

**ECONOMICS AND INDUSTRY  
STANDING COMMITTEE**

**Inquiry into Water Licensing and Services**

**SESSION TWO**

**TRANSCRIPT OF EVIDENCE TAKEN  
AT PERTH  
TUESDAY, 8 JANUARY 2008**

**Members**

**Mr R.C. Kucera (Chairman)**  
**Mr G.A. Woodhams (Deputy Chairman)**  
**Dr J.M. Edwards**  
**Mr M.P. Murray**  
**Mr A.J. Simpson**

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**Hearing commenced at 1.05 pm**

**CALDER, MR GEOFF**  
**General Manager, Harvey Water,**  
**PO Box 456,**  
**Harvey 6220, examined:**

**The CHAIRMAN:** Geoff, thanks for coming in. I have to make a formal presentation to you before we start, but do not be daunted by it. Is this the first time that you have appeared before a committee?

**Mr Calder:** No, I have done it before.

**The CHAIRMAN:** You will know pretty well how it works. This committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the house itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as a contempt of Parliament. That is the hard part, but we will not worry about that at this stage. Have you completed the "Details of Witness" form?

**Mr Calder:** Yes, I have.

**The CHAIRMAN:** Do you understand the notes at the bottom of the form?

**Mr Calder:** Yes, I do.

**The CHAIRMAN:** Did you receive and read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

**Mr Calder:** Yes, I have it here.

**The CHAIRMAN:** Do you have any questions relating to your appearance before the committee today?

**Mr Calder:** No, I understand that I was invited to appear. I am happy to be here.

**The CHAIRMAN:** Thank you. Could you please state the capacity in which you appear before the committee today?

**Mr Calder:** I am the general manager of Harvey Water. We put in a written response and we were subsequently contacted and asked to appear.

**The CHAIRMAN:** That was the reason for it. The committee has received your submission. Do you propose any amendments to that submission, apart from the evidence that you will give today?

**Mr Calder:** No, we are happy with what we have in there.

**The CHAIRMAN:** Before we ask any questions, do you wish to make any statements in addition to the submission? We can take that into account when you give your evidence.

**Mr Calder:** No. I understand that it has been read, so there is no need for me to read it all over again. You can ask me questions and I will respond.

**The CHAIRMAN:** Thanks Geoff. I also thank you for coming in. This is a period of the year when people are normally doing other things. We considered, as a committee, going out to various areas and talking to people, but the problem with that is that we have a very short time frame - we have to report, hopefully, by the end of February. That is what is listed in the terms of reference. If we were to go out, it would be impossible for us to meet that deadline. I thank you for coming in

and also for making your submission available to us. Would you like to tell us a little about Harvey Water? We do not mind if you give us a thumbnail sketch of the sorts of things that you have already submitted to us.

**Mr Calder:** It is a pleasure. Harvey Water is a product of the COAG national competition policy. We moved from the Water Corporation to local ownership in 1996, so it is now a fully private cooperative that is owned by the irrigators in the south west area around Harvey. We have been going for 11 years; we believe quite successfully. Our core business is basically the delivery of water services to irrigators. We take water from the dams and deliver it to the farm gate. That is basically what we do. Allied to that is that we administer and manage all the water delivery systems - all the assets and so forth - and we make sure that the system works as best as it can. In recent times, we have been able to show a fair bit of initiative to put in place a pipe scheme, which is just about to be finished - probably by about the end of March next year - and which will deliver water under pressure. From the water savings that we have made from that, we have been able to do a deal with the Water Corporation to sell it the water. In return, we used the money that we got from that for the piping.

**The CHAIRMAN:** Was that the conversion of the irrigation ditches?

**Mr Calder:** Yes.

**The CHAIRMAN:** I remember discussing it, I think with you and others, when I was a minister.

**Mr Calder:** I certainly spoke to Dr Edwards when she was minister. That is probably a first in Australia. We traded about 17 gigalitres of water, which is the first and biggest volume of water by far that has been traded in that way in Australia. That has allowed us to put in place what we are happy to call a world-class irrigation system. The use of gravity will mean that the effect of rising energy costs will be zero, and the irrigators will retain a competitive advantage into the long term. That is what we do. We have 770 irrigators. We cover an area from Waroona to Dardanup, which is about 75 kilometres north to south and an average of about 15 kilometres east to west in the Shires of Waroona, Harvey and Dardanup.

**The CHAIRMAN:** Geoff, do the people whom you supply have a choice between taking your water or developing or storing their own water?

**Mr Calder:** It is a cooperative. Only one person who was an irrigator before the privatisation occurred declined to join the cooperative. Everyone else who is an irrigator belongs to the cooperative. They could use their own groundwater, but the groundwater in the area is of very poor quality, and it is not suitable country for building dams. It is much easier to take water from the system that we provide.

**The CHAIRMAN:** What does your current licence allow, and how do you operate under that licence?

**Mr Calder:** We have four licences. The first licence is from the Economic Regulation Authority, which allows us to operate as a utility. There are a lot of conditions attached to that, which is a point that we make in our submission.

**The CHAIRMAN:** Does that deal mainly with competition policy and the kinds of things that it regulates itself?

**Mr Calder:** It says that Harvey Water can be a water supply utility. It does not give us any water, but it gives us the authority to deliver water. All utilities such as us have that licence.

**The CHAIRMAN:** Does that give you the right to set fees?

**Mr Calder:** Yes. Once we have that licence, we can then go to the Department of Water to obtain three licences to actually get the water itself. Our total licence was for 153 gigalitres of water, but we traded 17 gigalitres so it is now down to 136 gigalitres. The district of Waroona gets 17 gigalitres of water from the Waroona, Drakesbrook and Samson Dams; the district of Harvey

gets 68 gegalitres of water through the Stirling, Harvey and Logue Brook Dams, and the district of Collie River gets 68 gegalitres of water from Wellington Dam. We store our water, which we have by right of licence from the Department of Water, in dams owned by the Water Corporation. We pay the Water Corporation a fee for storing our water. Many people think that we actually buy water off the Water Corporation but that is not the case.

**The CHAIRMAN:** So you have a water right that amounts to X amount of dollars?

**Mr Calder:** Yes; it is our water.

**The CHAIRMAN:** And that water then sits in Water Corporation dams.

**Mr Calder:** Yes. It is like storing your goods in someone else's warehouse - you pay them a fee for doing it. They are our goods - it is our water.

