNING
CHARGES****Introduction**

Harvey Water believes that the intention behind this inquiry is to achieve sufficient compliance with the National Water Initiative (NWI) agreements by defining and applying the costs of Water Resource Management and Planning (WRM&P) charges through the licensing process using licensees as the de facto for water users.

Water Users

This Issues Paper and Terms of Reference (ToR) speak of water users but in really getting to the nub of the issue, a “water user” needs to be more precisely defined. The document initially indicates that a water user is a body, human or corporate, who holds a water access entitlement. The ToR also refers to “licence holders and other water users” thereby creating a difference. The document (p.30) later considers that “current water users” and “water service providers” are also different.

It is important to be clear here. If it is intended to exclude, say all domestic potable users, then this is a major consideration and really a fatal flaw in any genuine discussion. If not, then domestic users should be fully and clearly included with all the ramifications that would imply. If there are further fully or partial distinctions or exclusions then they should be made clear.

Our best understanding of the use of the term “water user” is that it is fundamentally code for a water licensee, which as discussed below is a serious limitation in our view.

A “water user” would include the Water Corporation and it would be absurd to say that they are the water user, or “the ones who benefit most”, referred to in this inquiry, and not the general public. The same point is also made below about irrigators.

Collection / Recovery of Public Funds

Harvey Water’s believes that, despite the needs of NWI compliance, unless there is a different approach to the gathering and disbursement of funds than that traditionally used by government/Treasury then the usefulness of this inquiry is substantially diminished.

That is, except with minor instances, funds collected from the public by government/Treasury by whatever means, are paid into the Consolidated Revenue Fund (CRF) and disbursed from there as a result of annual budget processes to recipient departments and agencies. There is minimal ability for

those departments and agencies to collect and control public funds independently of government/Treasury.

In this case, the costs of WRM&P are reasonably well known to the Department of Water (DoW) and are funded through the normal, annual budget process from the CRF.

It is pointless to inquire into the charges for these services and how they should be “recovered” if they are already being “recovered” under general government revenue streams and there is no intention not to fund them in future.

There is no statement in the inquiry Issues Paper that these funds will be treated separately in terms of their collection and application. The uninformed reader could readily believe that the funds collected from water users will somehow be separately accounted for by the DoW and directly re-applied to WRM&P. This is not so. In fact, it is open to conclude that this is a smoke and mirrors attempt to apply another tax to the public by attempting to apply these charges separately but also additionally to those already borne by the public.

Identifying the cost of WRM&P separately is a worthwhile exercise in the quest for greater transparency of the cost of government services to the public, in water management as in everything else. Harvey Water also recognises that imperative of compliance (Section 67) with the National Water Initiative.

However, from Harvey Water’s point of view, and most other licensees who are farmers despite the fact that the majority of water use is attributed to agriculture, it continues to be inequitable to the point of iniquity to continue to load up primary food producers with charges they are unable to pass on to consumers because of the market structure for agricultural products. Most farmers are simply price takers and do not have the ability to increase prices to take account of extra costs. Other sectors of the economy, such as Water Corporation, are able to do this and the principle is clearly recognised in the process and application of the Goods and Services Tax (GST) in which the final consumer bears the cost of the added value.

Harvey Water continues to emphasise the point that the real water users in agriculture are those who consume the final food product, not the farmers who merely transform seed, soil and water into something of absolute importance to society. In simple 2 Fruit and 5 Veg terms, an orange and an apple, spinach leaves, potatoes, carrots, peas and tomatoes are all more than 90% water. So the fact is that the ordinary person is the final consumer of water and they pay their taxes and contribute to general government revenue streams and that is the appropriate mechanism to “recover” the costs of WRM&P as they apply to agriculture.

Further Information

Harvey Water responded to a similar inquiry into WRM charges in 2003, before the establishment of the NWI. Although we have shifted ground in some areas, notably now believing that licensing urban bore users in Perth is a waste of resources, many of those earlier comments still apply today. This is applied for information in Attachment 1.

