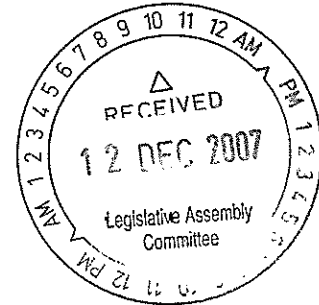


WLS SUB 26.

12th December 2007



Dr Loraine Abernethie
Principal Research Officer to the Committee
Economics and Industry Standing Committee
Parliament House
Perth WA 6000

Dear Dr Abernethie,

**RE: SUBMISSION TO
PARLIAMENTARY INQUIRY-WATER LICENSING AND SERVICES**

The Pastoralists and Grazier's Association (PGA) is a non-profit industry organisation established in 1907, which represents primary producers in pastoral and agricultural regions in Western Australia. We have a strong membership from all facets of the broadacre agricultural industry, including pastoralists, graingrowers and livestock producers.

The PGA is extremely concerned with the way the State Government has unfairly taken advantage of signing the National Water Initiative in April 2006. The NWI states that there is to be full cost recovery for all rural surface and groundwater based systems but doesn't prescribe how this is to be done. The seven class water licence administration fees under the recently disallowed Rights in Water and Irrigation Amendment Regulations 2007 were well above the cost of administrating, database upgrading and renewal of licenses and was nothing more than a money grab for the Department.

The Association supports the principles of user pays and full cost recovery and advocates an application fee directly related to the time required to assess the application and a licence fee which reflects annual database administration costs. At the expiration of a water licence a renewal licence fee may apply as per a drivers licence. The disallowed fee regime had a flat rate with no differentiation between an application fee for a licence and the subsequent ongoing annual fee. The introduction of any new water charges must be fair, equitable and proportionate.

Any fee collected by the Department of Water through the water licensing regime in proclaimed catchment areas must be solely used to recover administration costs and not to consolidate revenue for other government interests. The Economic Regulation Authority should be engaged to determine the amount of full cost recovery required.

The WA State Government should not introduce the new water licence fee regime until The Standing Committee on Economics and Industry of the Legislative Assembly has conducted and reported on its inquiry into water licence fees in February and the pending Water Resources Management Bill has been considered by the public and Parliament and enacted in 2008. The Statutory Water Management Plans developed under the new legislation will specify and allocate water licenses. The Green's compromise deal with the Water Resources Minister on the structure of water licence fees should have been drafted in collaboration with industry groups and stakeholders.

The WA productive agricultural sector was unfairly targeted under the disallowed regulations. The Blue gum plantation industry prominent throughout the South West uses vast quantities of water which the Department of Water does not adequately calculate and account for. This huge discrepancy may ultimately result in farmers being forced out of agriculture and into these plantation industries if water licence charges are not calculated more fairly.

The actual monetary figure of what amount of cost recovery required must be immediately determined by the Economic Regulation Authority as the Department of Water's figures have recently changed by a considerable amount. \$5.8 million was originally stated by the Water Resources Minister required for full cost recovery, however the figure changed once only water taken rather than water captured would acquire a fee. The figure stated by Minister Kobelke was \$4.8 million, which is vastly less (\$1 million). Water licence fees should not be introduced until there is a specified monetary figure of full cost recovery, not a loosely estimated figure which has and can considerably change at the discretion of the Minister. The cost should not be borne by the small number of landholders using these licences. We have consistently challenged the State Government to provide evidence that the cost of the licensing regime is \$5.8 million.

Perth metropolitan bores require metering and ongoing monitoring if the extraction of water is to be accurately calculated. The Association supports the mandatory metering of all metropolitan domestic bores to encourage compliance and efficiency, and discourage overuse. The fact that 120 gigalites is drawn by approximately 150,000 domestic bores without any issued water licence and thus no fees is resulting in the unsustainable extraction of the Gngangara and Leederville aquifers. Another inequity between rural and metropolitan water users is the subsidy metropolitan users receive for putting in bores.

Extract from (pg 10 Hansard 22/11, Hon Robyn McSweeney).

Farmers will pay \$1.02 to \$2.40 a megalitre per annum for a water licence, whereas corporations, water utilities, mining companies and irrigation cooperatives will pay only 14 cents a megalitre. Farmers allocated 21 per cent of the water will pay 86 per cent of the annual licence fees, whereas corporations that use large water allocations of more than one gigalitre and are allocated 79 per cent of licensed water will pay only 14 per cent of the revenue to be raised by water licences.

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The PGA opposes the introduction of fees for infrastructure that have been installed by rural landholders. It is unreasonable for rural landholders to face paying fees after they have self financed this infrastructure. Water collected in dams from rainfall should also be exempt from any withholding fee. However the Minister's announcement in June that licence holders would only be charged for water used rather than the total volume stored was a step in the right direction.

The introduction of a new water licence administration fee regime should not be developed behind closed doors but scrutinised in a transparent process by industry and stakeholders. This process must only commence once this inquiry has been completed and the new legislation is introduced next year.

Any queries please contact the undersigned.

Yours faithfully,



Ben Thunder
Policy Director
Private Property Rights & Resources