



POTATO GROWERS ASSOCIATION OF WA (INC)

17th December 2010

Inquiry Into Water Resource Management and Planning charges
Economic Regulation Authority
PO Box 8469
Perth Business Centre
Perth WA 6849

Dear Sir/Madam,

Both vegetablesWA and the Potato Growers Association of WA, being the peak industry bodies for all the vegetable and potato growers in Western Australia, will take the opportunity to submit a submission relating to the second draft report inquiry into Water Resource Management and planning charges.

The general community in Western Australia are relying on the growers in this state to provide a sustainable supply of fresh and safe vegetables and potatoes for their health and wellbeing. Water is not only a vital ingredient in guaranteeing supply; it is also the grower's livelihood.

Your second draft report if implemented by the state government would seriously contribute to undermining the viability of the growers businesses. Not only does the draft report discriminate against the growers, it strongly adopts a philosophy of "user pays and cost recovery" at all costs, regardless of the negative consequences inflicted on the vegetable growers in Western Australia.

Discrimination

Four years ago when our industry commenced negotiating with the state government on the proposed legislation relating to Water Resource Management and planning charges, bore owners in the metropolitan area were estimated to number 120,000. Now in 2010 bore owners are estimated to be 177,000 using 120GL or more at no cost.

Agriculturalists and hobby farmers when grazing livestock pay nothing. One of our potato growers has 1200 cows using 19 in stream and overland dams at no cost. As soon as he plants his potato crop using one dam the Department is all over him with charges and meter readings etc etc.

Fees and Charges

vegetablesWA and Potato Growers Association of WA are not opposed to reasonable and justified fees and charges relating to a particular service. However, the draft report has blatantly indulged itself when proposing unrealistic fees and charges, i.e.

Meter reading - \$935.00 per annum

Why would you change and propose the Department of Water read the meters when, in three or four regional areas, in WA growers are already reading their water meters at no cost. Growers are also reading all their electricity meters that drive the water pumps at no cost. Instead of creating a cost recovery figure, our industry has always invited the department to work with us to achieve the best practices. In this case a far more efficient cost effective process would be for the growers to read the meters and the department have auditing powers.

ABN 17 106 523 538

103 Outram Street West Perth Western Australia 6005

+81 8 9461 0834 +61 8 9461 0024

Water Licence Fees

From the beginning, the horticulture industries in Western Australia have been totally opposed to "Water resource management and planning charges" being incorporated into water licence fees. We strongly believe water resource management and planning benefits the state and communities as a whole. Therefore the state government should fund these activities from Commonwealth and state government taxes.

Our industry is also of the view that, application assessment fees should be related to the complexity of each individual application, providing the work of the Department of Water is in fact efficient cost effective and transparent.

Horticultural industries have always believed water licence fees should only relate to the actual cost of licence fees administration and maintenance of the database. The main reason for the success of the disallowance motion in the parliament that prevented the legislation from passing was the severity of the fees and charges around \$5.6 million. This time the draft report has identified \$29.2 million of the annual budget of the department of water for cost recovery from water users.

Our industry believes that water licence fees should be around \$40.00 per annum not \$1670 per annum proposed by the draft report, and renewal fees of a similar amount for what would normally be a rubber stamping process rather than \$1056 as proposed.

Regional Advisory Committee

This is a vital part of resource management that needs to be explored for the many benefits it will bring to, cost effective decisions making, efficiency and local knowledge. The horticultural industry has continually pleaded with the Department of Water to recognise the potential of these committees to bring the Department's hydrological technology and general knowledge and blend it with the local water users practical knowledge, for outcomes that will accommodate all the stakeholders views i.e.: The Warren Donnelly water advisory committee appointed by the department of water is a committee that has made a significant contribution working with the Department on local water issues since it was established around 1963.

The challenge for the horticulture industry is to try and change the culture of the Department of Water from one of, "talking to stakeholders but not really listening" to one, that is really trying to work with the stakeholders i.e.:

It is currently estimated that if the draft report charges are adopted then the annual water resource management charges in the Manjimup and Pemberton area could be more than \$700,000.00, based on 90% of the 484 licences being subjected to a \$1670 water licence charge. The Department of Water is also proposing to licence run off head water and spring fed dams, so that could increase the annual cost to over \$1 million. Some of the local members of the Warren Donnelly water advisory committee plus other stakeholders involved believe the \$1 million could be reduced to around \$50,000.00 by empowering the committee to lift up their responsibilities while working with and for the Department of Water.

This gives you a clear indication that working with the water users and stakeholders can produce significant savings and efficiency gains for all of our stakeholders. If only the Department of Water will try?

Capacity to Pay

Our vegetable industry was disappointed to find the second draft report had not addressed the subject of capacity to pay, particularly when it was in the first terms of reference regarding this inquiry.

Vegetable growers are price takers.

That is, in the vast majority of vegetable sales, growers cannot pass on general costs or individual costs, to wholesalers or retailers.

Therefore over the past three years input costs are having a devastating effect on the growers sustainable viability. I.e. Electricity up 44% in the past two years and more to come. Labour up 18%. Chemicals, fertiliser etc and now water.

If the government supports the supply of fresh and safe vegetables for the communities' health and wellbeing then the government must give consideration to the vegetable growers in this state. Otherwise, the clear picture emerging now, that is, grower's vegetable producing businesses will become unviable in 5 to 10 years if these costs continue. As a result this will create fresh and safe vegetable food insecurity in this state.

Jim Turley

Executive officer
vegetablesWA and Potato Growers Association of WA