**The CHAIRMAN:** How do they measure that?

**Mr Calder:** The volume is defined by the licence. There is a meter at the off-take, and the volume is measured every year.

**The CHAIRMAN:** So there is a meter from the dams?

**Mr Calder:** Everything that we have now is metered. As I said, we have a world-class system. Our system delivers water, and everything is metered all the way through. There is no guessing of the volume.

**The CHAIRMAN:** Is yours potable water?

**Mr Calder:** No. We have only three dams that could be classed as having potable water, one of which is Samson Dam. We have traded some water from there. The other is Stirling Dam. We have traded most of the water from there. We are moving towards doing that at Logue Brook Dam.

**The CHAIRMAN:** There are nice trout in there.

**Mr Calder:** Yes. We said to the minister, "Here is an idea; you make a decision."

**The CHAIRMAN:** I am still coming to terms with that. I have hung up my fly rod.

**Mr Calder:** Mick has had a few representations on that too.

**Mr M.P. MURRAY:** Only a few?

**Mr Calder:** Only a few. All we said was, "Here is an idea. If you want to, you make the decision." That really comes down to the Department of Health, but that is getting off the topic.

**The CHAIRMAN:** I go back to what you said earlier about Harvey Water having three licences for usage. Is that correct?

**Mr Calder:** Yes - one licence in Waroona, one licence in Harvey and one licence in Collie.

**The CHAIRMAN:** So they are area licences?

**Mr Calder:** Yes. What we are trying to do is to integrate the whole lot, so that it improves our reliability and flexibility.

**The CHAIRMAN:** I go back to potable water, because not all licences are the same or have the same conditions attached to them. Potable water is very different from the water used by irrigators, obviously, or water that is self-supplied. Do you have any suggestions about how licence administration fees might represent or reflect the differences in the conditions that you mentioned and also the conditions that I mentioned in terms of potable water?

**Mr Calder:** I think they actually do, when there is a comparison of the cost per megalitre, but that is not how licences are structured. It is about the number, complexity and stringency of the conditions that are attached to your licence. We have a lot of conditions that we have to satisfy. Anybody who supplies potable water has a helluva lot more conditions, because there are public

health issues. It is reflected in the amount of work that you have to do to satisfy the licence. I do not really know, but I assume that self-suppliers would only have to tell them how much water they had used each year. There would not be much to do, whereas we estimate that it costs us about \$300 000 each year to comply with our licences. I am talking about the ERA licence, which is the preliminary licence, and also the Department of Water licences. A real cost has been moved from government to us. We accept that. We all want to have smaller government, but if there is going to be smaller government, we have to expect to pay some of that ourselves. We are quite happy with that. However, it is not nothing; it is quite a bit of dough. We see water as being a treasure and a really terrific right that the community has offered to us. We are prepared to do all that we can to show that we are using the water properly.

**The CHAIRMAN:** In your case it is a little different - water is the basis of your business.

**Mr Calder:** Yes, that is correct.

**The CHAIRMAN:** As opposed to a farmer or an orchardist, where it is part of the cost of doing his business rather than being his business.

**Mr Calder:** Yes.

**Mr M.P. MURRAY:** Can you break up the \$350 000 a little more?

**Mr Calder:** We did a rough bit of work. I apologise, but I did not bring it with me. I can tell you the things that we do. When we report each year to the Department of Water, we have to report on water use and distribution efficiency; water use and demand projections; all water that has been traded permanently, temporarily or as a sale of land; water quality monitoring or reporting; water management systems; on-farm water use efficiency; land and water use trends; patterns of flow in watercourses for environmental purposes, which we have to comply with; operating strategies, which we develop with the Water Corporation and change every year with the Department of Water; restrictions that may apply; any breaches of licences that may have occurred; and metering, measuring and monitoring. We do that once for each licence once a year, so there is a considerable amount of data collection as part of our systems and administration involved in putting all of that stuff together for 770 irrigators.

**Mr M.P. MURRAY:** I am slightly surprised that the issue about environmental discharges has been a cost. I thought that anything over and above that would be where your marker would be, not adding that in and then taking it out for accounting purposes.

[1.15 pm]

**Mr Calder:** The way it works is that, for example, when we do a trade with the Water Corporation, the Department of Water has to approve it. It says, "Yes, that is okay, but these are the environmental requirements that you have to bear." The department includes things like putting in three fish ladders in Bancell Brook, Logue Brook and Clarke Brook, which can cost \$50 000. Those are the sorts of numbers the department is talking about. As a cost, part of the deal is to rehabilitate about four kilometres of the Wellesley River. The total cost of that over about five years is \$900 000. We have to bear part of that cost with the Water Corporation. We have to release water from Waroona Dam down through the drains in Waroona, so it gives a flow of water about that deep. That is part of the environmental cost. We have to release water below the Harvey Dam past Stirling's Cottage. Some of it goes down the Harvey diversion and now the department wants some more to go down the Harvey River so that it is nice. We have to pay real costs, and also the water that we have to release comes off our licence. There is no extra water for that; it comes out of what we have got. That is also part of the cost for the water.

**Mr M.P. MURRAY:** That comes out of the total allocation.

**Mr Calder:** Yes, it is a real cost.

**Mr M.P. MURRAY:** It would not be the same because Preston Valley Irrigation Co-operative does not have your dam structures; it has its own dam structures, but how hard would you say it would be for it to run a water-allocation-cum-licence group in that area? I know you have been in the game for a long time, which is why I ask the question. Do you think it is possible, feasible and cost productive?

**Mr Calder:** We have had a fair bit to do with Fred Drake-Brockman with that sort of stuff. We were a bit ahead of them and supported them when they were trying to set up that company. It works okay and I think it is going quite well. One of the big problems they have is that demand is dropping off. They do not perhaps have the same tightness in their cooperative that we have. A few people are disputing what they do. Those people want to have the benefits and not the costs. We have managed to get people to agree on what is the right way to go. From what I understand, I think that more recently their biggest worry is that more people, like Fred himself, are getting out of horticulture. They release water down the river from the Glen Mervyn dam and people pump it. That is how it goes. They have a licence for Glen Mervyn, the same as we have for our dam.

