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1 July 2011

The Assistant Director Licensing
Economic Regulation Authority
PO Box 8469
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Dear Sir/Madam

This submission is made for and on behalf of the Council of the Shire of Kent regarding the proposed amendments by the Water Corporation to Water Operating Licence 32.

The Shire of Kent was the first Local Government Authority to make a Declaration of Water Deficiency in the 2010/11 financial year. The most obvious reason for the declaration is that the district received about half of its annual rainfall during that year. The declaration was made to avoid an animal welfare crisis because of the lack of available stock water.

The story surrounding the water problem is an intricate one but suffice to say that the problems are not related to lack of storage or poor facilities for water capture. The town of Nyabing on its own has capacity of around 70ML and there are a number of "AA" Agricultural dams throughout the district to assist with stock water requirements. This does not include the "Town Dam" which is a Water Corporation facility.

When the dams dried up, the declaration was made and the Department of Water, after consultation with the Dept of Agriculture and the Shire of Kent commenced water carting for stock use.

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Our Ref No: 3274JPB02L

Your Ref:

File No: GOV110.15

Throughout this process the Water Corporation local office in Katanning endeavoured to assist where possible and at different stages of the process made Scheme water available in small quantities to one of the local dams for stock water use. It had already pumped water into the Nyabing Town Dam for town water supply over the summer. This then freed up water resources through the standpipe system for domestic use, on farm and emergency stock water. The flow rate of the standpipes within the Shire was then reduced to 300LPM from the previous 400LPM.

After the Town Dam supply was exhausted the Nyabing town water supply was once again returned to Great Southern scheme from the pipeline. But in reverting back to scheme water the Water Corporation then further advised on that day, that it would restrict the standpipe system to 135LPM. The Water Corporation had already removed Pingrup from the Katanning/Nyabing/Pingrup line and had commenced supplying Pingrup from the Lake Grace line.

It is unclear as to how much and what level of maintenance has occurred on the Katanning/Nyabing/Pingrup line over the years however, it was built over twenty years ago with labour and plant provided by the people of the Shire of Kent and the Council of the day. The Water Corporation in its wisdom at the time, allowed the connection to the scheme of farmers adjacent to the pipeline. It is my understanding that this was in recognition of the willingness to assist with the construction of the pipeline.

Currently a farmer who requires 25KL of water for domestic use usually hires a water carting contractor to deliver the water because of the efficiency of the larger vehicle and tank. Through the actions of the Water Corporation reducing the standpipe flow rates this farmer will pay \$350.00 (\$100/hpur) for the tanker to fill, about \$100.00 for the actual delivery of the water and anywhere between \$50 & \$150 for the water. This then means that that farmer will pay a minimum of \$20.00 per KL for domestic water. This is some very expensive water even by today's standards.

The Shire of Kent is now concerned that because of any or all of the following points, the Water Corporation is seeking to reduce flows to rural landholders:

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- Poor maintenance of the pipeline and pumping stations in the past leading to a current position of not being able to provide the previous level of service to country customers;
- Because of ageing infrastructure the Water Corporation may be simply seeking to reduce its obligation to match the deliverable quantities rather than addressing the infrastructure maintenance or replacement issues that it may have.
- Rural landholders are generally less likely to complain about reduced flows and just accept the situation as a part of life in the country.
- It is the Council's understanding that there is no shortage of water at the Harris River Dam although recently there have been announcements that water from the dam may well be used by large industry outside of the Great Southern and that this may in fact create pressure on the water source far more than the current Great Southern Farmland Scheme does.
- This may well be a method of reducing the water allocations to rural landholders (for instance a 4,500ha property where under the current arrangements may be entitled to 50KL per day will be cut back to 3KL without any consultation beyond what I have seen as an officer of the Council). Local Government is compelled to consult widely over changes that it makes to services or their costs, the Water Corporation appears to only need contact the ERA who will undertake the public consultation on its behalf in a way that is not necessarily widely publicised to the customers of the Corporation for acceptance of change.
- Given the likelihood of mining interests within this region commencing some sort of production in the next few years the Water Corporation may well be looking for savings from other sectors to be in a position to allocate water to the new industry rather than fully upgrading infrastructure.

