



*Ratepayers & Residents Association Inc.*



22 October 2018

Department of Water and Environmental Regulation ("DWER")  
Locked Bag 33  
Cloisters Square  
Perth WA 6850

**Cost Recovery for the Department of Water and Environmental Regulation:  
Submission on behalf of the Swan Valley Ratepayers and Residents Association**

Thank you for the opportunity to provide this submission.

This submission is limited to the implications for sub surface water users within the Swan Valley.

The Swan Valley Ratepayers and Residents Association ("SVRRA") represents a broad cross section of Swan Valley ratepayers and residents and provides this submission on the basis of being as representative as possible across this diverse group of land owners and sub surface water users.

Our reference point for this submission is the DWER document: Cost Recovery for the Department of Water and Environmental Regulation – August 2018 ("Document")

**Specific Response**

Wherein it has implications to the Swan Valley the Document requests feedback on a number of specific questions relating to Water licence and permit fees.

**1. 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?**

The SVRRA recognises the desire by Government for cost recovery where possible.

We note that on page 16 of the Document the average number of licences assessed across the 2016 and 2017 financial years was 2,739 at an average cost of \$5,510.

Even accounting for the cost of infrastructure and support staff this is a very high cost and it is unreasonable to expect landowners to pay for full recovery in what in many cases are simple renewals of their 5C licence.

The Swan Valley for example is well understood in terms of aquifers and this level of knowledge by the DWER should be reflected in any cost recovery as clearly, the

amount of time needed to assess such an application will be considerably lower than in less well understood regions.

At the same time the cost recovery should reflect the complexity of the application with new licences being much more complex to assess than for example simple renewals.

Summary: The SVRRA recognises the requirement for government instrumentalities to cost recover but any cost recovery must be commercially acceptable and not be a simple blanket approach. In this situation it is not reasonable to expect a 100% cost recovery and we do not support this proposal based on the average cost presented in the Document.

**2. 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 simple answer is as low as possible and if a fee is introduced then it should cover all sub surface water users including domestic bores within the Swan Valley.

A reasonable fee (again recognising the Government's desire for some cost recovery) is \$50 per annum for domestic bores, \$100 per annum for existing bores and renewals and alterations and a one-off fee of \$1,000 for new 5C licences. For allocations above 50,000KL a second scale of charges could be introduced.

**3. 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?**

Table 4 of the Document is reasonable however whilst we acknowledge that the Water Resources in the Swan Valley are considered fully allocated by the DWER we dispute this on the basis if just viticulture, horticulture, equestrian and other primary production is considered.

We consequently would this consider the se of this table unfair if all applications for water use in the Swan Valley for the above industries were considered high risk.

A risk based model reflecting the complexity of the licence and permit application is reasonable providing it is capped and the Swan Valley applications are not considered high risk.

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

Within the Swan Valley the main business and industry users of sub surface waters are the viticulture, horticulture and equestrian primary producers.

Any additional cost impositions on these users will obviously impact on the economics of the business.

This will be through the negative impact the additional costs will have on the returns available from the capital investment made and the level of funds available for re-investment.

As small business is a critical part of the Swan Valley the trickle-down effect into other businesses could be significant.

The DWER also should be mindful of the capital that these businesses have been required to expend in order to source the sub surface water. Surficial bores for example cost in the region of \$30-\$60K to drill and equip whilst the deeper bores into the Leederville cost between \$90K and \$120K.

This cost does not include the sustaining capital required to be expended across the bore life to maintain efficient operation.

Business and Industry in the Swan Valley have expended significant capital on their bores and any additional cost impositions through water licence fees will have a significant negative impact unless such fees are kept to a minimum.

- 5. 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?**

If fees are introduced they should be annualised to allow better control of cash flows.

### **Other comments**

Critical to this licencing review is the longer term future for water use and allocation within the Swan Valley.

The use of sub surface water within the Swan Valley is a critical aspect of the majority of primary producers and security over their water allocation is in turn critical for the longevity of their business.

### **A. Water Allocation within the Swan Valley**

The Swan Valley is currently assessed as being fully allocated with regards water resources.

The SVRRA however regards this assessment as dated based on the high level of alternate land use within the Swan Valley compared with even 10 years ago and consequently the reduced levels of water that should be required for business or even hobby farm use.

We note many properties that are no longer under cultivation or maintaining livestock still maintain their original water allocation.

We recommend that before any across the board reduction in water allocations and imposition of water meters that the DWER undertake a review of all licences with the Swan Valley to ascertain which licences can be reduced to reflect current land use.

### **B. Water Licence Trading**

We also note that level of water trading that occurs for Swan Valley bore licences. Whilst we recognise the occasional requirement for the transfer of bore licences between the same property owner the sale of licences to third parties only leads to distortion in the proper allocation of water resources.

We believe a better outcome would be that water licences that are no longer required should be cut to reflect the proper allocation required for the undertaking on the property with the balance returned to a specific pool managed by the DWER.

Property owners then requiring water licences or increased allocations could then apply to the DWER for this additional water allocation.

We recommend that water licences can only be transferred between related parties and all water licences no longer required or part thereof revert to a water pool specific to the Swan Valley for re-allocation.

### **C. Compulsory across the board cuts to water allocations and implementation of water meters**

We understand that the DWER is well down the path of implementing both compulsory metering for all bores greater than 10,000KL and a cut of 10-20% across the water allocations within the Swan Valley.



*Ratepayers & Residents Association Inc.*

Both of these events will be significantly negative for genuine water users in the Swan Valley and counter-productive for the proper use of the water resources.

Not only will it add an additional and unnecessary cost imposition onto land owners it will encourage the waste of water. This is because many land owners will choose to run their bores at full allocation on an annual basis to ensure no further cuts in allocation.

A much more sensible outcome would be to instead review all non-business and primary producer water allocations and revert excess water to the pool discussed in point B.

We recommend that the proposed across the board reduction in water allocations and metering of bores above 10,000KI not be implemented and a full review of all bore licences within the Swan Valley be undertaken.

Yours faithfully

Howard Dawson  
Swan Valley Ratepayers and Residents Association

[Redacted signature]