**The CHAIRMAN:** Some of those are lifestyle properties, are they not?

**Mr Calder:** Yes, they have become that now. The lifestyle properties are the bane of our lives. We say that it is an irrigation area and that the water is for irrigation. We ask our irrigators about it quite frequently, and they say, "Yes, we want this land to be kept for irrigation." The planning policy that applies to the area has an assumption against subdivision, but we have a shire with people who come from Australind and those sorts of places and have no knowledge of agriculture. They continually approve subdivisions in the area for lifestyle properties, so the price of land goes up, which makes it very difficult to farm economically. If the price of land goes through the roof, how can people get a return on capital? We say, "Yes, any lifestyle property is all right, but not inside our irrigation area." Have them up in the hills; have them out on the sand; have them anywhere but in this area.

**The CHAIRMAN:** Provided the people with those properties were paying for the water that was allocated to them, would that make a difference?

**Mr Calder:** Mostly what happens is that they do not use much water. We call them house and horse developments. They came along, stick a big house in the middle of a block and run a horse, and maybe a couple of sheep or a cow, and keep it a bit green. That is all they do. They use very little water. They complain about the bloke starting the tractor at six in the morning with a sprayer. All that sort of stuff comes with it.

**The CHAIRMAN:** What is the answer to that kind of development? Is it that they should pay for an allocation of water whether they use it or not?

**Mr Calder:** That is what happens now. The shire keeps saying there will be intensive agriculture only in small areas of land. We say that it is absolutely wrong; it is the other way around. An American came to see us a couple of weeks back. He said it was the best irrigation that he had ever seen. He wants 1500 hectares to grow tomatoes. There is no way he can get that in that area. People are putting in 150 hectares of grapes. They want big bits of land for economies of scale. We can see that lifestyle people might provide a greater variety of small bits of production, but they do not actually add to the agricultural potential of the place. Shires and ratepayers have a right to do what they like. We try to tell them the story, but that do not understand. That is our problem.

**The CHAIRMAN:** Of course, the people who have to pay for the water do not want to pay that price for the water either.

**Mr Calder:** Yes, it is very cheap water.

**The CHAIRMAN:** Absolutely. I was saying earlier that I have just come back from an eight-day visit to Israel during which I spent a couple of days looking at their water systems. They have a very different view on the use of water from us.

**Mr Calder:** When our guys complain to us, we say, "You go across to Victoria. Start complaining over there and see how you go."

**The CHAIRMAN:** I understand from reading your submission that you were fairly well involved in the consultation process for setting up of the whole of the existing structure.

**Mr Calder:** Yes. We took the view from the very start that we were going to obtain a global view of what is going on. We did not want to sit down there and not understand, so we have been involved at the national level and the state level. We attend the meetings to find out what is going on, so we are in close touch with it. We were part of the consultations from the very beginning. I think that goes back probably for about four years now; I am not entirely sure. I thought the consultations were very good. A lot of this stuff about licences and licence fees was raised at that time. Jeff Camkin was leading that discussion. Under his initiative, the Department of Water, as we understand it, tried to cost how much it cost it to do all its activities, of which licensing was one. We believe that was done fairly and well.

**The CHAIRMAN:** The consultation process determined the fees. How were those fees broken up and what did Harvey Water see as the structure of those fees? I am not worried about the amount of the fees, because that is a different issue.

**Mr Calder:** Sure. It really was not something that we were involved in to the level of saying that it was \$5.8 million or whatever. All we say is that we understood. The department entered into the process and costed every activity it had. It costed what it meant to administer licences and the prescribed areas it needed to go through. We believed that it was done fairly and well. We had no reason to believe otherwise. The department then internally worked it out.

**The CHAIRMAN:** What is the break-up of that structure as far as Harvey Water is concerned?

**Mr Calder:** The five areas that the department needed to look at were broken up into licensing, compliance, licence support, appeals and community awareness. Those are the five areas. We were not part of that whole process. It is obviously an administrative area.

**The CHAIRMAN:** Those five areas led essentially to the construction of the fee that is now being charged.

**Mr Calder:** That is right.

**The CHAIRMAN:** Can you recall the sorts of questions and issues that were raised by the participants in that process?

**Mr Calder:** Yes. Basically, it was very much a case that if the department was going to do this, it needed to be able to justify it. It also needed to be able to demonstrate that the cost was a fair cost that was able to be recouped. We wanted to know what it really cost to administer a licence and what the real figures were. That is why the department did that analysis; we were not going to pay a figure pulled out of the air. I think it really comes down to the fact there had to be some subjectivity and the department just divided it into five or six different levels. I am not really sure how it did that. I am pretty sure it was done on the basis of the number of licences, because there are very few large licences that would cost the bigger amount but a lot of very small ones. That is where I think the department tried to do some balancing and some correlation, if you like.

**The CHAIRMAN:** A fair number of users are not licensed.

**Mr Calder:** That is right. Again, it comes down to almost a philosophical question. Do you need to license every bore user in Perth; if so, why? We are fans of small government. If you are going to have people in government going out and checking on the licences of people who take 150 kilolitres of water a year, what is the point of that? What are you going to do with all that data and all that administration? Is it worth it? I do not believe it is. The minimum licence that a self-supplied person has to pay a fee for is 1 500 kilolitres. That is ten years' worth of use for the

suburban user roughly, on average. What is the point of that? You would be just administering for the sake of it when it is not really necessary.

**The CHAIRMAN:** Not only that, but if you discourage people from having local bores, they will use more scheme water anyway.

**Mr Calder:** Absolutely. They are using non-potable water out of a bore compared with potable water. Why would you want to stop them doing that? A lot of that water in that sandy soil is recycled. You do not have to treat it; you do not have to deliver it. It is a good deal and should be encouraged more. Whether you need to know where every bore is and how much everyone is using is a good question. I do not think you do. I think you do that by some pretty good sampling methods.

**The CHAIRMAN:** I think that is an important point. Who would pay for the sampling?

**Mr Calder:** Yes, it is a good one, isn't it? If you are not charging in any other way, yes, you would like to say that it should be the user, but how do you do that? I think you do it in many ways through the government revenue system, through taxes or whatever it may be - it is almost a community service obligation - along those lines.

**The CHAIRMAN:** The area you are operating has a total pool of water.

**Mr Calder:** That is right.

**The CHAIRMAN:** It is essentially being administered by you guys.

**Mr Calder:** That is right.

**The CHAIRMAN:** Therefore, in your case is not difficult to ask how to manage that water, because you have already put that in place.

**Mr Calder:** Yes.

**The CHAIRMAN:** How would that apply to other areas of the sort that Mick talked about a moment ago, where a very large amount of the infrastructure is being put in place by the users?

