

PROPOSED WATER RESOURCE MANAGEMENT CHARGES

Motion

Resumed from 14 May, on the following motion moved by Mr P.D. Omodei -

That this House -

- (a) condemns this State Labor Government for the proposed introduction of annual licence administration fees for farm dams;
- (b) calls on the State Government to acknowledge the huge capital injection that farmers have contributed for water conservation in Western Australia; and
- (c) accepts that the overall management of water conservation in Western Australia is the responsibility of the State and should be funded by the consolidated fund.

MR P.D. OMODEI (Warren-Blackwood) [4.01 pm]: The last time we debated this issue I had just commenced my remarks. I said that the Government had indicated that it would not support the motion.

I add that since I moved the motion a couple of weeks ago I have had significant feedback on this matter from right across the State and interstate. The issue of private property rights and water rights is becoming more and more prominent by the day. Farmers acknowledge that they have contributed huge amounts of their own capital by way of cash injections for water conservation. I gave an example during the debate of a dam possibly containing 50 000-plus cubic metres costing a farmer at least \$100 000. I say that because the tax incentives for water conservation are only 30 per cent in the first year, 30 per cent in the second year and so on until depreciation is completed. In the example of a dam costing \$100 000, the farmer will receive a tax deduction of only \$33 000 in the first year. In the meantime, he must pay tax on the rest of the capital of \$70 000. If he is paying tax at 30c in the dollar, which most good farmers who manage their businesses properly can achieve, then the farmer pays about \$23 000 on that \$70 000. The cost to the farmer, therefore, is invariably up around the \$100 000 mark. In addition to that, if it is a dam for irrigation it is not unusual for a farmer to have to own at least \$500 000 worth of infrastructure to deliver that water on to his property and so on.

However, the principle of my argument is that there is no doubt that a move is afoot by the Government - the Water and Rivers Commission in particular - to introduce, firstly, a licence fee for dams; secondly, an administration charge; and, thirdly, a charge for water usage to be levied on farmers who have provided their own infrastructure, when all they have done is capture a portion of the rain that falls on their land to grow their crops.

I do not need to tell the Parliament about the positive multipliers that occur as a result of the production of horticultural and agricultural products; they are indisputable. Farmers certainly help the economy of the State in a number of ways, not only in the consumption and export of food but also in the employment of a large number of people around the State. This motion is, therefore, of fundamental importance. In the lower south west in particular there are large areas of horticultural production. When I say large areas I mean large areas in hectares, but it is a very small proportion compared with overall state-owned land. For example, the Shire of Manjimup is 7 000 square kilometres of which only 14.8 per cent is rateable and 10 per cent is cleared - about 110 000 hectares in total. From the north of Manjimup at the Bridgetown border down to Windy Harbour, east to Lake Muir and west to the Nannup border a very small percentage of the land mass is cleared and suitable for agriculture. In these areas there is what is known as a proclaimed catchment. At the moment it is the Warren-Lefroy-Donnelly catchment and it is managed by the Water and Rivers Commission under the Warren-Lefroy-Donnelly advisory committee. That catchment has been self-managed by the community and the Government through the Water and Rivers Commission for more than 30 years. There has been licensing of dams in that area for more than 30 years. If the Government wants to expand the overall management of that area and make it more stringent, surely the model that has existed and worked very well for the past 30 years should be adopted. If the Government wants to add to that, it could apply a nominal fee to the licence and have the local water advisory committee use local laws to administer the system, as it has done for many years, and the powers of the local laws could be strengthened. On that basis that committee could manage the area, as has been done successfully for all those years. The Government could add the power to have an outside audit by a body that is independent of the advisory committee and that committee, if necessary, could be used as a model for other advisory committees across the State.

However, I understand that the Government proposes to introduce not only a licence fee but also an administration charge based on the volume of water in each of the dams, and a water usage charge. Currently the Water and Rivers Commission claims that it costs \$30 million to manage the resource in Western Australia and that in a user-pays situation the current level of contribution by water users would need to be increased from zero to virtually \$3.5 million, and it would grow in some way - members can imagine how - to \$30 million, and

that would be matched by the State. Of course, the State, through the Water Corporation, is one of the major users of water in Western Australia, particularly in the south west. I believe that 16 or 17 surface dams provide water for the metropolitan area, the country areas water supply and Kalgoorlie. That water supply is augmented to about 45 per cent by ground water from many surface aquifers, such as those at Yarragadee, Lancelin and Leederville as well as a number of others. At the same time there are about 800 000 backyard bores in Western Australia.

