

17 December 2010

Inquiry into Water Resource Management Charges
Economic Regulation Authority
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We are a self-supply water user in agriculture; our private investment in water infrastructure contributes to the economy and employment in Western Australia. The ERA Draft Report of the Inquiry into Water Resource Management and Planning Charges (November 2010) has identified \$29.2 million of the annual budget of the Department of Water for cost recovery from water users. This amount for cost recovery is five times the \$5.8 million cost recovery sought by the Department of Water in 2007–2008, which was twice disallowed by State Parliament because the associated fee structure was irrational and unfair.

The previous flawed attempt at cost recovery was particularly unfair to self-supply water users in agriculture. Now the ERA Draft Report is similarly flawed but the cost implications to us are five times as great. The Draft Report proposes many self-supply water users pay annual water resource management and planning charges of \$1,670 for each licence, and renewal fees of \$1,056 for what is usually a 'rubber stamping' process. Applying for a new licence for a dam or bore will cost between \$3,762 and \$5,532. The ERA gives examples of a small winery using 11 ML of water and a small horticulture using 18 ML being subject to an annual charge of \$1,670, yet a large winery using 360 ML and an irrigator using 55,000 ML have the same \$1,670 in water resource management and planning charges. This is irrational and unfair.

We submit the following in relation to services relevant to self-supply water users:

1. Water is vital to all communities and most economic activity in WA. The State Government should fund water resource management and planning from the consolidated fund derived from State and Commonwealth taxes we pay. Specific charges imposed on water licence holders for water resource management and planning are opposed. The simplistic revenue raising formula for water resource management charges the ERA proposes cannot be applied rationally and equitably across all water resources and use regions. The ERA says the State Government should cover the water resource management charges of water for the environment, but fails to recognise the value self-supply water users in agriculture add to the economy, especially in regional WA. Again, irrational and unfair.
2. Where an allocation of or entitlement to 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 Draft Report says the Department of Water is not able to provide specific quotations for services, so the ERA is proposing a crude \$2,101 to \$3,860 for a 5C licence; plus \$1,672 for a permit to construct a dam or \$1,661 for a bore. Again, irrational and unfair. The Department must improve its operations to provide quotations that are normal practice for commercial services in the private sector.
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.
4. A 'Licence Renewal Fee' at end of licence duration (usually 10 years) could be required; this would represent the 'Water Licence Fee' (analogous to the renewal of a Drivers licence). If a relevant Water Allocation Plan identified particular water resource was over-allocated, a reassessment could be required and be subject to the same transparent fee process as an initial application. The ERA proposed Licence Renewal fee of \$1,056 for what is a 'rubber stamping' process is unacceptable.
5. The proposed annual charge of \$935 for water meter reading by the Department of Water is opposed. Water licence holders should 'self report' water use measured by metering or other methods.

Yours sincerely

Robert Parke