The Council understands that the Water Corporation may have some difficulty with the current measuring standards however it does not believe that a change of measurement methodology should

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automatically result in a reduction of allocation of resource or a pressure reduction throughout the system.

The terminology in the proposal stating that the level of service will not be impacted is a simplification, the quantity of water made available to a customer is also part of the service provided as is the pressure of the delivery and should there be a reduction in the quantity or pressure then this is surely a reduction of service level to the customer. This proposal gives the Water Corporation the ability to reduce allocations to 3KL per service regardless of the current service level

The water issues for the people of the Shire of Kent will become dire if the current season does not yield significant water inflows to the dams within the region. The Department for Water has been extremely helpful in helping to ease that burden and to some degree the Water Corporation has also played a part in relieving the pressures that have come to bear upon the farmers of the Shire, but these changes in availability of water could well spell the end of a viable sheep industry in the district should the ERA approve them as is.

The Council understands the need for continuous business improvement and that change must occur to make our business more viable and relevant, however the notion that the level of service is only about whether you provide the service and the quantity is irrelevant is surely simplifying the proposal to provide the Water Corporation with a method of reducing allocations with regulatory sanction. Customers of the Water Corporation should have the right to expect a continuance of the level of service they have received historically or at least be an active partner of a process to save water not the victim.

A blanket change to 3KL per day per service will have a significant impact upon many rural water users within the Great Southern and I would hope that the Water Corporation would be required to undertake a significant process of proactive consultation with those affected by such a decision prior to approval being either granted or denied. If the Water Corporation can provide proof that no individual service will suffer a decline in quality, quantity or flow/pressure, the Council would be satisfied that service will not be degraded.

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If however the quantity of water provided to a farmland service is reduced then the Water Corporation will have misrepresented the effect of the proposed changes by suggesting “that the proposal does not impact the existing level of service stipulated in the Operating Licence”.

Under benefits, the Water Corporation has suggested at dot point 4 that “there are no changes to the level of service provided to dwellings however, the proposed changes to the operating licence will actually increase the minimum level for water services that don’t supply dwellings”.

As shown above, this would not be the case where a property was over 275ha with only one service to the property. The example above clearly shows that a property with an area of 4500ha would reduce from 50kl/day to 3kl/day. This is a reduction in service and a significant impact to a customer. The Water Corporation makes no comment on likely reductions in availability which are bound to happen.

The Council is not convinced that the proposed changes are equitable and fair given the likelihood of significant reductions in service to those using the Farmland scheme and accordingly would ask the ERA to consider:

Seeking further quantifying data from the Water Corporation proving that the service levels will not be degraded (including reduced allocations of water to rural properties) and that no farmland scheme user will be worse off due to the proposed changes.

Should this data confirm that there would be a reduction in the level of service (including reduced access to water) that the Water Corporation be asked to put forward an alternative proposal which clearly does not reduce the level of service or access to current water allocations.

The Council also fears that this situation would force current on farm, Water Corporation customers to standpipes which would in turn cause further stress, increased waiting times and cost escalations within the standpipe system. Those who are currently accessing water directly from the on farm service will be forced to use slower

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flowing standpipes (130LPM) to access water or make up differences causing longer waiting times at the standpipes and increased costs to all users in particular given that some water prices will soon be around \$5.50 or more per KL.

Perhaps the goal is to bring the on farm service back to that of the town domestic user however, the Water Corporation has not made this clear or requested this in its proposal and if this is the case it should be required to advertise this matter widely and consult with its customers regarding this change to an essential service.

The Council would like to thank you for the opportunity to make submission regarding this matter.

Yours faithfully

PETER BENTLEY
CHIEF EXECUTIVE OFFICER

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