NWI Compliance

The aspiration of the NWI is to achieve transparency and efficiency in the delivery of WRM&P activities and costs. But the thinking around this seems to be quite muddled. Those who carry out WRM&P activities are generally government departments and those who benefit are the ultimate consumers of food and water yet the onus on bearing the costs seems to be focussed on the water entitlement holders who are simply in the middle of the water consumption process with varying ability to either influence WRM&P activities or to pass the costs onto the real final consumers.

It might be possible to develop regulations that require WRM&P charges to be separately identified on each householder's domestic water bill although in practical terms this only likely to be a few cents. It is a lot harder if you apply WRM&P charges to an individually licensed farmer. How can the price of an apple include greater transparency to the consumer about the cost of WRM&P for the water used to grow it?

Harvey Water believes that this is the weakness of the IPART approach where for quite unexplained and apparently arbitrary reasons they consider that the supply chain for water somehow stops at the customers of the processor and not the final consumer. It is as if the supply chain for a woollen suit stops at the shearer or the yarn spinner. This is not the case because it logically stops with the suit buyer. It is an incomplete and illogical process to do this for water, notwithstanding that it would be much more difficult to achieve the NWI objective by applying those charges properly.

The main point here is that the water entitlement holders are, for the most part, already well aware of the need, value and costs of WRM&P, so the transparency of the message about this is of limited value to them. But the real, final consumers who are the general public, at whom this activity should be mostly aimed, are blissfully unaware and largely uncaring.

Harvey Water believes that if costs are targeted in the way the NWI pricing principles are described then they will miss the real target they need and want to hit.

Specific Issues Identified in the Inquiry

From page 11 Harvey Water considers that

- Key elements of WRM&P are understanding the characteristics of the resources available, managing them in terms of current and future fit-for-purpose use and allocating them to water users for the benefit of the community.
- Functions 1 to 3 are WRM&P elements

- Pretty much all of those described on p. 9.
- All, through the current processes, unless there is a mechanism to separately (and not additionally) recover and apply the funds to the regions from where they were collected and to the activities needed for each region by agreement with the consumers there. (Note that this is a reasonably impractical option.) We further note that Water Corporation already provides the state government an annual dividend of several hundred million dollars per year which is revenue directly obtained from water. We see no reason why a further tax should be applied to the general public specifically for water related activities when such a large and directly applicable income source is already available.
- DoW should focus more on the science, technical and necessary administrative aspects of water and not so much on the details of how it is used.

From p. 32:

- Note our earlier comments on the lack of clarity and equity in the definition of water user, on the adequacy of current cost recovery systems and the inaccuracy and difficulty of targeting messages on transparency of costs to the final, real end user which lead us to the conclusion that none of DoW's costs should be allocated to users because the present methods are adequate but could be improved to meet the NWI goals expressed.

From p. 36:

- Harvey Water made a number of comments on water licence charges when that inquiry was held and, being at least partially relevant, repeats them in Attachment 2.

From p. 39

- Harvey Water believes that the regulatory arrangements which most closely align with and deliver outcomes required in the key elements of WRM&P (from p. 11) are those that they should employ.

From p. 41

- Harvey Water addresses some of the impacts of WRM&P charges on users in its comments on licence charges.
- If, as per the NWI, the objective is to impact those who benefit most, then applying the charges to licensees who service important end users such as domestic consumers, will only increase their cost base but not necessarily cause any change in the actual end user. As noted previously, Harvey Water is not convinced that licensees are always the correct or intended targets.
- Harvey Water believes that the legislation should incorporate the means to ensure that the charges collected are actually and fully allocated to the fully described purposes and to the agency for which they are collected or recovered, albeit that they probably must pass through the CRF and Treasury filter. Otherwise, forget it, because it is just another tax. Much better to actually be dinkum and say that a

proportion of the funds provided to government as a dividend by Water Corp are to be allocated to WRM&P. That would just about meet the NWI conditions without actually raising another tax.

