

Economic Regulation Authority

Inquiry into Water Resource Management and Planning Charges



SUBMISSION RELATING TO THE

Water Resource Management and Planning Charges

SUBMISSION OF: WINE INDUSTRY ASSOCIATION OF WESTERN
AUSTRALIAN

CONTACT PERSON: David Ellement
CHIEF EXECUTIVE OFFICER

CONTACT DETAILS:

TELEPHONE: (08) 9226 1188

FACSIMILE: (08) 9226 1199

POSTAL ADDRESS: Level 1, 22 Prowse Street
West Perth, WA, 6005

EMAIL: davidellement@winewa.asn.au

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The Wine Industry Association of Western Australia is the peak State industry body of wine grape growers and producers in Western Australia representing over 50% of industry members and over 90% of production.

We have been working with wine grape growers, producers and regional associations to ensure that all of the industry's needs and concerns are addressed. WIAWA supports the submissions of regional associations and the need to address regional requirements through regional Statutory Water Management Plans proposed in the pending *Water Resources Management Bill*.

This submission focuses on outlining the key issues effecting all wine grape growers and producers identified by WA industry members. It is not an extensive submission and we reserve our right to put forward new issues and concepts and expand on the information contained.

In the area of water resource management and planning charges the WA wine industry has a number of concerns these include:

- Progress on Water Resource Management Charges without Statutory Water Management Plans
- Security of Water Access Entitlements
- Level of water licence fees and charges

1) Statutory Water Management Plans

Vines are grown with various water requirements, some with no irrigation once established, others with continuing irrigation; some growers use surface water captured in dams and others use underground water abstracted through private bores. Most growers are 'self-supply' water users. It is the Associations expectation that the varied requirements and water sources will be addressed in Statutory Water Management Plans and that growers in various regions will, in due course, have the opportunity to contribute to the development and implementation of those Plans.

We note the report of the Legislative Assembly Economics and Industry Standing Committee 'Inquiry into Water Licensing and Services' (January 2008) at Recommendation 7 which proposed "That water resource management charges be imposed separately, but not until statutory water management plans are in place."

Until there is the opportunity to participate in development of Statutory Water Management Plans, WIAWA is opposed to the imposition of any new water fees and charges on the wine industry.

2) Security of Water Access Entitlements

Continuity of access to water is of vital concern to WIAWA members. There is considerable concern throughout our industry that the Department of Water have not progressed water security with enough vigour and appears

to link improved security to the issue of separation of water access entitlement from land title to enable 'water trading'.

Again, proposed separation of Water Access Entitlement from land title should be an issue addressed by each water resource region in their Statutory Water Management Plans and the pending *Water Resources Management Bill* should provide flexibility for this. That is, provide a 'head of power' in the Bill/Act for separation of secure water entitlement from land title but the application of the provision is to be determined by individual Statutory Water Management Plans. This would help to reconcile strong differences of view on this matter, catering for underground water/bore users who want separation and those surface water/dam users who are opposed to separation for water and land rights.

The industry would like to see acknowledge of compensation being raised in regard to loss of water entitlement due to environmental flows being considered. The items include license fees, reduction in business, etc.

3) Level of Fees and Charges

The industry acknowledges that once a number of issues around water management and security have been addressed, the industry has some responsibilities with regard to the costs of specific services provided by the Department of Water. However, all costs of the Department of Water should not be borne by the industry.

Water is owned by the Crown and is a vital resource for all communities and economic activity throughout Western Australia. As such government should fund resource management and planning from the General Fund derived from State and Commonwealth taxes.

The industry understands the need for water licences and the associated costs of administration of those licences. A cost recovery fee for administration of water licences (eg databases, and re-issue) is acceptable to industry as long as the fee only reflects the costs of administration. There would not seem to be any justification for annual licencing and three year licenes would reduce costs considerably.

Individual companies applying for an allocation of water incur a cost to the Department of Water above water management and planning, and as such the industry would understand an 'Application Assessment Fee' that reflects the Department of Water assessment needs.

WIAWA is concerned about potential inconsistencies in water fees and charges that could apply in our industry across the State between proclaimed and un-proclaimed water resource regions. This highlights the need to keep any fees and charges low to avoid potential large variations across the State.

In general, WIAWA is concerned in regard to any additional costs through Government fees and charges imposed on the wine industry. The Economic Regulation Authority needs to consider the impacts of their recommendations both on the economy and communities in regional WA, and the industry's competitiveness in export markets where additional costs must be absorbed by producers. Negative impacts on grape growers and wine producers could consequentially negatively impact on the WA community where our industry has an economic multiplier of 3.43 and an employment multiplier of 3.63.

We also have a concern that a number of our regions do not seem engaged in the water process and would like to see areas like Pemberton and Margaret River being afforded some consultation during the water review process.

WIAWA would welcome any opportunities to discuss this submission with the Economic Regulation Authority.

David Ellement
CEO
Wine Industry Association of Western Australia
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