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MARRON GROWERS ASSOCIATION OF WA INC

Encouraging a profitable and sustainable Marron industry in Western Australia
PO Box 359 Midland WA 6936 ABN 401 600 425 58

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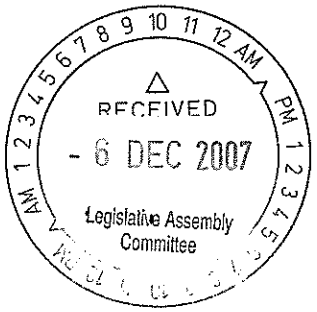

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Submission to Parliamentary Enquiry – Water Licensing and Services

From Marron Growers Association of Western Australia

1. Industry Background

The Department of Fisheries "Aqua Info" report for the 2005/2006 financial year records 189 active marron and yabbie licenses. Approximately 100 marron farmers were members of this association in 2006. Marron licenses are widespread across southern Western Australia from Northampton to Albany and east to parts of the inner wheat belt. Most marron producers are in the general areas of the Mount Barker or Denmark shires in the Great Southern Region and the Manjimup, Bridgetown, Nannup and Donnybrook shires in the South West (there is also some production in South Australia).

Marron has been produced commercially in Western Australia for some forty years. The industry was subject to highly prescriptive regulations until the 1995 review that culminated in substantial deregulation. The revised licenses commenced in August 1999.

Following deregulation production increased 56% from 41.8tonnes in 1999/00 to 64.8tonnes in 2006/2007. The farm gate value in 2005 was $1.343million (source "Aqua Info"). Fisheries Department Contract Report 17 issued 2007 by Dr Craig Lawrence states *"A conservative estimate of current investment into marron farms in Western Australia is $15 million, indicating the medium term potential for marron production in WA is around 1000tonne"*. Current level of investment, Department of Fisheries marron genetics and production research, together with farmer innovation since deregulation, suggests that the industry is emerging from a long and slow gestation period into a vigorous industry with an expectation for a significant increase in volume of production.

Marron production does not meet demand and marketing of the product is restricted by the inability to supply. There is a very large potential market waiting this gourmet product that has an environmental "clean green" image. Marron is one of the very few primary products where prices and demand are high and appear likely to remain so for a considerable time. A latent export market, prepared to pay a premium price, is largely neglected because the regular quantities demanded are currently beyond the capacity of the industry to supply.

Marron are slow growing and sensitive to temperatures and water quality. Achievement of commercially successful production requires careful management of water quality and nurturing of the animals. Since deregulation there has been considerable formal Fisheries Department research on marron genetics to improve growth rate and on methods for successful production. In parallel there has been much on farm experiment and innovation to find the solutions most appropriate to the site and conditions on individual farms.

Production methods can loosely be defined in three categories:

- Intense pond farming involves standard drainable ponds where marron are "lot fed" for a period of about two years then harvested by draining the pond. Drain down usually takes place in winter when water is available to refill the pond and recommence the process.
- Improved grazing or free range farming involves custom built dams or improved horticulture or stock dams. Water quality is monitored and enhanced by oxygenation or other methods as required. Natural feed is supplemented by hand feeding. Harvest is by trapping..
- Farm dam trapping involves stocking of pre existing water resources with marron. Harvest is by trapping.

Some commercial farmers may use a mix of all these methods. Achievement of consistent quantity and quality for industry growth will be mainly from the first two methods and a result of strategic investment and good management.

2. Water Issues

Marron production requires the storage and use of water. *Marron production per se does not consume water.* There will be some natural wastage from seepage and evaporation. There is also often natural acquisition from rain or springs.

Our growers are scattered throughout the State and water is sourced according to the location and often in association with other farm activities such as horticulture, cropping or grazing. Most growers are believed to be self funded providers of water from on farm dams but a few are on river systems such as the Preston where water can be purchased and traded. Some growers will also draw from aquifers.

Our source of supply is not common across growers and we expect that growers drawing from Government or tax payer funded reservoirs will be willing to accept the trading conditions that apply to the particular resource. Similarly growers drawing on declared aquifers will expect to pay for the initial water supplied from that source.

Marron growers that have invested substantially in private infrastructure to ensure a secure water resource will have the same concerns regarding any inequitable charges that may be imposed on their initiative as will horticulturists or other self providers of these privately held national assets for water storage. We broadly support the fixed term approach to farm dam licensing fees proposed by Neil Bartholomaeus of the Manjimup and Pemberton Landowners.

Because marron requires high quality water the industry does not contaminate and actually improves the natural resource that they draw on. A major investment for marron growers is in the supply and reticulation of power to drive the various alternatives for water quality enhancement by oxygenation. Reed beds and other nutrient and contamination control are normal. Marron production is only increased by good management when area of water is increased and, or, quality of water is enhanced. Marron farmers already provide purification and recycling. In contrast water used for urban human consumption is contaminated by sewerage and waste and general not recycled for reuse.

3. Major Concerns

Marron growers are concerned that:

- Fees not apply to water held in storage in ponds and dams.
- Transfer of water between ponds and dams within the farm is not subject to any controls or charges.
- Evaporation losses be accepted (along with rain and spring increments) as a natural occurrence and that no attempt be made to measure or charge for such losses or gains.
- Self funded providers of water infrastructure have the value of this private investment recognized within any licensing regime.
- Our source of water supply is protected.

We submit that any attempt to control or monitor the movement of water within the internal working of the marron farm will be costly and administratively difficult and will restrict the proper and responsive management of the production process. Some growers have already been involved in attempting to address internal monitoring in response to the current (suspended) regulatory implementations and are alarmed at the potential consequences. Provision of meters and management of any metering process could require both large up front investment and significant ongoing management cost. It will absorb resources and effort that should otherwise be directed towards the success of the business.

