



## **“Cost of Recovery” Discussion Paper as produced by Department of Water and Environmental Regulation**

The WA Turf Industry, being the Turf Growers Association WA and the Sports Turf Association (WA) have developed this submission in response to the “Cost of Recovery” discussion paper produced by the Department of Water and Environmental Regulation. This submission reflects the WA Turf Industry’s position. The WA Turf industry comprises of turf production, the turf maintenance sector, sports turf and golf. The wider turf industry in employs over 12,500 people and is worth approximately \$1,500 million.

### **The WA Turf Industry’s position**

The WA Turf industry is opposed to the introduction of cost recovery for water licenses as specified in the DWER discussion paper, given the potential for inequities within. However, there is a general acceptance that cost of recovery expenses are inevitable and to be honest required to ensure water security for the future. Serious consideration by our industry for the discussion paper has been taken prior to developing this submission.

We note that as per the discussion paper and information sessions, introduction of water licensing fees does not take into consideration the following:

- **INEQUITY** in water licencing fees. It is apparent from the discussion paper and recent information session that there is no consideration for the scaling for water licencing fees or consideration for total water allocation per entity. Our industry proposes that this aspect be revisited as a priority.

### **Industry Examples:**

**Turf Grower A** has 30 hectares of turf. He is situated in a previous market gardening area, in the metropolitan area. Whilst he has 30 hectares in total of turf, he has responsibility for seven water licences as he leases land from the state government, and private land owners that previously ran small market gardens. In the current scenario he would be responsible for the maintenance of seven separate licences and bores under one allocation. The next-door neighbour also a horticulturist using ground water, has 30 hectares under production with only one water licence and a larger allocation. Turf Grower A is already financially constrained with the costs to monitor and maintain seven different water licences (bores) and the required monitoring. The average cost being about \$4,200.00 per annum. His neighbour with a higher allocation will pay much less in total with the introduction of the new fee structure. Is this fair?

**Turf Grower B** has a total five hectares of turf under production, located in a water sensitive area. He has two water licences, his own and one from a property he leases next door and is unsure of whether he has two allocations or one. He has already the costs of monitoring his bores due to the proximity of wetlands. This includes the initial costs for monitoring bores (\$4,000 per bore) x 4, annual commercial hydrology surveying and reporting, annual water quality testing and annual reporting to DWER. He has installed his own metres and monitors these himself providing reports to DWER, often without response. His current costs per annum exceed \$4,000. His neighbour across the road is not classified as being in a water sensitive area, is a vegetable producer on 15 hectares with one water (bore) licence and a far greater water allocation. If as the discussion paper and information sessions indications are correct, this means that Turf Grower B might pay up to \$1200.00 per annum for less water allocation than his neighbour, who also does not have the added costs of intense monitoring water quality, and who would pay \$600.00 per annum.

#### **Example of agreement below**

*Agreement is subject to the following terms, conditions and restrictions:*

*The agreement holder shall not use water for the irrigation of lawns and gardens between 9am and 6pm except for the establishment of newly planted areas. For newly planted areas water may be used within these hours for a period of up to 28 consecutive days, commencing from the date of planting. 2 Between 1 June and 31 August in any year, the agreement holder must not water a lawn, garden or grass-covered area ("turf") by reticulation, provided always that this restriction shall not apply to watering with a hand held hose; or watering, by way of reticulation: newly planted areas for a period of up to 28 days from the date of planting; for renovating turf; or for maintenance of reticulation systems' 3 That the Agreement Holder shall install and maintain a cumulative water meter of a type approved by the Department of Water. 4 The meter(s) must be installed in accordance with the provisions of the document entitled "Guidelines for Water Meter Installation 2009" by 11 May 2013. 5 The annual water year for water taken under this agreement is defined as 12:00pm at 1 July to 12:00pm at 1 July twelve months later.*

*6 That the Agreement Holder shall record the volume of groundwater drawn monthly and forward the information to the Department of Water by 14 July each year.*

*7 That the combined total draw under this licence and groundwater licence number GWL161931 shall not exceed 90500 kilolitres per annum.*

*End of terms, conditions and restrictions*

*This Agreement is issued subject to the Rights in Water and Irrigation Regulations 2000.*

*This Licence is subject to the following terms, conditions and restrictions: 1 That should the licensee's draw adversely affect the aquifer or other users in the area, the Department of water may reduce the amount that may be drawn' 2 Approval by the Department of Water is to be obtained prior to the construction of additional and replacement wells and the modification or refurbishment of existing wells' 3 That the licensee shall measure the water rest levels and water salinity from the production and monitoring bores' every twelve months and forward the results*

*to the Department of Water by 30th June each year. + That the licensee shall have the water from each bore analysed for total nitrogen, total phosphorous, pH, electrical conductivity and total dissolved solids every twelve months and forward the results to the Department of water by 30th June every year. 5 The licensee must not, in any water year, take more water than the annual water entitlement specified in this licence'*