Drainage

Drainage is an issue which is not specifically noted in the document but is something that is increasingly part of the potential consumptive water resource. Harvey Water feels that despite innumerable inquiries and reports, drainage is poorly resourced and inadequately managed although specific licences do apply to it. The problem seems to be that there is a range of competing interests with varying degrees of responsibility, authority and funding.

Attachment 1:
17 January 2003

Mr Jeff Camkin
Water & Rivers Commission
PO Box 6740 Hay St
EAST PERTH WA 6892

Dear Jeff

WATER RESOURCE MANAGEMENT CHARGES

Please find attached our written comments on the WRMC proposal as a result of our discussions late last year at your offices.

The concept of charging for WRM.

Harvey Water is generally accepting of the concept of there being a cost attached to the use of, or access to, a public resource such as water subject to the provisos and comments below. We note that some form of licensing charge is the norm in other jurisdictions and we accept the notion of the beneficiary pays principle from COAG. (some more on that later)

However it does occur to us that both Federal and State governments apply taxes to fund matters of importance to them in regard to their stated policies, and sometimes even of importance to the population at large ! Water is a basic input for living and has rapidly become a big ticket item for all Australians so it would not be unreasonable to expect that governments would fund its management from current funds.

Australians of all kinds are wary and distrustful of situations where the normal activities of government departments are funded by non-tax revenues. It smacks too much of "off balance sheet" behaviour and is in reality another tax which is not accounted for properly and transparently.

Harvey Water notes that Water Corporation functions as a major cash cow for the state government at about \$100 million dividend per normal year. We believe that some of this income from the sale of water should be returned directly to management of its supply. We do not support a return to the situation where the retailer of water is also the resource manager but believe that the funding should be done at arm's length to the responsible agency through Treasury and the normal budgetary round.

Harvey Water also notes that the State government has received many millions of dollars under COAG for the introduction of reforms in the water industry. It was intended that these funds be directed back into the water industry and not used for other government projects. We believe that at least some of the COAG funds should be directed into WRM.

Harvey Water believes that the WA Water Symposium became very confused over the concepts of "value" and "price" of water often using them

interchangeably, although we do acknowledge that there was a clear desire for better resource management.

Delegates at the symposium often sought to suggest that water should be priced higher to reflect its value, by which they implied some scarcity of the resource. They did not think this through further and recognise that in reality they were asking for a tax to be applied to water since the increased revenue would simply be returned to government through the Water Corp cash cow route. Were a higher price for water to be implemented, Harvey Water would see a WRM Charge as being double dipping by government and, of course, could not support it. Even if the price structure was adjusted, as it ought to be, if this resulted in greater income to Water Corp / government then it should be applied to WRM through normal budgetary mechanisms.

One-in, all-in.

Harvey Water is strongly of the opinion that if a WRM Charge is to be applied then it should be applied across all water users. We envisage a situation where self suppliers such as dams on private properties would also need a license and that there then would be a charge for ALL licenses.

We argue this from the points of view of equity and simplicity. We all use water and not all of us pay for it. A self supplier takes water which could be used by someone else downstream and so they are also part of the water supply chain but at the very top (next to God who apparently makes it rain !?! – so what's He doing now ?!)

It is also very clear that as soon as exceptions to this sort of idea are allowed you create arguments and spend too much time adjudicating at the margin of who is in and who is out. It is much better to spend all your scarce administrative energy and resources on one major battle than dissipating it on many small skirmishes and the death of a thousand cuts. Good luck with your politicians though !

