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Department of Water and Environmental Regulation

By Email: fees@dwer.wa.gov.au

Submission: Discussion Paper on cost recovery for the Department of Water and Environmental Regulation

Thank you for the opportunity to comment on this important document. We will restrict our submission to water only in the Swan Valley region.

We represent a large number of grape growers in the Swan Valley. This submission has been endorsed by the committee of 10 and the full membership has been notified. As a result very few individuals will be doing submissions but rely on this submission. Accordingly this submission must carry a substantial loading and not be counted as a single submission.

We are disappointed to again be confronted with a proposal to charge for services provided by DWER. Water is a state asset and must be managed by government for the good of all and therefore any costs must be shared by all.

The DWER has the responsibility to (page 14): “manage all water resources”, “ensure water is used sustainably”, and “water resources themselves are protected from degradation”. A part of cost fee for these services would be reasonable should these responsibilities be met. This is however not the case and no fee should be payable until the responsibilities are met in full.

Explanation:

- 1)** In the Swan Valley we are on the edge of the Gnangara Mound (GM) and suffer the effects of the failure of DWER to meet its responsibilities. We have for decades had continual decline in water levels particularly in the Leederville and rising salt levels mostly in the superficial. Your own monitoring has recently shown 50% of minimum superficial water

levels (Ministerial Conditions) were exceeded. We believe the DWER has been subjected to interference by government to ensure Water Corporation has sufficient water from the GM to avoid water restrictions. This was evident with the recent “emergency allocation” of around 14 million KI to Water Corporation. This water is in excess of recharge and should not have been taken.

- 2) The GM sustainability study is now years overdue and the only indication we have had of a probable outcome is that our allocations will be reduced. This study and a new allocation plan have priority over cost recovery.
- 3) The North East corridor water supply proposal by DWER using treated water to recharge the Leederville has merit but has stalled and the workshop proposed last March has not eventuated. This proposal would give us an opportunity to top up allocations due to seasonal conditions or allocation reduction by DWER.
- 4) Domestic bores will pay no cost recovery. It is unreasonable to expect commercial farmers to pay for services that others get for free.
- 5) Illegal (unallocated) taking of water is common. This compliance issue is poorly managed by DWER. There are a large number of illegal users in this region. They are mostly small at say 5,000 to 10,000KI per year and are mostly hobby framers. This group will pay no fees and must now be challenged by DWER before we are asked to pay any fee.
- 6) Any service for fee must be done in a timely and efficient way. Currently 5C licences are taking at least six months to issue when we have been told there is water available for allocation. Water trading which must be approved by DWER is taking at least three months to approve. This slow service provision must change and a maximum time for provision of service guaranteed. A two week turnaround is suggested as a maximum time for response by DWER.

WE DO NOT SUPPORT ANY COST RECOVERY FOR DWER SERVICES UNTIL THE DWER MEETS ITS RESPONSIBILITIES.

Cost to run DWER.

We are shocked to see that the DWER assessed in 2016/17 2,705 applications which cost an average of \$5,399.00. We cannot understand why the cost of these assessments are so high. The methods of assessment and the costs need an explanation which is absent in the document. The cost assumes all applications need a full assessment and we consider that there must be many applications that do not require a full assessment and will therefore be at a lower cost.

THE DWER MUST ADDRESS ITS PROCESSES AND ACHIEVE A GREATER EFFICIENCY BEFORE PASSING ON COSTS IN FULL OR PART TO USERS OF ITS SERVICES.

The cost base proposed:

The costs shown in Table 5 for mining and public water supply must be at 100%. A charge above this would be a tax.

In the Swan Valley we are all in the High Risk category and therefore high cost. We are only in this category because the GM has been very poorly managed by successive governments. We must not pay high fees because of poor management of the GM.

The costs are averaged for each service with no adjustment for allocation volume or degree of assessment needed. In the Swan Valley there are very few farmers with an allocation over 50,000Kl. Any assessment will be both more rigorous and complicated for high volume allocations and the fee must represent this.

- 1) New 5C licence assessment fee: As there is now no water available for allocation in the Swan Valley (fully allocated) then this fee does not apply. Alternatively if water is reallocated in this 100% use area then there will be little assessment needed as no additional water will be taken. The fee for reallocation of taken or returned water must represent the true cost of assessment and be a much smaller fee than the average.
- 2) Renew existing 5C licence assessment fee: We assume this fee will only apply when an assessment is needed. However you have not given a fee for renewal without assessment. Do you intend to do an assessment of all licences at renewal? The fee at 100% cost recovery for us would be \$6,668.00 which represents \$666.80 per year. This is a huge cost for small volume users and must be scaled to compensate.
- 3) Trades, transfers or agreement application fee: The proposal to continue this service at \$200 is appreciated. However every trade will require two licences (5C) to be amended. At full cost this is \$7,345 per amendment. We also must pay Stamp duty on trades and this fee to government must be accounted as part of any fee to DWER. Licence amendments needed as part of the trade process must be charged at a substantial discount. The fee proposed would make small volume trades in the Swan Valley unviable.
- 4) Amend 5C licence assessment fee: We almost all have very small allocations and changes (eg trade) are usually also small and will require little or no assessment and the fee must represent this. The average fee must be discounted for the volume of the change.
- 5) Construct or alter a well assessment fee. These fees are acceptable. The DWER staff have access to a huge data base and are able to offer valuable advice. We expect to continue to use this resource.

Cost recovery summary:

We find the fees as outlined in Table 5 are vastly excessive in a fully allocated region where most users have small allocations. Large users must bear a higher cost that better reflects the higher assessment level required.

Swan Valley Planning Act:

The recent review of the Swan Valley Planning Act by John Kobelke will result in a new Act for the Swan Valley. This will apply many restrictions and leave the Swan Valley farmers “prisoners of the tourism industry” on behalf of the state government. The proposals in the report will reduce in real terms the value of both our land and tradable water right making it not viable to move away from the valley and therefore expand. We are stuck here and another impost on us by government this time DWER is unwelcome.

Over time water allocation in the Swan Valley will be returned to the DWER as a result of it being returned or taken by DWER. This water must be reallocated only to horticulture with viticulture having priority. This is supported by the Kobelke review and must be implemented by DWER.

Submission summary:

- 1) The paper gives no explanation of the need for assessments or where assessments will not be needed.
- 2) The paper has no information on assessment methods or the costing of components. Without this information we cannot understand the costs.
- 3) No cost recovery is appropriate until DWER increase their efficiency.
- 4) No cost recovery is appropriate in the Swan Valley until DWER manage the Gngangara Mound and show a steady improvement in water levels and a reduction in salt levels.
- 5) We almost all hold small allocations in the Swan Valley and applying average fee costs is not appropriate. Any fees must be scaled to represent the cost to DWER which will be lower here where limited assessments are needed.
- 6) No cost recovery is appropriate until DWER issue 5C licences and trade approvals in a much shorter time.
- 7) All trades (\$200 fee plus Stamp Duty) to include 5C amendment at little or no cost.
- 8) Domestic bores are free of fees as are small to medium semi commercial unlicensed hobby farm users of which there are many. The government must meet the costs of managing these groups and improve compliance considerably.
- 9) We accept the need for some cost recovery and a small annual fee on all users scaled for volume allocated should be the only fee applied. Annual fee increases must not exceed the rate of inflation for WA.

Thank you for the opportunity to comment on the discussion paper. For further information or a meeting please contact me.

Kevin Peterson

CC by email:

Rita Saffioti, Minister for Planning

Dave Kelly, Minister for Water

Swan Valley Wine Makers Association