



Salitage Wines
PO Box 261
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23rd February 2010

Inquiry into Water Resource Management Charges
Economic Regulation Authority
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We are a self-supply water user in agriculture; our private investment in water infrastructure is in contrast to irrigation cooperatives which are subsidised by the public. The Draft Report of the Inquiry into Water Resource Management and Planning Charges (December 2009) has identified \$29.625 million of the annual budget of the Department of Water for cost recovery from water users. This amount for cost recovery is five times the \$5.8 million cost recovery sought by the Department of Water in 2007-2008, which was twice disallowed by State Parliament because the associated fee structure was irrational and unfair. The previous flawed attempt at cost recovery was particularly unfair to self-supply water users compared to irrigation cooperatives, water supply utilities and large users in the resources sector.

We are not going to be victims to recover costs for a bloated Department of Water with a budget of \$93.57 million and 601 FTE in 2009-10 that doesn't supply a drop of water to our business and generally disregards the views of self-supply water users. At the same time as these attempts to cost recover \$30 million for the Department of Water, the State and Commonwealth Governments are providing \$415 million in further public subsidies to the relatively unproductive Ord River irrigation scheme. These are absurd policy contradictions and we are not going to be victims of bad Government policy by being subject to harsh fees and charges because we provide our own water supply to conduct efficient agriculture.

We submit the following in relation to services relevant to self-supply water users:

1. Water is vital to all communities and most economic activity in WA. The State Government should fund water resource management and planning from the consolidated fund derived from State and Commonwealth taxes we pay. Specific charges imposed on water licence holders for 'water resource management' (including planning) are opposed. Any attempt to apply water resource management and planning charges is likely to be fundamentally flawed because of diversity between water resource regions, uses and users in WA. There is no simplistic revenue raising 'formula' for water resource management charges that can be applied rationally and equitably across all water resources and use regions. The State Government should stop wasting taxpayer funds on consultants in pursuit of formula for water resource management charges.
2. Where an allocation of or entitlement to water is sought, an 'Application Assessment Fee' could be required which reflects the complexity of Department of Water assessment for the particular dam or bore and water resource; with the applicant to receive a quote for assessment related to hours of service and fee per hour, and be able to appeal to a senior officer of the Department if the quote is unacceptable. The cost incurred by the Department of Water for assessment of an application for an allocation (new licence) must not be spread across existing water licence holders by inflating the 'Water Licence Fee' for administration of a licensing database. Such cross-subsidy was the fundamental flaw in the previous water licence fees twice disallowed by State Parliament.
3. Upon allocation of water, a 'Water Licence Fee' could be required which reflects cost recovery of administration of a licensing database. The licence holder could opt to pay either annually or 10 years in advance (analogous to a drivers licence). The Drivers licence fee is an established benchmark for administration of a licensing database and is either \$36.60 annually or \$116 for five years in advance. A 'Water Licence Fee' at a higher cost than a Drivers licence fee is opposed.

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4. A 'Licence Renewal Fee' at end of licence duration (usually 10 years) could be required; this would represent the 'Water Licence Fee' (analogous to the renewal of a Drivers licence). If a relevant Water Allocation Plan identified a particular water resource was over-allocated because of diminished resource, a reassessment could be required and be subject to the same transparent fee process as an initial application.
5. An 'Arbitration Fee'; in the rare event a dispute arises between water users, the water users could seek conciliation and arbitration services of the Department of Water and the Department apply a reasonable charge to recover officer's time for conciliation and arbitration.

Yours sincerely

John and Jennifer Horgan.

Owners: Salitage Wines, Pemberton..WA.