



SHIRE OF
MANJIMUP

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Our Ref: HLT29/1
Your Ref:
Enquiries: Jeremy Hubble

14 December 2010

Inquiry into Water Resource Management Charges
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

By email – publicsubmissions@erawa.com.au

Dear Sir / Madam,

Submission to Inquiry into Water Resource Management Charges

The Manjimup Shire Council resolved on 9 December 2010:

COUNCIL RESOLUTION:

MOVED: Curo, R

SECONDED: Jenkins, D

That Council endorse the following submission on the Economic Regulatory Authority's ("ERA") Second Draft Report "Inquiry into Water Resource Management and Planning Charges" and that such submission also be forwarded to the Minister for Water and the local Member:

- 1. There is general acceptance by water users within the Shire of Manjimup that a regulated and managed water licensing system is an important element to water security.***
- 2. There is general acceptance by water users within the Shire of Manjimup to pay a fair and reasonable fee for water licensing and management.***
- 3. The fees proposed in the ERA report are not, however, considered to be fair or reasonable for the following reasons:***
 - (a) Fees for small water users are disproportionately high compared to those for larger users (such as Harvey or Ord) because the ERA has failed to adequately account for the privately funded infrastructure of the self-supply water user. Licensing and water management costs for large users (such as Harvey or Ord) are relatively low due to the substantial amount of public funds that have been applied towards their infrastructure aiding measurement / management.***

In much the same way, the ERA has failed to adequately consider the practical difficulties (and therefore additional cost burden) to the self supplier of water trading in catchments where publically funded water transport infrastructure (pipes, canals etc) does not exist.

When water resource management charges are compared on an estimated cost per gegalitre, the small self supplier is being grossly discriminated against as illustrated:

Water user	\$ per gegalitre
Warren Donnelly catchment (average)	\$21,000
Harvey	\$36
Ord	\$5

- (b) ***The determination of costs incurred on behalf of the wider community towards managing the environment of \$5.1m (being total water resource planning and management costs of \$34.3m less the \$29.2m identified as recoverable from private parties) is irrational and grossly understated. The "environment" should be considered equitably with other users. The determination of only 14.9% allocation of total cost to the "environment" is paltry when the vast majority of the licensing and management function is aimed towards the overall objective of protecting the environment.***

The allocation of costs to the environment bears little resemblance to the percentage of water allocated which in some instances is well in excess of 50%. It is contended that the beneficiaries of environmental management are the "public at large" and not limited to commercial users of water. The ERA should either:

- Include the "environment" as a license user when assessing cost allocations, or***
- Review the functions of the DoW and more accurately proportion those functions that contribute towards the overall management of water for the broader community (including the environment). It is anticipated such a review would more likely result in costs reflecting the proportion of water allocated.***

- (c) ***The cost of managing the ongoing use of water is unnecessarily high due to the practices of rolling annual review of water management plans and hence fees imposed on license holders. Water management plans should be for a set period (such as 5-10 years) with the cost of reviewing those plans averaged out across those years.***
4. ***There is a lack of confidence in the underlying methodology used to determine the water allocation necessary for the environment. Given the significance of such allocation to both the amount of water available to commercial users and the license fees thereon, an alternative methodology appropriate for the catchment should be evaluated before the imposition of the proposed fees.***

5. *If the installation of water meters is enforced, it would be more efficient for the water user to read and report water used either online or by mail in much the same way Western Power require rural power users to report. The proposed annual fee of \$935 to undertake the same function by DoW staff is both excessive and unnecessary. The capital cost of installing a water meter should be met by the DoW as part of the overall catchment management infrastructure in much the same way as infrastructure for the Ord or Harvey was paid for with public funds.*
6. *The justification of the exclusion of urban private bore users from licensing and fees on the basis that the cost of compliance exceeds the likely revenue is not accepted. There is significant precedence where in the interest of public good, the State government charge fees that do not cover the cost of service (such as public transport). Water security is one of the most fundamental priorities of government and urban water management should not simply be ignore because it is "too hard". If cost recovery is the issue, then increase the fee to meet the cost in the same way the ERA has determined for the commercial users.*
7. *The network of gauging stations is considered inadequate to accurately model water flows in tributaries and streams throughout the catchments.*
8. *Charging a self-supplier for water consumption is strongly opposed.*
9. *The proposed introduction of new fees for the DoW to provide referral advice on development applications is opposed. If such fees are enforced, the fees should be charged directly by the DoW to the applicant and not considered part of the already "capped" local government's development application fee. Similarly, the imposition of fees for cross agency co-operation on the development of schemes to compliment state planning objectives is seen to be counterproductive.*

CARRIED: 11/0

Please do not hesitate to contact me should you have any queries or require any additional information.

Yours sincerely,

Jeremy Hubble
Chief Executive Officer
Shire of Manjimup