A situation which also concerns us where unlicensed people gain great value and advantage from water but make no payment of any kind for its management or its use. For example, the situation emerging at Waroona dam is that all the recreational values from nearby dams will be centred there for the enjoyment of tourists, water skiers, fishermen, marroners, happy campers and so on. None of these people pay for the privilege of using the water, and in the context that is being proposed, will freeload off the licensed water user, which in this case is Harvey Water. I am sure this anomaly is repeated many times across the state.

Local sources; local needs

Harvey Water is strongly of the opinion that if there are charges made across the state then the funds collected should be applied in the area from where they are collected.

For example, if you are going to collect a charge from Harvey Water then those funds should be spent in managing the resources that supply us.

Similarly, if you collect a charge from Water Corp then that part of the funds which applies to water taken from say, Samson, Stirling, Harris or Wellington dams, should be applied in this region also.

That is, there should not be cross subsidies to or from areas or to or from sources.

It is clear to Harvey Water that the cost of WRM for ground water is many times higher than for surface water because so little is definitely known about groundwater (for example there is a yawning chasm between what WRC says is available from groundwater and what Water Corp says is there). We note the large increase in intended groundwater use over the next 20 years compared to surface water.

Therefore the cost of managing and researching groundwater should be paid by the users of that resource and there should not be any cross subsidy from surface water users.

Charges to reflect actual costs.

Harvey Water strongly believes that the extent of any WRM Charge made on any user should directly reflect the cost of managing the resources which supply them. There should not be a cross subsidy to other users.

It is our opinion that the cost of managing the surface water resources which supply Harvey Water is really very small. If this is not the case, we should be interested to see a breakdown of actual costs for now and in the future. Beyond making it rain more, we are not sure that any extra management you can apply will provide us with more water or make the supply more reliable, except through licensing which we readily accept.

The needs of our irrigators are to have access to a supply of water which is reliable as to quantity and quantity, since this is what they make their business decisions on.

This is not to deny or ignore a triple bottom line approach to water resources. We are not hesitant in asserting that this company has made very positive steps to achieve those three objectives and will continue to do so.

In this context it is difficult to see how a per volume licensed figure can be applied which is consistent for all users. To us, the only fair way is to determine how much it actually costs to administer our licenses, and this then becomes an open and transparent figure, and apply this to us. It might be expressed as a cost per megalitre of license but it should be specific to us.

Clear explanation of use of WRM funds.

Most citizens are sufficiently responsible to want to see water used sustainably for the long-term. They are also largely tolerant enough to recognise the need for all users to contribute to ensuring the sustainability.

Where people become frustrated and unhappy is when they are unable to relate the collection of charges to the benefits they receive from their application.

In our opinion it will be very necessary for WRC to be quite specific about how funds will be spent and what benefits will therefore accrue to the payers.

The “selling” and acceptance of the WRM Charge concept will depend almost entirely on WRC being able to demonstrate to people that the funds are needed, that they will be spent in management areas that will directly benefit the payers and in the locations from where they are collected.

We believe that government generally comes unstuck when it comes to this situation because there are a whole host of often nearly unidentifiable things that are done in the process of government. In this context we applaud your intention to categorise WRC activities into products / services and wish you luck in doing so. It is the right sort of step to make to justify what you do (and / or have to do) and the charges you may therefore need to make.

Beneficiary pays principle

The debate on water in Australia has noted that for irrigation the real major beneficiary of water use has been the final consumer of agricultural products grown under irrigation. The concept of supply and value added chains is well understood and so the concept of a parallel beneficiary chain also applies.

Largely urban populations have benefited hugely from the stable supply of relatively cheap and clean food and fibre supplies produced under irrigation. There have also been great contributions to the national economy from export income of these products.

An issue of major importance to farmers is their inability to pass on costs. The way the market for agricultural products works is that the individual producer has a weak position in the market and so is effectively a price taker with no ability to pass on increased costs. An example from the recent deregulation of the dairy industry is instructive in this regard. Under regulation dairy farmers had access to a fixed price of over 40 cents per litre of milk. After deregulation the price dropped to around a current 27 cents per litre. At the same time, the price in the supermarket has increased so, to quote from the Senate Report at the time, there has been “margin realignment in the supply chain”. In plain English, the retailers and processors increased their profits because they can vary prices while the farmer’s profit margin plummeted because they now have no mechanism to pass on a price increase.