**Mr Calder:** I think there is a very good example at Manjimup where the Lefroy Group people have had a terrific system going for many, many years. How they have managed to do that I do not know, because it is sometimes very hard to get farmers to cooperate, but that is a terrific model. How can we use that model? Perhaps the cooperative model is similar, but there is a natural connection between the water supply and the water delivery process, which does not exist so much in the self-supply areas that you were talking about.

[1.30 pm]

**The CHAIRMAN:** It would still not be too difficult for the water department to work out what the total consumptive pool is for that area.

**Mr Calder:** No, that is part of what will happen with the south west water management plan. Part of the job is to work out how much water we actually have here and how we can divvy it up. The Warren-Lefroy Valley model has been going for 30 years. It does it very well. Why cannot that model be applied? That would seem very sensible to us.

**The CHAIRMAN:** Again, those are the questions we are asking.

**Mr Calder:** That is a good question to ask Chris. Sometimes people do not want to cooperate, and that could be very simple.

**The CHAIRMAN:** I refer again quickly to the National Water Initiative. There has been talk that it is a one-size-fits-all model. Having had an opportunity to read it since I have become involved in this inquiry, I do not think that is the case. I think flexibility is built in. There are certain areas in there that are the same. Is it your view that what you are doing reflects the NWI itself? Does it reflect the spirit of that?



**Mr Calder:** Yes. We say that we very much need to reflect the intent of the IGA, not the actual letter of the law. As I say, we have a lot to do with the people in the Murray-Darling Basin and with the NWI. We made a point of doing that. There is a kind of, "You blokes are a bloody nuisance; you don't fit our model". We are still doing the things we want to do; for example, they say that we have to trade water and we say that we have traded water. We have traded 17 gegalitres - more than anyone else has traded - and they say, "Yes, but the irrigators haven't traded." We ask, "What is the intent; what do you want to do; do you want to trade water or do you want some sort of specific economic theory model?" We are doing what they have wanted us to do without having to follow the letter of the law. I think that in Western Australia we need to be a bit smarter. We need to interpret what they want to do and make sure that we negotiate something that suits us because our cooperatives and so forth are very much better. Within these walls I say that Victoria and Queensland do not have very good systems.

**The CHAIRMAN:** I refer to a point you made earlier when you used another area as an example, and said that some people do not want to comply. Is that not really what the National Water Initiative is also about? It is about putting together a plan for a consumptive pool of water and then asking how we administer that within that given catchment area? Is that your view?

**Mr Calder:** It is very much the case. You can go back to the intent behind it. We are all in this together, basically. You cannot stand one out and say that this is my water and I will deal with it my way and you can all go and jump in the lake.

**The CHAIRMAN:** You can if your allocation is that amount of water. If you want to leave it sitting there, it is up to you, I suppose.

**Mr Calder:** Except that you should be managing it within the total management system that everybody wants to work with. I think that is only fair and reasonable. We keep saying that access to water is not just yours by right; it is a benefit that society provides you.

**The CHAIRMAN:** The water is owned by everyone anyway, is it not?

**Mr Calder:** That may be one of the issues. Some people say - and that is their choice - "it is my water; it is not your water; you can't tell me what to do with it". That again is a philosophical-type question that you might battle with. People hold very strongly to those sorts of ideas.

**The CHAIRMAN:** I refer to the NWI. There has been quite a bit of criticism of that as a model, I suppose, for Western Australia.

**Mr Calder:** Yes. We think that the bones of it are good. There is no problem with the ideas and the concepts behind it. We need to make it fit how we do things in Western Australia and make sure it fits with what the NWI wants us to do.

**The CHAIRMAN:** You will be aware of the state water plan and the implementation plan.

**Mr Calder:** Yes.

**The CHAIRMAN:** Do you see that these documents go some way to allaying what your group fears - seeing the development of WS-specific plans or do you still have some concerns in that regard?

**Mr Calder:** Things such as the external trade of water by individuals is a terrible red flag to the cooperative. Fundamentally, if you allow that to happen, the cooperative will collapse. A question the government must answer is whether it wants an irrigation area such as we have operating in the way that we have or not. If you allow people to trade individually to the city where they might get roughly \$4 000 a megalitre when they can get \$500 internally, they would be crazy not to do it. Our irrigation cooperative would collapse because of that. We are saying, okay the trade is happening, but we are trading savings; we are being smarter than that. We are trading savings that farmers do not need. Trading water is already in the system. Trade is happening; it is just not individual irrigators trading. Again, there is a sort of political or philosophical question, if you like: do you

want to keep the irrigation area going or not? There is a very good example of a place called Owens Valley in California outside of Los Angeles. It was a tremendous irrigation area. People in the city of Los Angeles needed water, so they went out and got individuals to trade their water, and now it is a desert. All that water has gone to the city. That is the sort of thing we are saying is an example of what will happen here. We believe that. We are having to fight that kind of battle. In the Murray-Darling Basin the river runs all the way down and they can trade all the way down, but they need to let water move around the place. We do not have a problem with that over there. It does not apply here; we do not have that situation here. There is no river to move water. We have only the pipelines to move it. We are saying, believe what you want; we are trading water but we are just not allowing this to happen. Our cooperative members tell us they want the water to stay for irrigation.

**The CHAIRMAN:** Would not a state water plan and then a localised water plan, which, again, I see as part of that NWI process, overcome that?

**Mr Calder:** We are hoping that there is a way that will enable us to do it that way, except that there are two things the IGA says: we need to have external trade, and I have spoken to Ken Matthews about that and he says that it is about competition and economic theory and all that sort of stuff. We say that if that is applied in isolation, you are dead. In addition, there is a clause that says people must avoid unintended consequences.

**The CHAIRMAN:** That is called living.

**Mr Calder:** That is right. We are saying that the destruction of the irrigation is unintended consequences. It should not happen. The whole point of the state water plan and the local water plans are consistent with the National Water Initiative.

**The CHAIRMAN:** It is also to look for the best use of the water, is it not?

**Mr Calder:** Yes, and that is another good question to ask. What is the best use of the water?

**The CHAIRMAN:** Exactly; that was going to be my next question: what is the best use? If you are getting \$4 000 a megalitre for water in the city but can earn only \$500 in your own area, does it not then become an issue?

