



NOTICE

Invitation for Public Submissions on Second Draft Report

INQUIRY INTO WATER RESOURCE MANAGEMENT AND PLANNING CHARGES

The Economic Regulation Authority is seeking public comment on the second Draft Report for its inquiry into water resource management and planning charges. The purpose of this report, which is available from the Authority's [website](#), is to seek comment from interested parties on a set of proposed fees and charges that would recover the proportion of the Department of Water's water resource management and planning costs that have been justified as being efficiently incurred.

The inquiry, requested by the Treasurer on 2 April 2009, is to provide the Government with a range of options and recommendations for:

- The recovery of the water resource management and planning expenses incurred by the Department of Water; and
- The most appropriate regulatory arrangements for the setting of service standards for the water resource manager, the setting of charges and the subsequent recovery of those charges from water users.

In the second Draft Report, the Authority has:

- Reviewed the effectiveness with which the Department carries out its activities, and the Department's cost efficiency, to determine the efficient costs of carrying out the cost recoverable activities. This included consideration of input from PricewaterhouseCoopers, Quantum Management Consultant & Assurance and the Resource Economics Unit. The final reports prepared by these consultants are available on the Authority's [website](#).
- Reviewed the efficient costs to assess whether there are public good elements, taking into account the Department's views on an appropriate private/public split in costs, and has determined the proportion of efficient costs that it considers appropriate to be recovered from particular private parties.
- Developed charges to recover the efficient costs of the activities from the parties for which the costs have been incurred, taking into account that some activities may be carried out for a range of different services.
- Examined the impacts of the charges on different parties and has taken these impact assessments into account in developing its draft recommendations for charges.

The Authority has estimated that in 2008-09, the Department of Water incurred a total of \$29.2 million of costs that could be justified as being efficiently incurred on behalf of the identifiable private parties who use the Department's services. These costs provide an appropriate basis for establishing service fees and charges. Other costs that are being incurred may be efficient, but the Department of Water does not have the systems in place to justify the recovery of those costs from users at this stage.

The Authority anticipates that the Department of Water will continue to develop its data collection systems so that in future it can justify a greater amount of cost recovery from the

users of its services. The Authority recommends another review be undertaken in three years.

If the Authority's draft recommendations are implemented, the indicative water resource management and planning fees and charges that would apply to users of the Department of Water's services would be as outlined in the table below. The Authority's draft recommendation is that the indicative fees and charges that are set out in the second Draft Report be phased in over a three year period.

Services	Year 1 – 25 Per Cent of Efficient Costs Recovered (\$)	Year 2 – 50 Per Cent of Efficient Costs Recovered (\$)	Year 3 – 100 Per Cent of Efficient Costs Recovered (\$)
A. Processing and assessment of applications for water licences and permits (per application)			
<i>New 5C licence</i>			
Low risk	525	1,051	2,101
Medium risk	965	1,930	3,860
High risk	838	1,675	3,350*
<i>5C licence renewals</i>			
Low risk	206	413	825
Medium risk	264	528	1,056
High risk	248	496	992*
<i>Other licence application fees</i>			
Amendment of a licence	595	1,190	2,380
Trade or transfer of a licence	733	1,467	2,933
Licence to construct or alter a well	415	831	1,661
Permit to interfere with bed or banks	418	836	1,672
B. Licensing of the Water Corporation for the IWSS – Indicative Only (annually)	68,108	136,215	272,430
C. Providing water allocations and managing the ongoing use of water (per licensee)			
<i>Water licensing policy and enforcement (annually)</i>	37	75	149
<i>Water allocation planning and management (annually)</i>			
C1	24	49	97
C2	97	195	390
C3/C4*			
Low risk	76	152	304
Med risk	152	304	608
High risk	380	760	1,520
D. Water Metering			
<i>Meter supply and installation (per meter)</i>	879	1,759	3,518
<i>Meter maintenance, reading and other (annually)</i>	234	467	935

Services	Year 1 – 25 Per Cent of Efficient Costs Recovered (\$)	Year 2 – 50 Per Cent of Efficient Costs Recovered (\$)	Year 3 – 100 Per Cent of Efficient Costs Recovered (\$)
E. Protecting public drinking water sources (annually)			
<i>Planning and Implementation – Indicative</i>			
Water Corporation	394,651	789,302	1,578,604
AQWEST	6,758	13,515	27,031
Busselton Water	2,365	4,730	9,461
<i>P1 Land Management - Indicative</i>			
Water Corporation	13,966	27,932	55,865
<i>Purchase of P1 Land - Indicative</i>			
Service providers			Case-by-case
F. Providing advice on statutory referrals (per referral)			
<i>Sub-division and development applications</i>	152	305	610
<i>Clearance of sub-division conditions</i>	192	384	768
<i>Local planning proposals</i>	742	1,483	2,967
<i>Floodplain management advice (per advice)</i>	169	337	674
<i>Provision of water information (per information provision)</i>	32	65	129

* High risk applications generally require more documentation from applicants than medium risk applications, such as hydrological reports, which reduces the level of effort that is required by the Department of Water when assessing licence applications.

After considering submissions on the second Draft Report, the Authority will deliver its Final Report to the Government by 28 February 2011.

Interested parties are invited to make submissions in print and electronic form on the second Draft Report by **4:00 pm (WST) on Monday, 20 December 2010**.

Submissions should be marked to the attention of Dr Ursula Kretzer, Manager Projects.

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Confidentiality

In general, all submissions from interested parties will be treated as being in the public domain and placed on the Authority's website. Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed, and specify in reasonable detail the basis for the claim. Any claim of confidentiality will be considered in accordance with the provisions of section 55 of the *Economic Regulation Authority Act 2003*.

The publication of a submission on the Authority's website shall not be taken as indicating that the Authority has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the Authority.

For further information contact:

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LYNDON ROWE
CHAIRMAN

2 November 2010