Compare this to Water Corporation, for example, which has the ability (with political backing) to vary the price of water at will and the end consumer simply pays up.

By applying an extra charge to water, Harvey Water can pass this on to irrigators but this is inequitable compared to Water Corporation (and others)

because irrigators cannot charge that cost on to the other beneficiaries along the chain which are the processors, retailers and end consumers.

We also note that the concept of charging costs to the final beneficiary is analogous to the concept of GST and irrigators would welcome a similar approach with this water charge on their products.

Costs of WRM to users.

Harvey Water submits that it also bears costs of WRM through the provision of operating strategies and reports for its license compliance and discussions and reports on other matters as they arise. You may be sufficiently creative to find ways of further transferring compliance and WRM costs to users without actually making a further charge to cover the cost of WRC doing it.

We are prepared to bear, or preferably, pass on those costs but simply ask that it be recognised that some users already bear some of the cost of WRM, it is not all one way.

WRM REFERENCE GROUP

You have requested that Harvey Water join a reference group on WRM charges. We are happy to do so and have nominated Tom Busher, deputy Chairman of SWIMCO, to be our representative. All correspondence on this matter should be sent through the Harvey Water office.

Please contact the Harvey Water office if you would like further information.

Yours sincerely

Geoff Calder
GENERAL MANAGER

Attachment 2:

ECONOMICS AND INDUSTRY STANDING COMMITTEE

Geoff Calder
General Manager
Harvey Water
PO Box 456
HARVEY WA 6220

PARLIAMENTARY INQUIRY – WATER LICENSING AND SERVICES

1. The benefits to, cost to and imposts on irrigators, industry, community and environment of a licensing system for the taking of water from groundwater or stream flow;

- 1.1 Harvey Water supports the licensing of major water users in Western Australia and recognises that the cost of administering these licences must and will be paid for, one way or another, either indirectly through taxes or directly by fees. As the NWI IGA requires that licensing fees be transparent and fully recovered, the move by DoW to apply these fees is consistent with that document.
- 1.2 Payment of a fee for a licence by the licence holder is normal practice in many other situations in which the beneficiary pays for some or all of the cost of administration. The right to drive, fish or conduct a wide range of trades or businesses is covered by licences for which a fee is payable.
- 1.3 It is understood that the purpose of licences is to ensure controls which regulate the particular industry or, in the case of water, the use of the resource.
- 1.4 It is highly desirable that with climate related reductions in the total volume of non sea water all of society needs to be involved in its allocation and use. In general, government plays a major role in acting on behalf of the community in managing community resources, of which water is but one.
- 1.5 The cost of licence administration is based on the number and complexity of the licence conditions which need to be satisfied. In many cases government outsources the cost of licence compliance by requiring that the licensee does the compliance work to a greater or lesser degree.
- 1.6 Not all licences are the same and have the same conditions. In general the greater the degree of impact on other people who are directly affected by the activity being licensed, the more complex the conditions. For this reason a licence to supply potable water is very

much more stringent and with many more conditions than one to supply irrigation water and, in comparison, a self supply licence has minimal conditions.