**Mr Calder:** It certainly does. We have to ask the question: is that the highest value use of it? Is watering a lawn on someone's home a higher value use than producing milk, grapes, oranges, fruit or other food? Is it a question of the capacity to pay, which we believe it is, compared with the high-value use? Because people in the city can pay a helluva lot more, particularly these days, they do not care. Where will you get your food from? Again, it becomes a governmental issue. Do you want an irrigation area that produces food for people who cannot produce their own when the city is expanding and all the food-producing areas are going to housing? Where will you get your food from? You must think of those things. In our view it is the capacity to pay. People do not care. Only 10 per cent of the water they use is used for potable purposes. Ninety per cent of the water treated to potable standards is dumped on the ground in the garden, and that is not very good.

**Mr M.P. MURRAY:** You spoke about weighing up the highest value. When your irrigators sell their acreage, what happens to the water licence? Is it on sold with that property or can they keep that? That could result in a group of share traders and not farmers as such. They could then overrule something with a majority vote. How do you manage that?

**Mr Calder:** That was thought of from the very beginning. Cooperatives have failed in many cases because they have had a lot of what are called inactive members.

**Mr M.P. MURRAY:** Taking a divvy and not putting anything back.

**Mr Calder:** Yes. With deregulation people were making money out of trading milk rather than producing milk. Our cooperative was set up on the proviso that members are active members, which means they must be using water. If someone sells their land, they can keep that water or they

have 12 months to get rid of it. If they do not get rid of it within 12 months - trade it to someone else permanently - we take that water from them. It is a very important issue.

**The CHAIRMAN:** What is your view on separating land rights from water rights?

**Mr Calder:** It is terrific. We have been trading water in Harvey for 11 years, since we started. It is commonplace; farmers do it all the time very easily.

**The CHAIRMAN:** Do you not see a problem with that?

**Mr Calder:** No, it works wonderfully well. About 10 per cent of our water sales each year are temporary trades. It is the same as needing hay for a dairy farm. If you want more water, you buy more water from your neighbour. If you want more hay, you go and buy more hay. It is very simple. The benefit we have of course is that we have a distribution system, which allows us to move water freely; whereas in a lot of self-supply areas or even the groundwater areas you cannot shift it around all that readily.

**The CHAIRMAN:** What are the benefits, in your view, of the kind of licensing regime that has been instigated?

**Mr Calder:** We believe that, as I said before, the entitlement to water is a wonderful thing to have. You must demonstrate that you are using it well though, and that is fair enough. Licensing is the normal way to do this sort of thing, but it is a regulation licence, not necessarily a management licence. In the old days, government used to manage everything; now it regulates. We take on board the opportunity and the responsibility of demonstrating that we are using the water well. We do that through a licensing process, and that is fine because that allows us to keep the water and continue to have access to it, and that is what we want on behalf of our irrigators. We do not have a problem with licences; we do not have a problem with paying a reasonable cost. We are a bit disappointed that for no particular good reason it seems, the price to us has doubled, once there was a bit of noise made about it. However, we wear that because we see a bigger picture. We cannot delay the passage of new, modern water acts. It has been far too long. We need that legislation to go through. Let us wear the licensing fees for now but have a review from an independent body such as the ERA to look at those licence fees and make sure they are fair and reasonable. We will trust it as a good body to do that.

**The CHAIRMAN:** Is the imposition of fees premature?

**Mr Calder:** Not for us, no; we do not think so. The world of water is moving rapidly. We kept in touch with it because we made a point of doing so. Other people may not have and for them it may be coming out of the blue in a sense. If you are not aware that water is a very serious issue here, you are not paying attention. We must regulate water on behalf of society. It is the government's role to do that; that is fine. We are quite happy with that. It is being driven at the national level through the state, down to the local level. We do not have a problem with any of that.

**The CHAIRMAN:** Is there sufficient monitoring and measuring of pools of water to allow the government to regulate it?

**Mr Calder:** In our circumstances we measure everything. Everything we supply is measured.

**The CHAIRMAN:** In your case they are coming from specific sources so it is fairly easy to meter, it is it not?

**Mr Calder:** Absolutely. It is not cheap but it is easy to do.

**The CHAIRMAN:** That is obviously why, similar to what happens in your area, we are not getting a lot of submissions from places like Carnarvon.

**Mr Calder:** Yes, we are all organised the same way.

**The CHAIRMAN:** They have a pool of water metered and measured.

**Mr Calder:** Yes, and managed. It is disappointing perhaps that the Gngangara situation was allowed to evolve. It is a good example of what happens if you are not on top of it.

**The CHAIRMAN:** In relation to the changes in forestry etc down that way, obviously there has been the imposition of a lot of blue gum plantations. We have heard comments from other people on that. I understand that they are not areas that are currently measured or allocated unless they irrigate.

**Mr Calder:** Yes. That is an issue that is Australia wide and very important. They suck up a lot of water. It is rather like the regeneration of the land Alcoa has mined and regenerated. It is very proud of its regeneration, but it covers catchment areas for our dams. They create tremendous regeneration but it stops the flow of water over the land into our dams. We have had discussions with them about the consequence for us. They have done a job, but like everything, nothing exists in isolation; so many things are interlinked.

**The CHAIRMAN:** That is about usage of water, is it not?

[1.45 pm]

**Mr Calder:** Yes, absolutely. Trees use water, there is no doubt about it.

**The CHAIRMAN:** One of the things that was raised earlier with us was the difference between usage and storage. Do you see a difference there?

**Mr Calder:** Yes, that is the unbundling argument of the licences - the storage, the transfer and the use of water. We have had a look at that, and again, in our situation, we do not see that it applies particularly well. We understand what they are trying to achieve, but we do not see that, in our organisation, it is really relevant.

**The CHAIRMAN:** Perhaps if I took it from another direction. We talked about the difference between your irrigation area and the next one down, if you like, where, by and large, the users there are not taking water from a supply as you are, they are establishing storage and then using the water. Again, should there be a difference between those costings and those for just straight usage of water?

**Mr Calder:** Yes. We are not experts; this is an issue for the people we deal with in the east. You can see the logic of it; there are some good ideas with that because it makes it more flexible, which has to be a good thing. More people can access water and do different things with it. That frees up how water is used. I think that is a good idea. Beyond that, if you asked me about the cost of storage and whether there should be some benefit given for that, our view is that we pay the Water Corporation for storage, so I do not see that people who are self-storers need to benefit because they built the dam, or somebody who has a bore has to pay the cost of the bore. We have to pay the Water Corporation -

**The CHAIRMAN:** The argument could be that while they are storing that water, they are precluding use by somebody else, are they not?