The business of marron farming involves storage of large quantities of water both within the growing ponds or dams and as a water resource to top up ponds or replace water after harvest by drain down. This is a static reserve that is recycled within the farm or eventually released into the river or drainage system. There are losses to evaporation or seepage and gains from rain and springs. We submit that any license fees for water in storage and control of stored water will be administratively difficult and penalize the business of marron growing. We urge that no attempt be made to

limit or control the quantity and processes for storage and use of stored water within the marron farm.

Marron growers are prepared to pay for water sourced from tax payer funded reservoirs or otherwise pay equitable charges that are determined to be common for primary producers. We share the concerns of other primary producers that self funded water providers not unjustly bear the cost of a Government Department.

We recognize that water is a scarce resource in other parts of Australia and the world and that as a result we can expect an increased pressure for water as other less favoured producing locations attempt to move to the South West. Loss of catchment area or ground water due to water intensive activities such as tree plantations is of concern and we accept that a regulatory system will be necessary or some of us may find our supply depleted.

Most marron farms are situated in high rainfall areas where most water runs straight from the property into the ocean. In this context marron ponds and dams are analogous with urban rain tanks and merely catch water and delay a small percentage of the run off until after use. The difference being that urban tank storage can now be supported by subsidy whilst on farm storage may be taxed by a licensing system.

4. Comment on Standing Committee Review Topics

The Economics and Industry Standing Committee has been directed to report on seven specific areas. The Marron Growers Association offers the following comments where the areas are relevant to our concerns.

(1) At the moment there are a number of declared "stream flow" river systems where growers who provide self funded infrastructure have been charged a license fee. It would appear likely that almost any farm run off could be deemed to be stream flow and be subject to future licensing charges.

Arguably farm dams enhance the environment by providing a large area of summer water for both indigenous fish and water dependent wildlife. There is little if any impact on winter flows of rivers in the South West.

It is difficult to determine benefits for existing users who have been well satisfied with the self regulatory systems or on farm freedom that has applied until now. It is recognized that in future the demand may increase significantly and require greater regulation of the resource as may already be true in some locations.

(2) We are not in a position to question departmental costs. However we would make the point that existing farmers were adequately provided for prior to this initiative and question why the total cost is to be distributed so inequitably over users that have already invested in water infrastructure. It would appear that the initiative is for the benefit of the whole of the state and that all users including taxpayer consumers should share the cost.

(3) There seems to have been inadequate recognition of the differences between the drivers of water policy as it applies to Eastern Australia and as it is being applied to self funded infrastructure providers in Western Australia. The dominant driver has been the over allocation of water from the major river systems in the east. This water distribution has been primary provided by publicly funded infrastructure and has often distributed water by inefficient flood irrigation. Only parts of the dairy industry have had similar applications in southern Western Australia.

We as taxpayers are to contribute some twelve billion dollars to correct these distribution inefficiencies. Self funded infrastructure provided for water in WA has always used drip or sprinkler systems and piped distribution of water. It does not need fixing.

It also seems to be overlooked that not all water in the Eastern States is in the publicly funded inefficient distribution category. We understand that in NSW a system has recently been introduced that allows farmers to construct water storage and use water based on a graded system that recognizes the area of the property and the average rainfall in the region. No licensing or fee applies to water used within the limits to this system.

It would seem that such a system could well be appropriately modified to suit much of the needs in southern WA. Those in the industry that provide their own infrastructure for water have difficulty accepting the terminology "services provided to water users" from your terms of reference, as applicable.

(4) Our main concern is that those that are beneficiaries of service are not the payers. If all beneficiaries meet service costs, and the services are comparable to the east, then this may well satisfy the NWI.

(5) It is difficult for farmers to accept that a quarter acre block is permitted to take unlimited water at no cost for unproductive use when they must pay a license. The concept that the urban bore owners are somehow "good" for the environment and rural water users are "evil" is also difficult to accept. Equity would be served if all had to pay.

(6) Marron, and other, farming is a business that needs to assess investment decisions in terms of returns. Investment in water infrastructure is made on merit and there is no proposal that we are aware of that would expect any government contribution to our infrastructure. However all farmers must be concerned when their competitors are cross subsidized. For example in recent years ABC Landline has reported the movement of cherry and walnut growing from Tasmania to the Murray irrigation region. Cheap land and publicly provided water is attractive.

Here we are comparing privately funded water resources against publicly funded resources where the inefficiency upgrades will also be publicly funded to a large extent. The license charges imposed on privately funded water resources should reflect the value of the private investment. If this is not the case the public funded users will gain an unfair competitive advantage and the market will be distorted.

(7) Much has been made of water trading as applicable to the distribution of water from river and groundwater. Many self-funded water suppliers do not have practical access to trading. They operate independently and do not have any method for transferring water or water rights by sale to others. In many of the locations in the South West the total water run off is only marginally utilized and there will be no demand for rights. Water held in storage is only of value to other if there is a mechanism for transfer. The NWI licensing should provide for the limitations on some license situations.

5. Summary

Thank you for the opportunity to contribute to this review.

We hope that you will be able to give effective consideration to our major concerns:

- That the process of licensing is kept simple and costly and complex administrative issues associated with charging for water in storage or water transferred within the farm is avoided. That evaporation or seepage losses and rain or spring gains also be outside the licensing system. In effect where water charges are applicable there should be only one charge that is applicable to the initial supply. What happens to water on farm is not the concern of the licensing authority.

- That the investment in privately funded infrastructure for provision of water is fully recognized and an equitable charging mechanism applied where licensing is appropriate.

It will be challenging for the Standing Committee but rewarding for all stake holders if the Standing Committee can devise a formula that enables much of the water related industry to meet NWI perceived constraints without the need for an onerous licensing system.

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