- 1.7 It clearly follows that the more licence conditions there are then the greater is the cost of administering them, whether they be wholly or partly administered by government or licensee.
- 1.8 Harvey Water categorically rejects the simplistic notion that a licence fee should be directly and wholly related to the volume of water licensed for use, albeit that DoW has used this convenient method of distinguishing between fee levels.
- 1.9 There is no doubt that administering licences is not only necessary but also can be expensive. The trick is always to find a balance between the benefit of administration and its cost.
- 1.10 For example, we no longer have licences for radios and TVs or registration fees for bicycles because the cost and effort to administer them simply did not justify the benefit. And to some degree there can be the situation where the imposition of a fee is a revenue raiser or offset rather than necessary to implement controls.
- 1.11 Harvey Water believes that access to water is a precious right which is bestowed upon users by society as represented by government through its agencies. And it is very important to understand who those users actually are.
- 1.12 The use of water for productive purposes benefits wider society through the production of food for others who can't or elect not to produce it for themselves. What irks all food producers is that while it is possible to mount a case for the user must pay for the service given, it is not possible for that licensee to pass that cost along to the final consumer because of the market structure which applies. Agriculture is not like other businesses where extra costs can simply be passed along. It is every food producer's view that the final consumer of water is the person who eats the food not the grower who is merely the intermediary along the way who turns water into food.
- 1.13 However this does not mean that those producers can be profligate with its use and it is fair and reasonable to inform society (through government agencies) on the ways in which that water is being used. Water supplies are decreasing and must be managed for the best interests of the whole of society and the understanding of the management needed is usually provided by government through licenses and regulation. Whether or not a licensee agrees that there should be a cost attached is not material. The administration of that license will be paid for either indirectly through taxes or directly through a fee.

- 1.14 In the interests of value to the taxpaying public and focusing on services which are more appropriate to government in modern economies it is common for agencies to be regulators of an industry or resource rather than managers as had often previously been the case. In this situation, the regulator sets the rules and requires the licensee to demonstrate that they comply. Harvey Water accepts this as a more efficient way to proceed and that a licensee should be prepared to accept the benefits of a license by doing all those things which allow them to retain the license.

2. The full cost incurred by the Department of Water for administration of the current water license system;

- 2.1 Harvey Water participated in the consultation process which led to the development of the State Water Strategy and notes that license fees were discussed at length and in depth over that period. It is therefore disappointing that this has been raised again at this very late stage and has received attention beyond that which is warranted. During the consultation process the DoW undertook a major exercise in identifying and working out the cost of each function of the DOW. This was in direct response to the questions and issues that were raised by the participants.
- 2.2 Harvey Water has no reason to believe that this study was not done competently and fairly and that it represents the true costs, within reason, of license administration in this case. Neither have we any reason to believe that a review of that exercise would yield a better estimate or a different result to justify the expense.
- 2.3 Harvey Water therefore believes that the costs to administer the different license fees were competently and fairly derived and represent a reasonable approach to the requirements under the NWI.
- 2.4 It is also important to understand that the licensing process outsources the cost of license administration to licensees as the conditions become more complex. For example, Harvey Water has 3 licenses and our estimate is that it costs the company in the order of \$300 000 each year to administer those licenses.
- 2.5 Harvey Water notes that very recently there has been a review of the license fees which has resulted in the doubling of the fees which apply to our licenses. Our cooperative is resigned to accepting this cost increase, albeit there has not been any reason given to justify it, in the interests of moving the management of water in WA forward. Our proviso is that the issue and cost of license fees should be reviewed by an independent body such as the Economic Regulation Authority within a reasonable time frame which we nominally put at 2 years.

3. The extent to which the water license administration fees meet cost recovery requirements the National Water Initiative (NWI) places on the State with respect to services delivered to water users;

- 3.1 The IGA contemplates transparency and full cost recovery of license fees in water administration. As noted in other parts of this submission, Harvey Water believes that the cost of license fee administration to the DOW has been fairly calculated. Whether this has been fairly translated to the cost of administering individual licenses given the amount of outsourcing which has been built into license administration is a question for DoW to explain.
- 3.2 Harvey Water believes that given the differences between licenses and conditions that it would be fair and reasonable to suspect that an averaging process of some kind has taken place using assumptions and the estimated full cost of \$5.8 m. As long as this is not grossly overestimated (or underestimated for that matter), Harvey Water is prepared to accept the calculations and fees.

