

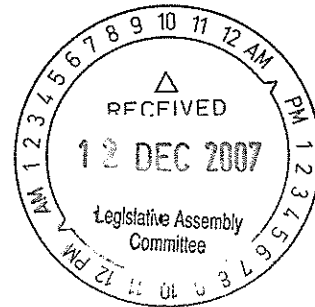


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Dr Loraine Abernethie
Principal Research Officer
Economics and Industry Standing Committee
Parliament House
Perth WA 6000

December 7th 2007

Dear Loraine,



Re: Parliamentary Enquiry – Water Licensing and Services

Thank you for the opportunity to provide a submission for the consideration of the Economics and Industry Standing Committee inquiry into water licensing and services.

The following comments are provided against those points within your letter that have relevance to the Ord River Irrigation Area.

Point 1

The Ord Irrigation Co-operative has been operating under a Department of Water license since 2004 and as such the benefits, costs and imposts of this arrangement are well established. There has been much debate in recent months about the equity of charges applied to individual small scale abstractors compared with irrigation co-operatives with much larger allocations that represent multiple growers. The following comments relate to benefits to regulators of co-operative licensing.

The OIC license contains a very detailed operating strategy and water use improvement plan which both include very specific operating rules and targets to improve water use efficiency and to reduce the potential impact of irrigation on groundwater and the environment of the Lower Ord River. In essence, the OIC is conducting a significant component of the regulatory role that would otherwise be the role of DoW and DEC if the growers within the co-operative had individual licenses.

The benefit to the regulator of having a co-operative of growers taking responsibility for the efficiency of the water delivery system and for the environmental impact of the irrigation area, whilst difficult to quantify in dollar terms, is considerable.

Points 2, 3 & 4

It's not possible for the OIC to provide the detail required in these points but the following should be considered when assessing whether license fees recover the full cost of regulation.

There environmental allocation for the Ord is approximately 5 times bigger than the current irrigation allocation. An economic value needs to be assigned to this allocation with respect to:

- foregone license fees
- the regulators costs associated with managing these flows and the environment they are supporting.

Whilst revenue from bulkwater sales is not the focus of this committee, the economic cost in terms of foregone bulkwater revenue and return on infrastructure should also be assessed.

There are also social values associated with the bulkwater infrastructure that also require a degree of regulatory involvement including tourism and recreational use of Lake Argyle, Lake Kununurra and the Lower Ord and the management of their respective foreshores. An economic value should also be assigned to these activities.

Point 5

License and administrative fees for taking water under other arrangements should be considered for those activities where there is a genuine need for some form of ongoing regulation. Two examples of extreme cases are:

- The Ord hydro scheme and the Lake Kununurra tour boat industries are the only industries under the current water allocation regime that require releases from Lake Argyle yet neither of these require a water allocation license.
- Regulating and charging fees for people accessing what is essentially opportunity water from unconfined aquifers will most likely have the effect that less and less people will do this and more pressure will be put on scheme water.

Point 6 & 7

No comment

Yours sincerely

Tony Chafer
Chief Executive Officer
Ord Irrigation Co-operative