

*"Helping our irrigation industries to grow  
from Waroona to Dardanup."*



**HARVEY WATER**

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15 February 2010

**Inquiry into Water Resource Management Charges  
Economic Regulation Authority  
PO Box 8469  
Perth Business Centre  
PERTH WA 6849**

Dear Sir

Please find attached a few extra comments from Harvey Water on the draft review document which is progressing well.

Please contact Harvey Water if you would like more information.

Yours sincerely

**Geoff Calder  
GENERAL MANAGER**

Economic Regulation Authority 17 Feb 2010

## **ECONOMIC REGULATION AUTHORITY**

### **Inquiry into Water Resource Management & Planning Charges**

Draft Report 3 December 2009

#### **Comments by Harvey Water.**

Thank you for the further opportunity to comment on the WRM&PC inquiry.

Harvey Water is a strong supporter of progress towards new Water Acts in WA and recognises that charges of the sort discussed are an inevitable aspect of those Acts, not least because of NWI commitments.

As a preface to our remarks Harvey Water makes it clear that its overriding interest in this issue is to move the NWI compliance agenda along so that lack of compliance is not able to be used to create a barrier to funding for WA from Water for the Future. This approach relates directly to a NWI related funding opportunity Harvey Water is seeking to access for a major project in the Harvey Water Irrigation Area.

Harvey Water acknowledges the attention and response the ERA has given to our previously provided concerns about the concept of user pays and how we believe that it is currently inconsistent and unfair in that some licensees are capable and allowed to pass the extra costs along to the final consumer (see p 39 para 3) whereas others, such as irrigators, are not.

Harvey Water still does not agree with your responses but in the interests of moving this whole show along has decided to cop it sweet, for now. Not giving in, just moving along!

Harvey Water notes the comments in the ACCC "Water planning and management charge rules", final advice to the Minister report about the very wide variety of approaches to WRM and the recoupment of costs in the Murray Darling Basin states. It seems from this ERA Inquiry, that there is no intention to alter how things are done in WA to accommodate those concerns and perhaps seek some commonality and simplicity across Australia. In some senses regrettably, Harvey Water endorses the ERA approach. Is it intended that WA will participate in the voluntary reporting framework suggested in the ACCC advice?

#### **Recognising the contribution of Licence Holders**

As a consequence of seeking to be an irrigation water provider, Harvey Water is subject to the following requirements:

1. An Operating Licence from the ERA requiring an annual report.
2. Three Surface Water Licences from the DoW, one each for our Waroona, Harvey and Collie River Irrigation Districts.

3. Each one of these licences requires an approximately 24 page Operating Strategy covering about 40 different matters to be provided to DoW as a condition of the licence.
4. Each year an approximately 9 page report covering 24 separate issues with 110 separate pieces of data over a wide range is required for each licence. That is, 27 pages of reports with 330 pieces of data in total.
5. As Harvey Water is one of the 14 largest irrigation water licence holders in Australia the company is required to submit a publicly available annual report to the National Water Commission under the National Rural Performance Reporting program on water supply characteristics for each irrigation district. This requires Harvey Water to respond to a total of 436 questions requiring data on many matters plus supplementary comments when necessary.
6. Under the national Water Act 2007, Harvey Water is a "named" entity and is required by the legislation to provide a range of data on water use, trades and meteorological information to the Bureau of Meteorology.

This is quite a large amount of reporting and compliance, which Harvey Water undertakes willingly as the company recognises the need for good quality data and information to not only support our own desire to retain our access to water but to also contribute to the better understanding and management of water within Harvey Water itself and in WA and Australia.

Although the company hasn't spent time on estimating closely the cost of setting up measurement systems, collecting the data, analysing it and then reporting, our quick look suggests that it is well over \$300 000 depending on how it is costed.

So, there is no doubt that Harvey Water contributes substantially to water resource management by virtue of holding a water licence. It is hoped that this is well recognised by ERA and DoW and that further direct costs can be kept to a minimum.

#### Type of Charges

Harvey Water therefore considers that the DoW proposal to separately bill large users, such as Harvey Water, has great merit. The company has queried several times the rationale that a larger licensee requires a higher level of service and therefore cost from the DoW. As previously described, it is the company's belief that there is in fact a decreasing reliance on DoW's services, or alternately, an increasing transfer of functions and therefore costs, to large licensees compared to small ones. Harvey Water believes that the relationship which exists between the regulators and the company is such that negotiations to identify and agree on ongoing costs can be concluded satisfactorily.

A couple of queries that have occurred in reading the document are:

- The costs relating to applications for a licence. In the great majority of cases licences are already in existence so there would be little to be

gained from this in terms of cost recovery. Or, does DoW consider that a renewal of a licence in the current short time frame which applies constitute an application? If this were the case, longer licence periods would seem to be a fair thing. Harvey Water notes that drafts of the Water Services Act indicate that in future, licences will be issued in perpetuity, so in that case, fees for services in relation to licence maintenance (increases, adjustments, change in purpose and so forth) would possibly form only a small amount of income.

- When licences are issued in perpetuity, assuming the passage of the new Act, does this mean that there will be a cost associated with each existing license as it is issued and amended? Harvey Water understands that quite a lot of work is required to develop the water allocation and licensing framework in the new world of regional water management. It would be helpful if this Inquiry acknowledged and addressed that possibility so that current licensees were aware of the potential, perhaps one-off, costs.

In conclusion, Harvey Water believes that the progress which is being made in this Inquiry is good and that DoW should be assisted to identify its costs and KPIs expediently such that the whole matter can be resolved without further inordinate delay. We heartily endorse principle 1 g on page iii.