

Division 24: Water and Rivers Commission, \$67 441 000 -

Mrs D.J. Guise, Chairman,

Mr J.C. Kobelke, Minister for Water Resources.

Mr P. Parolo, Manager, Finance and Administration.

Mr B.J. O'Neil, Director, Corporate Services.

Mr R. Hammond, Director, Water Resources Use.

Mr J.M. Loney, Director, Policy and Planning, Department of Water.

Mr J. Ruprecht, Director, Water Resource Management.

The CHAIRMAN: Member for Wagin.

Mr T.K. WALDRON: On page 456, the third line item in the table headed "Details of Controlled Grants and Subsidies" is rural water grants. If I am reading this correctly, the figure has decreased from \$7.492 million in 2006-07 to \$2.5 million in the 2007-08 estimate. Can the minister give a reason for that decrease; has an amount been pre-allocated to cater for grants under the farm water grants scheme; and is there scope to increase that amount if the demand is there? It is quite a drop, and I am wondering what the reason for that drop is, what the amount is and whether there is scope to increase it.

Mr J.C. KOBELKE: Just as an opening comment, we substantially increased the money for the rural water grants. We brought it on because of the very dry winter. However, Mr Loney can provide more details of those figures.

Mr J.M. Loney: The estimated actual expenditure for the year about to finish is \$2.275 million, as the member can see, but it is best to refer that to the actual expenditure of the previous year, which was \$800 000. Therefore, in actual fact, we spent almost three times as much as we spent in the previous year. The budget is considerably higher, but each year we have a considerable carry through. Therefore, the actual expenditure, as I say, has increased by \$1.5 million. I think the second part of the member's question was whether funds are available. The answer is yes, because we have carried forward some funds. In fact, we have made the criteria much more relaxed in terms of the contribution that the farmers or the recipients have to make. It used to be 50-50; it is now 70-30, and the government pays 70 per cent. Therefore, we deliberately carried forward some funds in anticipation of greater expenditure in the forthcoming years.

Mr J.C. KOBELKE: In addition to that, we also freed up the conditions when there had been a prior grant, or a family member had had a prior grant, so it was a bit easier for people to come back for another grant.

Mr T.K. WALDRON: I would like some clarification. I did not quite hear what the minister's adviser said in the first part of his answer about the previous budget.

Mr J.C. KOBELKE: If the member looks at the 2005-06 actual, he will see that the expenditure was \$828 000. That was indicative of the take-up in previous years. Because of the drought, this year we put in more money to free up the actual conditions, so more people could get a grant. More applications have been coming through, so in this year we expect the expenditure to be \$2.275 million, which is nearly three times what it has been in previous years.

Mr T.K. WALDRON: The actual is a lot lower in 2006-07 than what was budgeted for, however, is it not?

Mr J.C. KOBELKE: No, I do not think so.

Mr T.K. WALDRON: It is \$2.275 million. I might be misreading it.

Mr J.C. KOBELKE: I will ask Mr O'Neil to answer that.

Mr B.J. O'Neil: Under the rural water grants system, people apply for grants, and they are paid in instalments, often over what may be two or three years. The \$7 million contains a quantum of about \$4.5 million, which is the money that has been set aside to pay grants each year. Each year, if we do not pay out those grants, we roll them on to the next year. Therefore, within that \$7.492 million, there is \$4.5 million of carryover. Our estimate is that we will probably carry over another \$4 million next year, because the farmers have not done those things.

Mr T.K. WALDRON: That is what I am trying to understand.

Mr J.H.D. DAY: The minister would be well aware of the debate and discussion about the water licensing proposals. Some primary producers and other landholders are concerned that they may be required to pay an annual fee, in some cases of up to \$2 000 or \$3 000 if they are larger users. What has been put to us, as I understand it, and also to the minister, is that the major effort involved in the whole assessment process really

occurs upfront - in other words, when the application is made - as opposed to on a recurrent basis over future years. It has been suggested that a flat application fee, or perhaps one set on a volumetric basis, would be more appropriate than an annual fee. Is the minister prepared to consider that?

Mr J.C. KOBELKE: In a moment I will ask Mr Hammond to address that particular issue. It is not true that all the assessment takes place upfront and there is no ongoing work. There are two different areas on which I have been approached and at which we are having another look. One of those areas is domestic users. Those people are generally not licensed. In a couple of areas, because of issues relating particularly to groundwater, a proposal has been put that those people should be licensed and pay an ongoing fee. However, because those people are very small users, I am looking to see how we can adapt that proposal for them, because they really are a special category. As a general rule, bores into unconfined aquifers are not licensed. However, in a couple of specific areas - Albany and Exmouth - they are licensed.

Mr J.H.D. DAY: What does the minister mean by "very small users"?

Mr J.C. KOBELKE: That is up to 1 000 kilolitres a year. It is really just for domestic purposes. They might be hobby farmers, or have horses or something like that. They are not into irrigation or major uses.

Mr J.H.D. DAY: Is the minister suggesting that those people might not need to pay a fee?

