

Discussion Paper on Cost Recovery for the Dept of Water and Environmental Regulation.

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Sector;

Water Licensing and Permits

5. Q. Do you consider it reasonable for taxpayers to pay 100% of the cost of assessing water licence and permit applications and if so why?

Answer; Yes.

Since 2006, two desalination plants at a cost of \$1.787 Billion, have been installed in WA to supplement Perth's water supply, and another is being considered at Alkimos with an estimated capital cost of \$1Billion.

Were the taxpayers who are farmers and the rural communities exempt from paying for this huge capital expenditure? No.

Farmers/ Pastoralists have not only spent hundreds of thousands of dollars supplying the infrastructure to provide their own domestic and commercial water supplies without any aid from Government, but now the State Government wants to tax (even though this proposal is called a "cost recovery") them for the privilege.

Primary agricultural producers are in general, already under enormous financial pressure with incomes falling and production costs increasing.

Fluctuations in weather and commodity prices are already a serious annual challenge without adding to the financial burden with another tax.

Coupled with this is the fact that the primary agricultural producers have little chance to pass these additional costs on to the consumer. The downward price pressures on primary agricultural produce by large retailers is immense and the destruction of the dairy industry is a current example.

6. Q If water licence and permit assessment fees were introduced, what do you consider would be an appropriate fee for a water licence or permit application?

Answer; Zero – for the above reasons, but if a local administration fee was to be charged – around \$1000 per licence period of 10 years and only for a dam/bore/soak where the water permit allocation is pumped from.

7. 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?

Answer; Depends on the size of the fee.

Risk to the water system and the volume of the application should be important considerations, as is consumption as a percentage of permit allocation.

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

Answer; My cost of production of grapes and cattle would increase dramatically given the mooted \$5535 fee per dam per licence area. My current water licence over 85Ha on two locations in Cowaramup covers 12 soaks, shallow historical stock water holes and dams. This could equate to around \$66,420 per licensing period under the proposal. Current income from the property averages around \$30000 per annum.

9. Q. If water license and permit assessment 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 period or annualised over the term of the licence.

Answer; Annualised over the term of the licence.

Additional comments not addressed in the questions above.

In its opening page of this discussion the Dept of Water and Environmental Regulation states that “contemporary regulation recognises the principle of user pays. Currently the cost of assessing applications for native vegetation clearing permits and water licenses/ permits is primarily born by the taxpayer not the applicants who derive the benefit.”

Government attitudes continue to be blatantly city-centric

I would like to inform the department that I am already one of those taxpayers it refers to who pays a lot of tax so I don't wish to pay a second time to fund water infrastructure and services.

I would also remind them that the **benefits** of primary agricultural production and environmental responsibility are shared by all and fundamentally essential to our standard of living. Just as we share the enormous capital expenditure of Perth's desalination plants so should we share the cost of water licensing/permitting for agricultural production.

I would also re-iterate I am opposed to fees on the basis of cost recovery principle given that cost control is not a forte of Govt bureaucracy.

Nor am I convinced that the increased revenue from licensing and permit fees will result in increased services and efficiencies.

The questionnaire apart from the first question is based on a fait accompli assuming tacit acceptance of these proposals, which I disagree with but have added my comments to be heard.

The suggested fee of around \$5535 /dam (in my case) for a renewal is extortionate for what essentially should be a rubber stamp. I draw water under licence from one dam. Why should I be charged for 12?

Simply dividing the cost of the Departments bureaucracy by the number of permits cannot be justified on any economic terms.

I can only view this proposal as a politically expedient revenue raising exercise foisted on the farming and rural communities.

Max Montgomery. 20/10/18