Members can understand the concern of farmers in rural Western Australia who can see that the Government will impose a charge on them for something that they have managed well and without any major disputes. For example, if you, Madam Acting Speaker (Ms K. Hodson-Thomas), wanted to buy a property in the south west and build a dam, you would apply to the local committee, your dam would be designed by an engineer and it would be referred to the Department of Environmental Protection and other bodies for their advice, depending on the location of the site and whether it is a catchment dam away from a permanent creek or at a permanent stream. The matter would then come back to the committee for a decision. The committee is chaired by a bureaucrat and has support staff from the Water and Rivers Commission. The system works very well.

Concern has been raised about indiscriminate action by farmers building dams, but I can tell you, Madam Acting Speaker, that that just will not happen. For a start, no farmer will build a \$100 000 dam if he has no use for the water. In most cases, farmers have built good dams to supply the water for their crops that are grown on a rotational basis and they will not overcrop their property. Horticultural produce usually requires a three or four-year crop rotation, which allows the land to be rested. The soil restores itself and then it becomes available for the next crop. If a farmer overcrops, soil compaction and over-fertilisation can occur and he loses the asset because it produces less, diseases become more prolific and so on. The farmer has to manage his asset very carefully otherwise in the end he will suffer significantly financially. If a farmer has adequate water for crop rotation on his property, it is unlikely that he will increase his number of dams based on the cost and the availability of water. At the same time, the system that is in place operates in such a way that farmers downstream are not cut off by farmers above. A rule of thumb allows a farmer to catch up to 50 per cent of the water that falls on his property. That then allows a flow downstream that is managed. That percentage may change over time and that is something for the Water and Rivers Commission and the community to agree upon and manage. However, there is a perceived threat that the Government will impose on farmers a huge extra impost. There is no doubt in my mind that someone in government has given an instruction to the Water and Rivers Commission to explore how it can recoup some of the funds that are currently spent on water management, and how consumers, who do not pay anything currently, can contribute an amount up to \$30 million, which will then be matched by \$30 million from government. The member for Murray-Wellington can imagine the bureaucracy that would exist in rural Western Australia with bureaucrats roaming all over farming properties and making a general nuisance of themselves.

In the past year or so I have noted with interest the Toyota four-wheel-drive advertisement in which a young university graduate is trying to open the gate to a property to inspect the dams. If he cannot open the gate, how much does he know about dams? However, the young graduate is collecting information and this type of activity is the beginning of the case that will be put to the community that charges for water supplies should be increased. Currently we have a serious environmental problem with the survival of the Swan and Canning Rivers. Those assets are very precious to people all over Western Australia, let alone those who live in Perth. Imagine what would happen tomorrow if the Government said it intended to impose an environmental levy on the residential population of the metropolitan area to manage the Swan River. That begs the question: if the Government is proposing charging a management fee for farm dams that have been well managed for the past 35 years and do not have any algal blooms or fish deaths, why would it not apply a similar charge to people in the metropolitan area? That relates not only to surface water but also to bores, bearing in mind that almost 50 per cent of the water for domestic consumption in Perth comes from ground water. For example, the ground water supplying the Carabooda-Wanneroo area, with which you, Madam Acting Speaker (Ms K. Hodson-Thomas), would be familiar, comes from the Leederville aquifer. A \$100 million horticultural industry exists in the Carabooda-Wanneroo area. There is no doubt that the ground water level has dropped in that area and one can argue or surmise as to why that is the case. Has that occurred because of the reduction in rainfall or the increase in the draw down by the Water Corporation for domestic consumption, or has it been contributed to by the farmers growing produce in that area? Many of the farm bores close to the metropolitan area are licensed already and the owners pay a fee. However, the users of backyard bores do not pay a fee. This is a political conundrum. No Government in its right mind would apply a charge to backyard bore users because it is politically unacceptable. The people would react and possibly cause the Government to lose the next election. The Premier waxed lyrical during the Estimates Committee hearings about how the Government, under its water conservation measures, is subsidising people in metropolitan Perth to put in bores, tanks and low consumption shower heads and washing machines at a cost of about \$1.6 million. However, because this issue relates to the south west and involves rural electorates, which are expendable from this Government's point of view, it intends to apply a charge for water.

It is handing out money to people in the metropolitan area to put in the same sorts of supplies that rural Western Australians have been installing at their own cost since the settlement of Western Australia. That is a major inequity. That is why the motion is couched in language that condemns the Government.

