

22 November 2015

Cost recovery responses

Department of Water and Environmental Regulation

via email: fees@dwer.wa.gov.au

Cost recovery discussion paper

Dear Sirs,

Irrigation Australia Limited WA region (IAL) appreciates the opportunity to contribute to the discussion surrounding cost recovery for the Department of Water and Environmental Regulation.

IAL has circulated the information provided for review, and publicised the public forums held by DWER to encourage community discussion of the matter. IAL has offered its members the opportunity to provide input into a unified response from Irrigation Australia to the questions raised in the discussion paper.

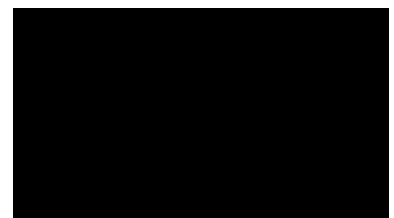
IAL member feedback only addressed the Water aspect of the discussion paper – no feedback was received in relation to the proposed fees relating to clearing of native vegetation.

This response is provided below:

- Do you consider it reasonable for taxpayers to pay 100 per cent of the cost of assessing water licence and permit applications and if so, why?

IAL members understand that DWER is the West Australian Government department responsible for managing and regulating the state's environment and water resources. The consensus of IAL member feedback is that taxpayers should pay the cost of managing the water resource, but licensed users should pay the cost of the licensing process where they choose to construct and use facilities which involve taking of water for economic gain or for 'community benefit' (eg schools, parks and gardens, hospitals, public water supply, etc.).

A comment was made that, since taxpayers have effectively funded not only the management of water but also the licensing process to date, there should be some significant improvement in service delivery if additional funds are raised through a cost recovery process, and are thus available to support the licensing process.



- If water licence and permit assessment fees were introduced, what do you consider to be an appropriate fee for a water licence or permit application?

The majority of IAL member feedback expressed belief that fees for water licensing should certainly be no more than the cost of the actual licensing process.

- Would you consider a risk-based model for determining water licence and permit application fees to be appropriate? If not, what basis could the department use to structure fees?

Small license holders were concerned that their licenses would cost the same as licenses for very large users if they were assessed as the same level of risk, and some comments suggested from smaller licence holders suggested a volumetric basis for licence fees would be appropriate.

Medium and large licence holders were more strongly in favour of ensuring the licence fee was based on the cost of assessing the application – and against the fee being volumetrically based.

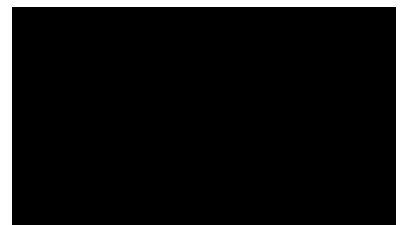
Given the items against which a licence application must be assessed, and that only the actual cost of processing the application will be charged, a risk-based approach is agreed to be the fairest. However the risk matrix definitely requires review.

One example of concern provided to IAL was that in the current format a small landowner licence for say 15,000kLpa (used for irrigating pasture on a 4Ha property) and a large licence holder such as Water Corporation, in the high risk (over-allocated) area of Gnamptara, would be charged the same fee. That fee might appear small for Water Corporation, but could be considered oppressive for a small landowner or grower.

- What would be the likely impact on your business or industry if water licence and permit fees were introduced?

Water is an essential ingredient of many IAL grower members operations, and the cost of sourcing and distributing that water is a key cost of doing business. Licence fees, if introduced, will simply be an additional cost of doing business. Growers are typically “price takers” who have no opportunity to increase the prices they are paid for their produce. The only ability to cover cost increases is to achieve efficiencies in other areas, or to grow more and introduce economies of scale.

Increasing charges through licence fees will mean the end of viable operations for some smaller, marginal businesses, and be yet another driver for increased efficiencies or reduced margins in larger businesses.



- If water licence and permit assessment fees were introduced, how could the collection of fees be timed to better support your business or industry? For example, would you benefit from paying fees up front, at the end of a licence assessment or annualised over the term of the licence?

IAL member feedback was almost unanimous that

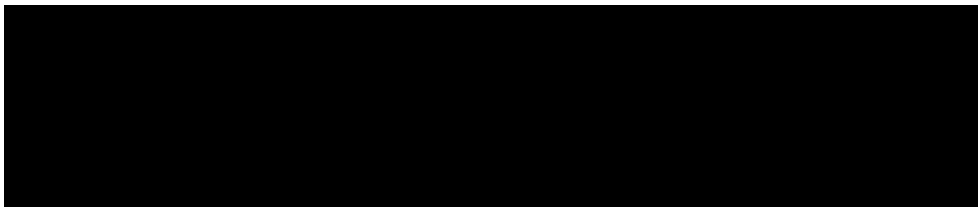
- a) 26D licence fees should be very small, were one-off, and should be charged as such.
- b) 5C licenses were ongoing, and were likely to be larger due to the requirement for more detailed assessment. These charge for these licenses should be spread over the period of the licence.

We trust this feedback will be of assistance when considering whether fees will be charged, and if so, then what the size and basis of those fees will eventually be.

Should you have any queries, please do not hesitate to contact Clinton Hort (IALWA Regional Chair) on mobile 0418 925 710, or Andrew Ogden (IALWA Regional Secretary and IAL National President) on mobile 0411 750 770.

Yours sincerely,

Irrigation Australia Limited (WA Region)



Clinton Hort (IALWA Chair)

Andrew Ogden (IALWA Secretary)