**Mr Calder:** Everyone knows the classic saying "everyone lives downstream". You cannot exist in isolation.

**The CHAIRMAN:** Their choice would be to take water from somebody like you, or from the Department of Water, anyway.

**Mr Calder:** Not so easily because of the distances and so forth, but that is just a quirk of nature or the way things have been organised. Self-supply people are in climatic areas and valleys and areas that are suitable for what they do.

**The CHAIRMAN:** Your cooperative obviously makes either a profit, or at least runs at -

**Mr Calder:** It breaks even.

**The CHAIRMAN:** Is the true cost of water reflected in what people pay?

**Mr Calder:** Yes. Again, we do not buy water; no-one buys water, so the costs of storage and the Water Corporation charges, which we reflect transparently in their bills, and the costs of the dam safety program, which is umpteen squillion dollars. That is reflected transparently in their bills. It is the cost of delivering water to them, which is what our company does for them. That is the cost of administering the whole company, and that is reflected independently. Then you have an asset management charge. What does it cost? Under our licence -

**Mr A.J. SIMPSON:** Replace the asset.

**Mr Calder:** Yes, that is the management cost. We have to replace that and we have to keep that up to date. It is a requirement under our ERA licence to have that component, so that is all shown independently. We are the only ones in Australia to levy an R&D charge, because the government is not doing that anymore in irrigation. We take about \$1 per megalitre from irrigators.

**Mr A.J. SIMPSON:** How many customers do you have?

**Mr Calder:** 770.

**The CHAIRMAN:** Did you say that the government is no longer putting money into R&D?

**Mr Calder:** The ag department does not particularly have surface-irrigated agriculture.

**Mr A.J. SIMPSON:** Did you say 770 customers?

**Mr Calder:** I should be clear about that. There are 770 shareholders, but 580 irrigators, because some have multiple shareholdings. The ag department does not actually have many skills in irrigated agriculture. If we need research, we either work with them, so we leverage money from federal organisations and that sort of stuff, and get research done that is required for our irrigators themselves. We get something done, otherwise we would not have anything done at all.

**The CHAIRMAN:** Have you had any dealings with companies like Netafim?

**Mr Calder:** Yes, we are putting in a research program at the moment. We are comparing the efficiency of surface irrigation, centre pivot irrigation, or sprinkler irrigation, with subsurface irrigation, which is a product that Netafim are promoting.

**The CHAIRMAN:** I was totally amazed by what they are doing in the dry land areas in Israel.

**Mr Calder:** In Israel?

**The CHAIRMAN:** Their use of water is just amazing compared to our use of water. I think we have no idea about it.

**Mr Calder:** We have not begun. Compared to what the Israelis do with irrigation we have a lot of catching up to do.

**The CHAIRMAN:** The yields they are getting are enormous. Finally, in relation to that side of it - this comment was made to me by the Israeli professors who are dealing with the R&D in Israel - people are using water because they think that is the way to use water as opposed to developing markets for the resource that they have. It comes back to your comment about somebody paying \$4 000 a megalitre for water to be used in the city, as opposed to getting a return of \$500 if they are irrigating. Is there a role for government and the water department to look also at that side of the use of water?

**Mr Calder:** Yes. I am glad you asked that because Chris or any producer will tell you the same. They get very annoyed that producers have to always bear the licence costs. However, the structure of agriculture markets is such that you cannot pass those costs along. We are dominated by the Coles and the Woolies of the world. We are price takers all the time. If you add a lot of costs on, they cannot recoup those costs. The true users of water are the people who eat the food, but they do not pay for it.

**The CHAIRMAN:** The other countries and jurisdictions where that is not a problem have the appropriate legislation that supports anti-trust and unconscionable conduct. Unfortunately, we do not have that at a federal level, and neither do we have it at a state level, but that is a political issue.

**Mr Calder:** Yes. It is a political issue, but it is a very current one.

**The CHAIRMAN:** Absolutely. I agree with you

**Mr Calder:** The ACCC says dairy deregulation is a damn fine thing. The ACCC said it would be cheaper for the consumer, and it is not. It costs us more in Western Australia for milk than it did before, because when hard-headed business meets economic theory, business wins every time.

**The CHAIRMAN:** I had these arguments with the federal minister when I was Minister for Small Business many times. Unless you have barriers to unconscionable conduct and barriers to monopolies etc, you are always going to have this problem, unfortunately.

**Mr Calder:** Yes. It depends, again, on how you value your food production. People are going broke and they are leaving the industry. Where is that going to leave us in 10 or 20 years' time? It is a sort of strategic view that we must think about.

**The CHAIRMAN:** Your bucket of water is being used in such a way that, firstly, it is done cooperatively and, secondly, the model that you have set up suits the NWI and the direction that the water department is heading in?

**Mr Calder:** Yes, with the single proviso that the external trade by individuals is a major issue for us, which we will be fighting tooth and nail.

**The CHAIRMAN:** How do we get over, then, the management of that total consumptive pool? Does the NWI really work against that?

**Mr Calder:** No, because over east they have what is called "SWAMPs", statutory water management plans. That is what we are going to have here. That is what is being developed at the moment. The south west water management plan will be the first one, which will be within two years, and we will be part of that. It is at a pretty high level, but it should come down to more local levels as you go along.

**The CHAIRMAN:** Part of the criticism that is being aimed at the process, and in fact which led to the establishment of this committee, is that until you have established that SWAMP, it is no good putting crocodiles in there called fees and licensing. In other words, how can you charge fees and how can you regulate and license, if you do not know what it is that you are regulating and what you are planning for? Is that a legitimate criticism?

**Mr Calder:** Everyone has had licences for a very long time, and they are being administered. Whether you like it or not, there is a cost. You are going to pay for that cost either directly or through some government revenue raising, whatever it might be - the CSO, or whatever it is. But they are being done now, anyway. It is part of the NWI.

**The CHAIRMAN:** That is cost recovery.

**Mr Calder:** Full transparent cost recovery.

**The CHAIRMAN:** But have we yet got to the stage where we can actually say what is the cost that needs to be recovered?

**Mr Calder:** Water issues are evolving, and I do not think they are going to stop evolving for a very long time. I think you start and you judge as time goes on as you get better knowledge about it. There is enormous investment in water throughout Australia through interest, finance, intellect and all that sort of thing. These things will evolve. You are better off taking a process approach and starting with something and working it out, rather than trying to provide the answer at the beginning, because you do not know. You are better off starting with what you think is a fair thing. I think it has been derived, and we are prepared to accept that it has been derived. Okay, it is a

question for the Department of Water. However, then you may adjust as time goes on. So you get closer and closer to what is fair and reasonable.

