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**Irrigating Carnarvon's Future**

ABN: 32 590 776 789

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## **Parliamentary Inquiry – Water Licensing and Services**

**Submission by – Edward Garrett**

**Chief Executive Officer**

**Gascoyne Water Cooperative Ltd**

In making this submission, I acknowledge that we are prepared to appear before the committee if so requested.

### ***1. Support for the concept of Licensing Charges***

Gascoyne Water generally supports the charging of licence administration fees as it recognises that costs are incurred by the licensing authority. These costs, provided they are kept within the bounds of reason, should be recoverable from the holder of the licence (user pays).

It would seem that an anomaly arose when the water resource functions of the Water Authority were devolved to the newly created Waters and Rivers Commission. The Water Authority charged rates and other charges which included a component for the cost of administering the licensing function, but the WRC were given no power to make similar charges in their own right.

Charges for licensing, while supported by the major irrigation cooperatives of WA, must reflect a fair and reasonable fee for the cost recovery of administration, without becoming a cash cow for top heavy bureaucracy. It should also be clear that the charge is only for licence administration and not a supplement to Water Resource Management charges which are a separate and different issue. Water Resource Management charges, also supported by the major irrigation cooperatives, should reflect the cost of management within a catchment and may vary widely from catchment to catchment dependant upon the fragility of the resource in each area managed.

### ***2. Who Should Pay***

This is a question that seems to be affected by emotional rather than practical reasoning at present. It is very hard to view the failure to apply licensing charges to residential bores as anything other than a political decision when a licence must attract a cost to administer, regardless of the physical aspects of the bore, well or other form of diversion from a source (If domestic bores are not licensed they should be).

In today's climate of scarce water resources, the folly of the Water Corporation's drive to encourage Perth residents to install private, uncontrolled bores in order to take the pressure off their inadequate drinking water infrastructure is all too evident. Defending the indefensible by claiming that each residential bore takes only a minute fraction of the sustainable draw from the Perth aquifers is a patent nonsense when considered in the context of the total estimated (but unknown) volumes extracted from the unconfined aquifers. It is our contention that any extraction of the State's water resources should be licensed and an appropriate licence fee should be charged to recover the cost of administration. There may be a case for having classes of licence and applying an appropriate fee for each class. However, this may be difficult to assess because most licensees with large volumes attached to their licenses also carry out monitoring and reporting functions to the regulators, thus reducing the cost of administration for the regulator.

One method of license fees that could be considered would be based on the size of the pumping equipment installed. As most domestic/residential bores are around 50mm diameter spears and pumps, a class of license and attached fee could readily be determined that was not overly onerous for Perth residents and country hobby farms and lifestyle blocks, but which also reflected the actual cost of administration. Larger bore and other abstraction licenses would then be charged a common licence fee which recognised the commercial nature of the licence and the associated roles of licensor and licensee in administering the licenses.

It is also evident in many areas that, what was once, prime agricultural/horticultural land is being bought up, subdivided and turned into hobby farms, lifestyle blocks and residential areas. The commercial operators in these areas are to be charged for administration of the licences they hold while the multiplying numbers of "private" residences encroaching into these areas are not. This is inequitable and does nothing to encourage sound management of the water resources of this State.

### ***3. How Much Should We Pay***

Gascoyne Water would support the full cost recovery (user pays) principal with the proviso that the costs used to determine the fees are actually and transparently attributable to the cost of administering the licenses. It is all too easy to look at a wish list in a budget and use the "Administration Fee" as a cash cow to fund projects with no direct connection to licensing. Just as Water Service Providers have to submit their annual pricing regimes to the ERA for scrutiny and a fairness test before approval, licensing fees which are closely related to water services should perhaps, also be examined and approved by the ERA.

### ***4. Landholders Harvesting Water***

This is an area which seems to have generated a high degree of emotional response, but the basic fact remains that no individual owns the water, be it rain, surface water or groundwater. The water is owned by the Crown and if licenses are seen as the best way to manage and monitor the resource, then all who take water from whatever source should be licensed.

We agree that costs are incurred in constructing dams on properties, but costs are incurred in constructing bores and wells. There is no real difference apart from the method of construction and abstraction. For a farmer to claim that he should not have to pay a license fee for a dam he constructed because, if he had not built the dam the water would run to waste is a misrepresentation of the truth. Most runoff from rural properties ends up in streams or other water courses and eventually results in water being stored in other dams, rivers or groundwater sources.

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Using the arguments raised by these people, the Water Corporation should not have to pay licence fees for its dams because the water would run to waste if they had not built the dams.

## 5. Conclusions

- Gascoyne Water Supports a fair and equitable, transparent licensing system for all takers of water from whatever source.
- It would be impossible to comply with proposed national water accounting standards if exemptions from licensing are to be handed out to any particular interest group.
- We have to face the fact that the days of publicly funded services to all are gone and a user pays system has become the way of the future for almost all services provided by government and government owned service suppliers.
- A one size fits all approach to licensing would not be appropriate. The charges for licence administration should fit the type of licence issued and this would be reflected in the type installation licensed, the purposes for which the water is used and the capacity to pay.

We thank you for the opportunity to make a submission on behalf of the Irrigation Cooperative and look forward to your report and the outcomes of the inquiry.



Edward Garrett  
Chief Executive Officer