

Submission on the Water Resource Management Charges Inquiry

Please accept the following brief submission to the water resource management charges inquiry.

- CCWA is Western Australia's peak environment and sustainability organisation, representing around 100 member groups and thousands of individuals across Western Australia.
- CCWA supports full cost recovery charging for resources to ensure efficient resource allocation and use.
- CCWA notes that the balance of available climate science suggests a continuation of the warming and drying pattern that SW Western Australia has experienced. This pattern of reduced water availability while population and water demands grow implies the need to become much more efficient in the way water is used.
- We note that the terms of reference for this inquiry appear to prevent recommendations by the ERA on the recovery, through water pricing, of the full costs water use, i.e. environmental costs.
- CCWA submits that a wide range of other costs (not incurred by the Department) are associated with water use, and that these costs are at present externalities which should be incorporated into water use charges to support efficient use of the resource. Until these costs are factored into water pricing we are likely to see continued inefficient water use in WA.
- CCWA supports the proposal for water charging to be determined on a scale that is environmentally relevant. Unlike the Murray Darling Basin, groundwater resources have unique in-situ environmental values in Western Australia. Trading water between consumptive uses in different water resource areas will result in inefficient resource allocation, however there may be a role for trading within certain water allocation areas.
- Where water allocation areas are over allocated (e.g Collie area), significantly greater environmental costs are incurred, and significantly greater water management costs are incurred, including by other government agencies (eg. DEC), local government, and industry. Water charges for these areas should accurately reflect the very high costs that overallocation implies in such water planning areas.
- CCWA submits that a greater proportion of water charges should be based on volumetric use. This would provide a clearer price incentive for improved efficiency
- The proposed method of valuation (first in, best price) has merits, but could result in market distortions associated with hedging and other manipulation of the allocation market by consumptive users.

Regards,

Piers Verstegen
Director



Conservation Council of Western Australia (Inc.)
City West Lotteries House, 2 Delhi St, West Perth, WA 6005
T (08) 9420 7266 F (08) 9420 7273 W www.ccwa.org.au

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