**Turf Grower C** has a total of 50 hectares of turf in production in the Bullsbrook region. He has very stringent water quality monitoring requirements, which inhibit him from using the same fertilisers as his competitors. He has seven monitoring bores for which he was responsible for the costs of installing and maintaining. His total annual costs for water testing, commercial hydrology surveys and reporting, responding to nutrient flushes etc have been on average \$20,000.00 to \$25,000.00 per annum and could be as high as \$40,000.00 per annum. He has installed his own metres and monitors these himself providing reports to DWER, mostly without response. He has one water licence and allocation. **Turf Grower D** has 100 hectares of turf a bit further up the road with one licence and a far greater allocation. It's likely that both would pay the same amount per annum, but Turf Grower C has other water related incumbent costs that disadvantage profit margin, which is already slim.

**Turf Grower F** has 30 hectares under production on the outskirts of Mandurah. He has water five water licences under one allocation. The neighbouring property is owned by Alcoa who has an enormous overall water allocation and an unidentified number of water licences. If we have understood the discussions at the information forums correctly, effectively that small turf farmer could be paying a similar amount as the multi-national entity.

- **ECONOMIC DOWNTURN** in horticultural industries. In WA Turf sales have decreased significantly over the past ten years whilst prices have stayed the same, this is due to smaller block sizes, larger housing footprint, increased hardscaping and water savings messaging from government. Sports Turf and Golf Course managers are combatting significant cost cutting and minimisation. Whilst they are not financially responsible for water licencing, they are responsible for the allocation usage for community benefit, and expenditure on products and technology that results in better water management and usage is scrutinised and is often in the frontline for cutbacks. Costs for both sectors have increased significantly.

There has been no evident consideration for those who manage water, who may have to compromise their turf management and water usage, for community, due to incumbent costs that may arise as result of proposed water licencing fees.

- **DWER SERVICE LACKING FOR A PERIOD OF TIME**  
Applicants and licensees have a right to expect value for service. The service currently received by the turf production and maintenance sectors is often inconsistent or does not happen, obviously due to lack of resourcing. This is a matter that successive governments must own, having made significant cuts in departments that require resourcing to achieve outcomes and to assess received monitoring reporting and applications and renewals. Should a fee be

introduced for service, there must be a guarantee or incentive for efficiency, there is no use introducing a process that cannot be managed appropriately or effectively.

Amenity horticultural industries such as turf, undertake a massive amount of water quality monitoring, testing, hydrological surveying and reporting. The costs for which are borne by individual license holders. Generally, this self-reporting is submitted appropriately and in a timely manner usually without acknowledgement of receipt of content within.

As well, when a water license is being sought or transferred it would be ethically wrong to charge an excessive fee for a service when the applicant undertakes a large share of the work in the licensing process. To quote Vegetables WA "Water licensees and applicants expend substantial resources in the form of money, time and expertise to undertake the investigations of water resources and land suitability with the prospect of obtaining a license. This often requires the employment of consultants to undertake detailed studies and interpret data. This information and service is NOT provided by DWER. However, the new knowledge created by the applicant and licensee adds to the State's understanding of the resource. The department provides very limited value-add to the applicant in this process. The provision of sound hydrogeological work by the applicant offsets the cost of the Department in managing the resource and should be rewarded."

- **BENEFITS OF TURF FOR URBAN LIVEABILITY**

The multitude of health and wellbeing, social, environmental and economic benefits of natural turf as asset in the landscape for community, must be noted as essential to urban liveability. With climate change, increasing heat island effect, ever decreasing natural green space areas, higher urban populations, smaller housing blocks and larger homes, and increasing hardscaping in our cities, the value of natural turf to community must be acknowledged in the costing process for fees proposed. If water licencing fees are too high, Local Government Authorities, schools, botanical and zoological gardens and private parks and recreation areas may make decisions that are not for the good of community due to financial constraint. (The roll-on effect would then run through to turf producers who are already finding it difficult to sustain economically.)

## **RESPONSE TO QUESTIONS IN DISCUSSION PAPER**

**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 WA Turf Industry notes that there are simply some responsibilities that must be borne by the state. Water supply for the benefit of the state and community, being one of them. It is our opinion that water licensing undertaken to provide water supply in regional or rural areas, or for community benefit, by rights should be borne by the state. However, to specify that 100% of the cost for assessing water licenses and permits for profit is a different matter. It is fair to assume that if businesses can make a reasonable profit from a water license or permit to clear, then it is fair and reasonable that cost be borne by the applicant.