Mr J.C. KOBELKE: No. I am suggesting that we need to reconfigure the arrangement for them, if we can. The other group of users who are not happy are the people who have surface catchment, particularly around the Manjimup area. Their concern is that they will have to pay a fairly large fee, because they are actually taking out a licence based on the volume in their dam, rather than the volume that they are drawing. The approach has always been that the licence relates to the draw, not the volume captured in a dam. We need to work through with those people how we can best look after their interests. Let us not lose sight of the big issue. The big issue is to provide greater certainty for these people. That is fundamental to the NWI, which also requires that we should capture the cost of providing the licensing that provides the certainty for people. If we do not do that, the competition for water in some areas will pit one person against another. That issue of competition means also that there are ongoing monitoring, compliance and dispute resolution issues. Mr Hammond is far more conversant on that than I and may be able to comment on that. The proposition that has been put is that people should pay a licence fee upfront, and because that is the only cost that is involved to the department, there should not be any ongoing costs.

Mr J.H.D. DAY: I was not suggesting that that is the only cost.

Mr J.C. KOBELKE: No, but that is the argument they are putting to me, and the member has said they are also putting that to him. I accept that.

Mr J.H.D. DAY: It is also argued that it is core government business to manage a database and all that sort of thing, and that is what has been done in the past.

Mr J.C. KOBELKE: I am suggesting that it is not just a database. That is why I would appreciate it if Mr Hammond would explain a bit of the work that is involved and that relates to the cost of licensing.

[9.20 pm]

Mr R. Hammond: The cost of licensing has a variety of parts. There is the straight-out licensing, which starts with the piece of paper that most people get. However, there is also a significant support network behind that, such as databases and things like that. That is followed by regular surveillance of properties to ensure that people are using their licence as they are supposed to do. It also includes tribunal appearances, dispute resolutions and so on; there is a significant range of activities. There is no doubt that the initial licence entails the greatest amount of staff time and costs, which is what the member suggested. However, if the fee were based on the initial work, it would be a very large initial fee and the ongoing maintenance cost would not be fair and reasonable. The fee has been based on sharing a reasonable load to develop the administration of licensing. The fee is for administration only; it does not include backyard bores in Perth that are not licensed or farm dams in the wheatbelt that are not licensed, nor is it intended to.

Mr J.H.D. DAY: Is there any intention to increase the total number of geographical areas of the state that are proclaimed as protected water sources?

Mr J.C. KOBELKE: There is no upfront intention. However, the member is well aware that we intend to rollout statutory water plans across the state. When we go through that process, there will be very thorough consultation with local stakeholders and the actual criteria or requirements of the plans will then be determined. Some of those plans will set clear criteria for metering and all the consequences that go with that.

Mr J.H.D. DAY: Does that include licensing where it does not apply at the moment?

Mr J.C. KOBELKE: That is open. As a part of that plan, local people might want an extension of licensing.

Mr J.H.D. DAY: I have a further question. I will give an example, which the minister may have answered to some extent. I had a call from one of the smaller users. I will refer to the user generically. The call was from a lady in the Wanneroo area, the member for Wanneroo may be interested to know. The lady made the point that her family are on a two-acre property and do not have access to scheme water. They have been licensed since 1970 and therefore rely on a bore. They obviously had to establish the bore and they maintain it and pay the electricity costs. They have never had to pay anything in the past for water and now face having to pay a \$200 application fee and an annual fee after that. That is a specific example of someone who is not very happy about the changes that are proposed for her place. She made the point that other people with backyard bores in more urbanised parts of the metropolitan area will not be charged a fee.

Mr J.C. KOBELKE: There is a range of criteria and that is when it gets confusing, but generally if it is simply a residential property it will not require a licence.

Mr J.H.D. DAY: It is in the proclaimed area, I gather, around Wanneroo.

Mr J.C. KOBELKE: And there is a draw there for drinking water etc.

Mr J.H.D. DAY: Yes, and she received a notice saying that she will be charged the fee.

Mr J.C. KOBELKE: That is the group that I am looking at - those who have a bore for truly residential use.

Mr A.P. O'GORMAN: I refer to the fourth dot point on page 439, which states -

Improved planning and management of drainage in coastal, urban and rural areas remains vital to achieving sound water resources management and protection of the environment.

Is the department actually monitoring the run-off into sumps and lakes, particularly in the northern suburbs, to see what is actually going into the groundwater?

Mr J.C. KOBELKE: I am sorry; is that the dot point about coastal and rural areas?

Mr A.P. O'GORMAN: No, it is the one on improved planning and management of drainage.

Mr J.C. KOBELKE: Yes.

Mr A.P. O'GORMAN: I want to know whether the department is monitoring the quality of water that goes into drains and lakes. Is the monitoring of the quality of water and the contents of the water or just the amount of flow?