Nobody has considered how much effort farmers go to. What will happen if a farmer is charged \$1 000 for his water supply? That is \$1 000 less that will be spent in that community. There is no doubt about that. It is a serious matter. Again we see the old sleight of hand that this Labor Party adopts all the time: it will set up a committee. The committee will make a recommendation and then the bureaucrats will run around Western Australia setting up small committees and browbeating farmers into thinking that this type of water management is absolutely necessary. I will repeat it again for the twentieth time: in the lower south west of Western Australia a management committee has administered that resource very well for the past 35 years at no cost to the taxpayer. All of a sudden we need university graduates from the University of Western Australia or Murdoch University to tell farmers to do what they have already been doing for 35 years at no cost to the taxpayer! One then wonders why farmers become defensive and angry, but they have expended significant amounts of their own capital to drought proof themselves and to ensure that they have enough water to make a livelihood. That is all they are worried about. Day in and day out they see an ever-encroaching government bureaucracy charging for some of the things that have been taken for granted for many years.

Mr E.S. Ripper: Do you have any examples from your electorate of conflict between farmers over water use; for example, one person taking too much water via a dam from a stream or something like that?

Mr P.D. OMODEI: There have been very few conflicts. It is an important question. It was a very clever proposal by the Government of the day. One of the things that the committee did was to act as a buffer between the bureaucracy and the consumer. Only last week Barney Starkie, one of the original and long-term members of the Warren-Lefroy Area Management Advisory Committee, passed away at the age of 83. A funeral was held on his property on a beautiful sunny day and many of the surrounding neighbours told their stories about Barney, what a great contribution he made to the community and what a great mentor he was. I was about 25 years of age when I first became a member of that committee and I sat on it and advised the minister for 11 years, so I have some background knowledge in this area. I told the story about Arthur Reeve and his next-door neighbour. Arthur had put in a dam and the next-door neighbour demanded that he let some water go because he only had two small watering holes from which to irrigate his orchard. In those days they did not use a lot of water on orchards. Arthur's solution to the problem was to shoot the next-door neighbour. When we went out to meet him on his farm, he had a shotgun in the crook of his arm and he was going to shoot the neighbour and then shoot us! An elderly Italian fellow called Con DeCampo was not renowned for his diplomacy. We gave him the job of trying to convince Arthur that he should let some water go. Con said to Arthur, "If you shoot us you will go to jail for a long time; then who will milk the cows for you and look after the kids?" After about two hours they finally came up with a compromise and it was agreed that if the neighbour had not made an active effort to conserve some of the winter flow, Arthur would not have to let water go the year after. That famous story is well accepted by the community. That is one of a number of cases in which farmers were required to make sure that the summer flow was allowed to bypass their dams. Under the Rights in Water and Irrigation Act farmers were entitled to their riparian rights for stock and domestic consumption. The farmer did have the ability to force the neighbour to let water go. That was administered by this committee. For example, Nick Tana has just built a very big dam at the head of Record Brook, a water source that was to be used for the pump-back station for the Manjimup town water supply, which is at a critical level. The Water Corporation must take some positive action about that issue.

Mr AD McRae: I noted in this Monday's *The Australian Financial Review* a report of a policy debate that is going on in the federal coalition party between the Liberal and National Parties and the Wentworth group of scientists who are advising the Prime Minister on water use and water rights allocations. The very question that I put to the member and the House during my contribution to this debate - that in the end private ownership of an essential good could not be sustained - is now an issue within the federal coalition. Has the member been made aware of that debate; and what are his thoughts about it?

Mr P.D. OMODEI: I am very conscious of that debate and I am conscious of the Council of Australian Governments discussions about private property rights and water use and the comments by the Prime Minister that the States should be prepared to pay compensation to, in this case, farmers for any water or property right taken from them. That begs the question. It is a matter of compensation for not only water rights, but also stopping a farmer from clearing his land or for diminishing the value of a farmer's property - the very thing the member for Murray-Wellington raised concerning powerlines, water mains, government easements and so on. In a democratic society such as ours we cannot take away what is a given right under our system of government, without paying compensation. This does not apply in relation to that issue.