4. The penalty or cost that might be applied to Western Australia by the Commonwealth under the NWI, if there was minimal or no cost recovery for services provided to water users by the Department of Water;

- 4.1 This matter is properly one which is guided by the NWI IGA for discussion between governments.
- 4.2 Harvey Water has spent some time in consultation with NWI about the meaning and intent of the IGA conditions. It is abundantly clear that they are formulated solely for the purpose of managing the Murray Darling Basin and they are simply hopeful that Western Australia will comply without demur. It is also abundantly clear that the situation in WA is not the same as in the MDB and that there is a need for WA to be a bit more perspicacious and develop local solutions which conform to the intent behind the IGA. That is, WA should not slavishly conform to the letter with the IGA but negotiate to obtain satisfactory solutions which suit our water management strategies, policies and practices, as these are arguably better developed than many eastern states systems and certainly are generally operating well in WA.

5. Whether water licenses and/or license administration fees should be required for taking water under arrangements that are currently exempt; for example, residential bores drawing from an unconfined aquifer;

- 5.1 There has frequently been the call for urban backyard bores to be licensed, presumably on the basis of some form of equity between small rural water users and urban users. This is really not a rational basis for licensing and in a sense equates to the radio licenses that

used to exist and for which people can reasonably ask “Why?” Backyard bores use relatively tiny volumes of water; they use untreated groundwater not high quality potable water which comes through the Water Corporation system and a lot of the water simply recycles through the sandy soil into the superficial aquifer and then is re-pumped.

- 5.2 The rationale for licensing rural users is that they are using the water for a productive commercial purpose, usually some form of agriculture which suggests there is some kind of economic return to the licensee, and there is competition for that water as rainfall and run-off continue to decline. Urban users simply water their yards and are not in competition with their neighbours to the extent that they may be limiting their neighbours’ supply because the volumes used are relatively small.
- 5.3 For example the average volume of water used per household for the garden or outside use is about 150 kilolitres per year. The smallest irrigation volume for which a licence fee is necessary is 1500 kilolitres or about as much water as an urban bore owner would use in 10 years. So, if you were to license each urban bore user then for equity reasons you would also have to license just about every water user in the state and that is just plainly silly.
- 5.4 If backyard bores were licensed you then run directly into the situation where government collects a huge volume of data and records and the question is then, For what useful purpose? Certainly, knowing how many bores is a useful thing. But having full details on where they all are and how much water they are using isn’t necessarily vital information given the urban use characteristics noted above. A sampling approach to these issues would provide a good enough information data base. And public servants have to be employed to manage it all. And you can easily ask if that is the best thing that we can get government employees to do?

6. What recognition needs to be given to the cost incurred by landholders in harvesting water, including dam construction costs; and

- 6.1 It is hard to think why self supply land owners should receive recognition for costs involved in harvesting water.
- 6.2 Every licensed user pays a cost of this kind. For example bores and their operating costs are of the same ilk as dam construction costs. Irrigation utilities such as Harvey Water pay a cost for the service it obtains from storing its water in the dams, all of which are owned by Water Corporation. Harvey Water pays a fee for the operating costs of the dams and also for the maintenance of dams in a safe operating condition, consistent with the other risks and costs borne by society in general.

- 6.3 Even Water Corporation must pay for the dams they build and operate so it doesn't seem as if there are grounds for a special case for some water users and not others, for equity reasons.

7. The extent to which the NWI provides for a range of different licensing systems.

- 7.1 Harvey Water understands this to refer to the "unbundling" of water rights and therefore licences which might apply to each. We understand these separate rights to include the right to draw water, to transport water and to use water.
- 7.2 While these are interesting concepts and Harvey Water has discussed how we might apply them in our context, we are not sure that they have particular importance or relevance in WA, or at least for our situation and at this time.