Mr J.C. KOBELKE: There is a range of issues there and I will pass the question to Mr Ruprecht in a moment. This is something that was handed to the Department of Water from its formation. We really wanted a whole-of-water cycle, and drainage must be part of that. Drainage is a key area for which the Department of Water has responsibility, but there are many different aspects to drainage. Coastal drainage in some areas relates to the environment. There might be very important wetlands such as around Vasse and Wonnerup where some very good work has been done. Urban drainage is very important when we build on residential blocks. A lot of the land that is now expected for development is low lying and there are major drainage issues associated with it. That also relates to potential acid sulfate soil shifts. There is a range of drainage issues in rural areas, particularly issues related to salinity. We recently established a group headed by Hendy Cowan that will try to give us some principles and guidelines on how to handle deep drains. It is a very wide area. As to the member's question about water quality, Mr Ruprecht would be better able to take that up.

Mr J. Ruprecht: The Department of Water is working in partnership with other agencies such as the Department of Environment and Conservation and the Swan River Trust to monitor water quality, particularly as it leads from drains into the Swan and Canning Rivers. For example, we put a temporary gauging station on the Forrestdale main drain as it goes into the Southern River, with the intent to make that a permanent gauging station, monitoring the water quality and quantity from that area. We also have a major initiative on the monitoring of some significant wetlands, particularly north of Perth in Gnangara, looking at the hydrogeology, interaction of water levels and water quality and some of the historic issues as well.

Mr J.H.D. DAY: I know that members are keen to get onto the Department of Sport and Recreation so I will keep my question brief. This division refers to an assessment of the Gnangara water mound, or words to that effect. Can the minister give us an overview of the current health of the Gnangara water mound?

Mr J.C. KOBELKE: Mr Hammond is the hydrogeologist so he is the expert in that area. I will ask him to try to answer that question. It is a very broad-ranging question. Many studies have been done. Mr Hammond will attempt to answer that question in a short space of time.

Mr J.H.D. DAY: Just briefly, I understand that there is a substantial degree of pressure on what is an essential water source for the south west part of the state. I would like a little up-to-date information on the state and health of the mound.

Mr R. Hammond: In August two years ago we produced a state of the Gngangara mound report, which for the first time accurately modelled an agreed position of how the mound worked and described the relationship between pines, banksia woodlands, urbanisation, Water Corporation abstractions and private abstractions. The summary of that indicated that the total capacity in the mound had declined by 500 gigalitres. Yes, the mound has reduced in volume.

Mr J.H.D. DAY: Over how long?

Mr R. Hammond: Over the past 20 years. It sounds like a big number but the mound's capacity is huge compared to that so it is not of great consequence. There are issues in specific areas. For example, some wetlands have to be maintained by either us or the Water Corporation pumping water into the mound or caves. We have carried out some activities to try to manage that. The mound is still gaining its recharge but like last year, when we had the lowest rainfall year ever, it had significantly less water in it than we would normally expect. The pines have clearly been thinned slower than was originally intended and banksia woodlands were expected to be burnt regularly but have not been burnt as much. A lot less water is getting into the mound as a result of those actions. When we consider those significant changes, the mound is in a reasonable state. We are in the process of producing a sustainability strategy for the Gngangara mound. That will be produced in two years. The government has given us \$7.5 million to produce that strategy. We are also producing a statutory management plan for the Gngangara mound. We got some WaterSmart money from Canberra to do that. That will also be produced in about two years. We are advancing significantly on our understanding of the Gngangara mound and producing plans and documents to ensure its long-term future.

[9.30 pm]

Mrs J. HUGHES: I refer to the lakes in the northern corridor and to the monitoring of the water and drainage that runs into those lakes. Given that the lakes abut industrial areas, will the minister advise whether the department monitors run-off from the industrial areas into Lake Goollelal? The minister mentioned the Gngangara, but Gngangara Lake is pretty much empty, apart from one small puddle. However, Lake Goollelal has some water in it. Is the department taking care of it? I think it is the only lake that has water.

Mr J.C. KOBELKE: I am told that 30 lakes are being monitored. If the member would like to list specific lakes, we can provide that information by way of supplementary information.

Mrs J. HUGHES: The two lakes are Lake Goollelal, which is in my electorate, and Lake Joondalup, which is becoming drier and drier every year. We could play football out there at the moment. It always appears to be under a great deal of stress. Hence, I was very surprised about the comment that the mound was not under pressure. Many horticulturalists in that area are dropping their bores deeper and deeper to keep up with the drop in the mound. I am very interested in what was said, because it appears that the mound is under a great deal of pressure.

Mr J.C. KOBELKE: Clearly we have experienced fluctuations in the past. On top of that, we have a drying climate, so there are two factors to consider. We also know that many lakes are considered as lakes even though they were not lakes before urbanisation. I am not referring so much to the lakes in the north, because urbanisation has not reached that far.

Mrs J. HUGHES: I am talking about actual lakes.

Mr J.C. KOBELKE: They can still be seasonal. The fact that they have dropped is partly seasonal, but there are bigger trend factors on top of that. That is likely to happen regardless of the draw in some areas. The data has shown that the fall in some areas does not relate to extraction; rather, it relates to our drying climate. By way of supplementary information, we will provide the member with information about what monitoring, if any, is taking place on water flowing into the Goollelal and Joondalup Lakes.

[*Supplementary Information No A61.*]

The CHAIRMAN: I advise the minister that I will be placing a question on notice about the remaining wetlands in my electorate.

The appropriation was recommended.