**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?**

For retail production, our industry would support annual fees that are scaled to reflect individual water allocations. We would support a minimum starting fee of say \$200.00 for those with smaller allocation and lot holdings, after which we feel that a very fair fee would be \$1.00 per thousand kilolitres (megalitre) of water allocation, which would see medium sized turf farm pay around \$600.00 per annum, and larger growers upwards to \$1800.00 per farm per annum. These fees would need to be annualised to be viable, capped for the term of the licence being, ten years, and perhaps capped at the higher end also at say \$2000.00 per annum. For commercial (non-retail) licences that service turf and gardens for community betterment, such as within the Local government sector, private and public schools, botanical gardens, golf courses and sports fields etc, our industry believes that the minimum should be \$200 with a cap of \$600 per annum per allocation, given the duty to manage an asset for community.

**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?**

Our industry would support a risk-based model for determining water license and permit applications in conjunction with it reflecting total allocation if the process is transparent and reasonable. DWER must ensure that quality resources are in place to manage risk -based assessment for the above-mentioned applications and permits. Without a doubt, it is fair that high risk or sensitive water and conservation areas be protected and well managed for future generations. However, there must be a guarantee that the if risk-based assessment is to be in place that the DWER is responsible and fair in developing appropriate fees. The fee should be reflective of the delicacy of risk, for protection of precious resource and conservation areas, conditional upon application and intended use. It should reflect reasonable costs to encourage proper monitoring and management of water allocation appropriate to the risk. The basis on which fees could be structured should as suggested above, be determined by the degree of risk to the environment and water supply for future generations, countered by the use for public good or requirement. Put simply, water as an essential resource for life, should be assessed according to the risk of taking said water, responsibly balanced against the need for that water supply for public purpose. We would not pretend to specify what figure could be allocated to managing this. There should not be any exclusions regarding this. Everyone in a risk area should adhere to this.

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

If fees are guaranteed long term to be reasonable, equitable and scaled correctly, an annual fee of say \$600.00 should have minimal impact (to ensure water security and longevity). If the fees were to spiral upwards or were not fair and equitable and correctly scaled according to kilolitres of allocation, there would be significant impact on our industry which is already suffering financially, being constrained by a decrease in turf sales of up to 60% over recent years and a significant rise in turf maintenance expenditure over the same period. (Both turf production and maintenance).

Please remember that our industry takes management of water allocation very seriously. For those in our industry with larger water allocation the cost per year to monitor quality, maintain and undertake hydrological surveys and reporting is already upwards of \$10,000.00 per annum. For those with smaller allocations on small lots the cost is about \$3,500.00 - \$4,000.00 per annum.

Additionally, there are producers and those in the maintenance sector who have licence conditions that require much higher monitoring (see example above **Turf Grower B**) whereby they must install monitoring bores and provide much more intense reporting.

All the above needs to be considered in developing a fair and equitable fee structure that ensures entitlement and water security at the same time.

**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?**

Annualised fees would be supported. A lump sum, ten-year fee would not be supported.

## CONCLUSION

The introduction of charges will have an impact on the WA Turf Industry most certainly, however if managed fairly, to be equitable, transparent and with good intent, the financial implications would be manageable.

Our industry wishes to reiterate that the for the State government and DWER, the focus should be on honest, ethical and transparent management of water supply and regulation of conservation areas, for obvious environmental reasons and for the benefit of community and future generations, so that we have liveable cities and communities and responsible community use of water to achieve this.

The WA Turf Industry wishes to endorse as very sensible, the following, as developed by Vegetables WA for the wider food production and horticultural industries;

- The establishment of an independent management committee for effectively managing the transparency around rate of charges to be applied and how funds are to be used. An independent chair and directors would sit on the committee with a Department representative as the Executive Officer.
- The key functions of the committee would be to provide arm's length oversight of the fee for service process and to ensure that:
  - The funds generated from the cost recovery scheme are just, fit for purpose and are used to improve outcomes for growers through better data collation and research.
  - Key Performance Indicators are established and implemented to ensure licensing is as efficient as possible with the Department accountable for agreed performance targets and compensation for delays provided to growers if they fail to be met.

- An improved customer focus is developed and improved technical knowledge and scientific understanding by department staff results.
- Fees result in greater security to growers and the maintenance sector, through the improvement in the Department's knowledge and data.
- Hydrogeological and groundwater reports funded by growers and the maintenance sector, that accompany their applications are made available to the public given privacy considerations.
- Charges are staged over the period of a license for financial reasons.
- The fee structure needs to be clear, transparent and equitable for applicants. The risk-based approach provides a basis but further analysis of equity of small and large stakeholders will be required.

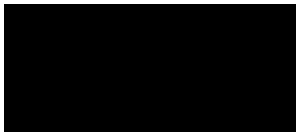
Thank you for the opportunity to comment on the discussion paper from the WA Turf Industry Perspective.

Yours Sincerely



Darren Kirkwood

Chairperson, Turf Growers Association of Western Australia



Anthony Guy

President, Sports Turf Association (WA)