**The CHAIRMAN:** I am not saying that it is or is not. We as a committee are trying to act as the devil's advocate in asking: have we yet got to the stage where we can say fairly to all the users, "Look, this is a fair charge; this is how it should be made up, and this is how it should administered"?

**Mr Calder:** Yes. As I said before, we believe that the costs were calculated fairly within the Department of Water. How it actually apportions them between those levels, I am not sure, but again it is a question for the Department of Water, if it is going to appear before you. However, I think you have to start somewhere. It is folly to think that we have the answers; we do not have the answers. It is going to evolve. Let us start with the best we have, and move along and not be frightened to change.

**The CHAIRMAN:** All right. They have applied a set of licence fees at the moment, which, essentially, is the same for you as it is for somebody in Carnarvon or somebody in Kununurra. In your case it seems you have a fairly well-developed management regime. You know roughly how much water you are going to be using, and pretty precisely how much it is going to cost. What about these other areas that have not yet got to that development stage? This is probably an unfair question to put to you because you can only really answer for your own area, but you will know where I am coming from. Is that a model that should be applied right across the state?

**Mr Calder:** Anybody who is genuinely in commercial agriculture and does not know what his water costs him is not a good businessman. You have to be a good businessman and you should know these costs. You should know how much water you are using; you should know how much it costs to extract or deliver it, or whatever it might be. That is part of the business. I think these kinds of things will push people in that direction. For example, people do not meter their water, or they have a licence and meter it and take twice as much as the licence allows. That is not managing water. That is not managing your business. We have to move in that direction much more stringently. I am pleased to see that we are.

**The CHAIRMAN:** I mentioned earlier some of those properties that are, I suppose lifestyle properties, rather than commercially-viable properties. Are you saying that it is a matter for them to develop their business case and accept that if they want to live like that, they are going to have to pay for it?

**Mr Calder:** Yes. Those people, generally, can afford to, except those living a way-out alternative lifestyle in the forest somewhere. However, it is not a problem for most people we have seen, at least in our area, who want the big house and all that sort of stuff. I think a genuine commercial farmer would be aware of his costs and of the value of water. You cannot grow anything without water, so it is the number one issue in your business. If you do not know enough about it to know what it is worth to you, you are not -

**The CHAIRMAN:** I suppose the concern for some of the smaller producers is that the imposition of additional costs, which they did not anticipate in the first case, are now making some of their operations less viable; in fact, in some cases, unviable.

**Mr Calder:** I do not know about that - 300 bucks? Information, that there was going to be a licence fee has been around for three to four years at least. We knew about it. All the representatives of the industry were there. You would assume it was their role to report back to the members, if you like, they represented around that table that this may be coming. If 300 bucks is going to break a business, you are kidding! It is tax deductible.

**Mr M.P. MURRAY:** The problem that we are having is the setting up of fees. It is about \$300, and you are saying, okay, at the moment you are paying \$350 000 a year for your licensing management structure. That works out at a bit over 300 bucks.

[2.00 pm]

**Mr Calder:** It basically costs an irrigator \$5 a megalitre.

**Mr M.P. MURRAY:** I was just going on per head of licence. With water the variations are quite different, so it is pretty hard to do that. One of the issues is equity. I do not have the hard evidence, but what I am hearing is that it is all right for the people down that end, because they are not actually paying it as such - the corporation is paying it to a degree - whereas other people are having to pay it out of their own pocket. That is where I am having a bit of trouble coming to grips with how you get that balance.

**Mr Calder:** The question that Bob asked was what we charge irrigators. The delivery cost that we charge irrigators to get the water to them covers all the operational costs of the company. The management of that licence fee is part of that total cost. So, each individual is actually paying that money; it is just not specifically identified. Each individual is paying their share according to the volume of water that they use. The money is coming from farmers and it is coming from irrigators, so they are contributing, even if it is not specifically and clearly identified. They do pay.

**The CHAIRMAN:** Do you as an individual agency do your own monitoring of quality and all that sort of stuff?

**Mr Calder:** The Water Corporation does most of that, so we get the information from them.

**The CHAIRMAN:** Do you pay the Water Corporation to do that?

**Mr Calder:** Yes.

**The CHAIRMAN:** So a fee is involved in that?

**Mr Calder:** Yes.

**The CHAIRMAN:** Your area is slightly different in that you have control of the whole movement of that parcel of water within your area, have you not?

**Mr Calder:** That is correct.

**The CHAIRMAN:** Whereas the ones further over in the other valleys do not have control; they have individual set-ups. However, there is no reason that the management of the overall consumptive pool could not be done as an integrated plan, is there? In fact, as I understand it, that is the direction in which the NWI is heading.

**Mr Calder:** Yes.

**The CHAIRMAN:** Even though the supply of water is different, in that they have their own supply, there is no reason that an integrated plan could not be put in place for the use of that overall pool of water in those areas, is there?

**Mr Calder:** No, and as you say, that is the direction in which the whole SWAMP is heading.

**The CHAIRMAN:** The licensing fees would then apply to that SWAMP that you are talking about?

**Mr Calder:** Yes, and beyond that, we are going to have water resource management fees. That is another issue altogether. It is about, okay, we are going to have these water management plans; but who is going to manage them and who is going to pay for them? That issue is probably three or four years out there, but that is part of what the NWI contemplates. One of the big questions that was raised during the consultation was that if you are going to have these water management plans, we want the money that is raised within that area, or within that valley catchment, to be spent in that catchment. You cannot just stick it in a bucket and spend it elsewhere. If we are going to pay for it, you have to spend it where we are. Those equity-type issues were very strong.

**The CHAIRMAN:** Or you can spread the fees for the overall management of the resource across the entire state, can you not?



**Mr Calder:** Yes, but again, the idea of the NWI is to focus more on catchments and transparency and equity and all those kinds of things rather than just have it hidden over here in government and them looking after it.

**The CHAIRMAN:** A part of that will always be there, will it not? There will always be a public interest issue.

**Mr Calder:** That is right.

**Mr M.P. MURRAY:** I have a question about allocation and measurements. It is my understanding that the Water Corporation has now dropped the majority of the gauging and measuring of the water that runs in. If that is the case, how is it ever going to work out what comes in and what goes out?

**Mr Calder:** Well, they measure what is in the dam continually.

**Mr M.P. MURRAY:** That is fine in your area, but let us go over to Preston. We have talked about blue gums and how much water they are soaking up. Years ago, there were all these water stops and water measurements.

