



SUBMISSION

to the

Economic Regulation Authority on the
Second Draft Report

Inquiry into Water Resource Management and
Planning Charges

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RESPONSE TO THE INQUIRY INTO WATER RESOURCE MANAGEMENT AND PLANNING CHARGES (Second Draft Report)

The Pastoralists and Graziers Association of Western Australia inc (PGA) welcomes the opportunity to provide further comment on the Economic Regulation Authority's Inquiry into Water Resource Management and Planning Charges:

INTRODUCTION

The Pastoralists and Graziers Association of WA (PGA) is a non-profit industry organisation established in 1907, which represents primary producers in both the pastoral and agricultural regions in Western Australia. The PGA participates in key industry and commodity groups. We have a strong membership from all facets of the broad acre agricultural industry, including, pastoralists, grain growers and livestock producers. The PGA has a state-wide District Committee structure which enables grassroots input on all policy matters affecting livestock, wool and grain production, land and water management, economic and regulatory constraints on producers and industry development for our members in the regional, rural and remote areas of Western Australia. The PGA membership supports the rights of individuals to trade in a deregulated environment and without government interference

The PGA supported the National Water Initiative on the promise that perpetual water entitlements would be legislated as well as a compensation process for the removal of private property rights to water rights to be enacted by the WA Government. The draft Water Resource Management Bill does not deliver long term security for water users. In fact it gifts current private property water rights to use water from the landowner to the crown and endorses a costly assessment and licensing process that will render farmers' water supply too expensive to use.

When the WA Government became a signatory to the National water initiative in 2006 it bound the State into bringing in an effective and consistent approach to water planning and management in respect to:

- (i) The identification of all costs associated with water planning and management.
- (ii) The identification of the proportion of costs that can be attributed to water access entitlement holders consistent with the principles below.
 - (a) charges exclude activities undertaken for the Government.(ie policy development and ministerial services)
 - (b) Charges are linked as closely as possible to the costs of activities or products.

The PGA have noted the changes to the first draft listed in the "Summary of Draft Recommendations and would like to point out that item 2 which states " *Dept. of Water to not reimburse license holders for the costs of information provided in license application*",



requires further consideration. We would consider the information as intellectual property and would therefore see it as a right of the individual. In many cases information in respect to water availability, suitability and flows will be initially supplied by individual licence holders at their own cost. The provision of this information by licence holders will reduce the cost to the Department of Water in assessing overall water availability.

The option is for the Department of Water to supply the relevant information as required in the licensing process and remove the applicant from the responsibility.

As a consequence of previous submissions the Economic Regulation Authority has conceded that Intellectual Property Rights may need further consideration and may consider reimbursement of some or all allocation planning costs in recognition of license holders contributions. As we do not support the idea of water users paying water allocation planning costs we would need to consider other options.

This report has indicated that there will be no fees and charges for the estimated 177,000 garden bores in Perth using a large amount of ground water, in excess of 120,000 mega litres of water, saying the bores reduce the demand for piped scheme water and the water from bores would generally not be used otherwise.

The rationale that water users who do not rely on water supplied from government infrastructure should not be charged fees can be applied equally to self-supply water users in the non metropolitan areas with their own dams and bores. Therefore for equity to prevail these water users should also be exempt from water management charges

It is interesting to note that the Department of Water has taken action against some backyard bore owners with respect to overuse of water. (The West Australian 10 December 2010 Page 5) This action shows that the Department feels that this taking of ground water does have an effect on ground water supplies. The Report states that it would be too costly to maintain a register of the garden bores in the metropolitan region. Perhaps this information could be added to the Interest Enquiry register maintained by Landgate which would not require the setting up of a new database system but only utilising a system that is already in use.

Self-supply water users will pay annual water resource management and planning charges of \$1,670 for each license, and a renewal fees of \$1,056 (fully or over allocated) for what is usually a 'rubber stamping' process. Applying for a new license for a dam or bore will cost between \$2,101 and \$3,350.

PRINCIPLES OF WATER RESOURCE MANAGEMENT AND PLANNING CHARGES

Whilst we agree with the Authority's principles of water resource management and planning charges outlined in 2.1 of the report, we do have some concerns in the application of those principles in some instances. If we were to accept the notion that private goods are goods for which ownership is generally undisputed then we would need to be convinced of the legitimacy of the department's desire to charge the users a proportion of some services outlined in 2.2.1



2.2.1 Application of Principles to Recover Water Resource Management and Planning Costs

Direct costs of processing and evaluating Licenses to be recovered by license holders.

- 1 License compliance monitoring and enforcement.
- 2 Water licensing policy.
- 3 Allocation planning.
- 4 Environmental Planning.
- 5 Groundwater and surface water assessment.
- 6 Water measurement and information.

We note that the Authority considered that the last four of the above activities had a public good component and a small proportion should be recovered from the public. Our view is that all policy and planning costs should be recovered from the public purse. These would include certain aspects of allocation planning.

4.1.1. First Draft Report Recommendations.

The activities of allocation planning, environmental water planning, groundwater and surface water assessment and water measurement and information have a public good component and provides security for future water users so should therefore be paid for by the public purse. As the current water users are part of the taxpaying public they will be contributing equally with all other taxpayers for these services. If the water users are levied separately for these services then they would be contributing twice for the same service.

In regard to the provision for environmental water no reliable scientific analysis has been provided to producer representatives about methodologies for calculating environmental water needs for sustainable yields. Some data has been produced using various modelling tools but the lack of empirical data has meant that the precautionary principle has been applied in determining if a water source is “fully allocated”

The Association recommends that all costs associated with environmental water management and provision be totally funded by government.

In respect to the Department’s assessment of environmental water requirements and environmental or social impacts of water use we cannot accept that 80% of the beneficiary of environmental water planning is the water users themselves as they are more likely to be competitors.

The PGA further recommends that all environmental water provisions be included in “consumptive pool” arrangements and that if allocations within the pool are reduced then the environmental water allocation is reduced by the same amount as other water users.

The PGA recommends that riparian rights and stock and domestic water rights be retained in the new legislation and further that these classes of water use be exempt from the licensing provisions of any legislation.

The Pastoralists and Graziers Association of Western Australia (Inc.) thanks the Economic Regulation Authority for the opportunity to provide comment on the Second Draft Report of the Inquiry into Water Resource Management and Planning Charges released on 2 November 2010.

Gary Peacock
Chairman
PGA Private Property Rights & Resources Committee

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