**Mr Calder:** That is now done by the Department of Water. They used to do all that, but they stopped doing that quite some time ago, which is a great shame.

**Mr M.P. MURRAY:** How can we stop over-allocation if we do not know what is coming in?

**Mr Calder:** Well, you measure what is in the dam as it comes in, basically.

**The CHAIRMAN:** But that does not take into account -

**Mr Calder:** Stream flows and those sorts of things that you are talking about.

**The CHAIRMAN:** Yes.

**Mr M.P. MURRAY:** Yes. They were everywhere.

**Mr Calder:** They were, but I guess governments in times past thought that was a waste of money. If you ask them for information about that sort of stuff, they have rooms and rooms full of data, but they say they do not have the processing ability to deal with it. They have collected all this huge amount of information, but you cannot access it. It is like what I said about bores in Perth - what are you going to do with all the data?

**The CHAIRMAN:** But it would not be too difficult to estimate the amount of usage that was coming from bores in Perth.

**Mr Calder:** That is right.

**The CHAIRMAN:** But the cost of licensing those would be more than the benefits you would get back from it.

**Mr Calder:** Yes. I can remember when we used to have a licence to drive a bicycle, and when we used to have radio licences!

**The CHAIRMAN:** Exactly.

**Mr Calder:** So what is the point? We believe that sort of thing has just been let go. The whole division has just gone.

**Mr M.P. MURRAY:** We have talked about blue gums and the amount of water they soak up. That means that after that first initial flush, it now takes a few more weeks than it used to take before we get the runoff, because it is held up in the undergrowth.

**Mr Calder:** It really comes down to the density as much as anything else. If you go back and see the photos of the old jarrah forests, they were huge trees, but there was a lot of space between them. Now it is very, very dense, with a lot of understorey and small trees, so the run-off pattern is quite different, whereas in the old days there was a lot more space.

**The CHAIRMAN:** Again, it would not be difficult to estimate the water usage of those plantations.

**Mr Calder:** No.

**The CHAIRMAN:** If I can go back to the example that I used earlier, someone may want to plant 5 000 avocado trees, but the water group in that person's area has worked out that that will use X amount of water; therefore, that person's allocation is X amount of water. If that person's allocation is only enough to grow 4 000 avocado trees, that is all he can grow. It is not metered or anything. They make an estimate and say that is that person's part of the allocation.

**Mr Calder:** They are pretty smart about that sort of stuff these days.

**The CHAIRMAN:** That company that I mentioned, their business is to estimate how much water is being used for every agricultural process.

**Mr Calder:** Yes. In California, they are renowned for that. Let us say someone wants to grow pistachios, for example. They find the best grower of pistachios in the area, and he is using three megalitres of water per hectare a year, so they say, "That is the standard for everybody, and you have three years to get to that standard, otherwise we will take the water off you." Those are the sorts of approaches that are being taken elsewhere in the world.

**The CHAIRMAN:** In some areas in the south west, someone may have 200 hectares of land, and they may put in a huge dam because they have a lot of pretty ducks to swim on it, but that water is not being used. Although that is really a lifestyle issue, I have some difficulty coming to terms with people who say, "Well, I do not use the water; therefore, I should not have to pay for it."

**Mr Calder:** Yes. If you go back to the licensing process, you need to have a demonstrated reason to put in a dam. If you do not fulfil the conditions of your licence, you should not be able to do it. However, the other question is when someone says, "I have done it. What are you going to do now?" There are a couple of very big dams south of us that are just as you say. They are not being used for anything. They should not have the right to store that water, I would not have thought.

**The CHAIRMAN:** They have the right to store it, I suppose, but they should have to pay for it.

**Mr Calder:** Yes, pay for it.

**The CHAIRMAN:** If they choose not to use that water, so be it. If there is not a demand for that water down the track, there is no problem, but if there is a greater demand for it in another area, they should have the right to then say to you that you need to sell that water on.

**Mr Calder:** Yes. My understanding of the licensing process is that you need to demonstrate that you are going to use that water productively. You cannot just build a dam somewhere and not use the water.

**The CHAIRMAN:** But there a lot of properties where they already exist.

**Mr Calder:** That is right.

**The CHAIRMAN:** Obviously some people will buy a property and will say, "I do not want to grow anything on it. I just want to be here, and I like the big dam I have got."

**Mr Calder:** Yes, and bring the lawyers down on the weekends to go trout fishing - and politicians, too!

**Mr M.P. MURRAY:** We then get the opposite, where at Logue Brook people are not allowed to go trout fishing. What is the cost to the community of that? I am talking about returns into that community at this time of the year, which is huge for waterskiing and that sort of thing. As you have already said, that water will go straight onto lawns and that sort of thing, yet that community loses an income as well. It becomes very difficult to get a balance.

**Mr Calder:** Yes, it is, but again you have to come back to the Department of Health. It is their rules that say that you cannot use that water.

**The CHAIRMAN:** It is also a loss of amenity. I raised this issue when I was Minister for Tourism. There is a big whitewater rafting argument down there.

**Mr Calder:** Yes.

**Mr A.J. SIMPSON:** It is the same in Stirling with the world-renowned canoeing. That is no longer there.

**The CHAIRMAN:** They are hard questions.

**Mr A.J. SIMPSON:** Champion Lakes.

**The CHAIRMAN:** But who is going to pay for Champion Lakes? The argument that has been raised is that if you lose the amenity in one area, who should then pick up that public interest cost and amenity cost to establish that amenity in another area? Another issue that needs to be raised is whether that should be paid for by the water users -

**Mr A.J. SIMPSON:** Or by the recreational users, or whether it should come out of general revenue.

**The CHAIRMAN:** Yes. Those are very hard questions.

Thank you for your time. In relation to the formal side of it, thank you for your evidence to the committee today. A transcript of the hearing will be made available to you as soon as possible, mainly for the correction of minor errors. Please make any corrections that may be required and return the transcript within 10 days of receipt, if possible. If the transcript is not returned within that period, we will deem that everything you have said is correct.

**Mr Calder:** As I say to my directors, "If you do not answer, I conclude that the answer is yes."

**The CHAIRMAN:** Exactly! Thank you for your travelling up here. We would have loved to have gone to every place in the state where there is water, but we have only a short time. We hope to report by the end of February, but it is growing like topsy at the moment.

**Mr Calder:** You are welcome any time.

**Hearing concluded at 2.11 pm**