Members opposite should come down to the south west and see with their own eyes what is there. It is not as though the farmers are collecting all the water; they collect only a very small proportion of the water that falls on

their land. The member for Riverton may not have been present when I explained to the Parliament that in the Shire of Manjimup, part of which is a proclaimed catchment area, that resource has been managed all these years by an advisory committee, at no cost to the Government. Everybody agrees that the Water and Rivers Commission needs to know how much water is being collected. It requires guidelines for the safety of those dams; the dams need to be built to international standards, and they are. At the moment a dam cannot be built willy-nilly on a stream. Most of the streams in this State nowadays have a stream reserve. Farmers who want to build a dam need permission from not only the Department of Environmental Protection but also the Department of Land Administration. It must be environmentally acceptable and stream flows need to be assessed and so on so that the farmer uses only the water that is collected in that dam. If a farmer's land has a permanent stream he can build a dam of 20 000 cubic metres and irrigate 100 000 cubic metres. That dilemma could be avoided if a water charge were introduced. How should it be monitored? Should every single dam be metered? An army of people would be required to do that. It is not as though there will be a major expansion of dams in that locality -

Mr A.D. McRae: The reverse is true. There may be not a major expansion of dams but a major explosion of demand.

Mr P.D. OMODEI: Obviously the member was not listening to what I said. For example, if a farmer grows 50 acres of potatoes or cauliflowers he really needs 200 acres of land to have a four-year rotation. If he planted the whole 200 acres he would, for a start, need enough water to irrigate those crops, but the land would deteriorate very quickly. In four or five years, with soil compaction and the build-up of diseases and so on, that land would be rendered useless. There are still large areas where dams could be constructed and more crops grown, but that is unlikely when the supply and demand for those crops is considered. Western Australians consume only about 15 per cent of the crops produced in this State; the vast majority is exported, and those export dollars bring much needed money into rural communities to help keep them alive.

I get a bit passionate about this matter because I have lived it all my life and I know the people who formed the Western Australian water users coalition. They have gone to a lot of trouble. David Wren, their president, has been very active. Most ministers would have seen David Wren. He has a North American background where property rights have been a major issue. He has been very active in relation to farm water property rights and frameworks. I recall that when Minister Hames was in charge of introducing the new water legislation, he was subjected to a barrage of issues from this group. After meeting with the minister, this group to its credit was able to achieve a number of compromises. I do not think its members were completely satisfied, because one of the things introduced was tradable water entitlements. A lot of the issues that the member for Riverton talks about relate to the Murray-Darling river system and tributaries in the eastern States. There is no doubt that that water has been overcommitted, and measures are in place to redress that situation.

Mr A.D. McRae: My argument is that that is just a large example of what we are dealing with in a smaller catchment system. The scale is dramatically different.

Mr P.D. OMODEI: That is why it is different. One of the reasons for the massive scale is the amount of land that has been cleared for agricultural production in the eastern States.

Mr A.D. McRae: Is the member saying we have not cleared land?

Mr P.D. OMODEI: We have cleared hardly any land in the south west compared with the eastern States.

Mr B.K. Masters: I point out that the member for Warren-Blackwood is talking about the deep south west and the member for Riverton is talking about the wheatbelt.

Mr P.D. OMODEI: I am talking about areas in which water is used for agricultural production. About 10 per cent of the shire of Manjimup has been cleared; about 12 per cent of the shire of Nannup; and about 20 per cent of the shires of Augusta and Margaret River. Further out in the wheatbelt areas the percentage goes from 30 per cent to 80 per cent, but none of the areas with 70 per cent or 80 per cent of cleared land has a large irrigation system or fresh water dams. Before we make any moves on these issues, it is important that we be aware of the way in which the water has been managed to date, and whether there is actually a problem or whether it is just the Government trying to impose a water user charge and impose its will in relation to property and water rights. I think that is the Government's agenda and we should resist that. In the old days the consolidated revenue fund, and now the consolidated fund, covered the management of those water resources in the lower south west corner, as is the case for the monitoring of backyard bores in metropolitan Perth or the monitoring and rehabilitation of the Swan River.

We cannot have one rule for one person and a different rule for someone else. We cannot have a situation in which a person who is politically important is not charged but a person who is not politically important is charged. We can understand why people get angry and become bitter when they look across the ocean and see that the French and the Belgians have had the price of powdered milk in the European Union subsidised even

further. The farmers in the United Kingdom and the United States, who are subsidised by the Government, sprout to the world that they are the bastion of free enterprise and the free market. However, that does not exist. The only place that in the main has a free market is Australia. However, because of the deregulation of the dairy industry we are being forced to accept the lowest common denominator, which is the international price for milk, and our farmers are going broke because their cost of production is not comparable with that in the European Union or the United States. Farmers are very concerned about this matter, and that is why I am raising it and will continue to raise it. I understand that the Water and Rivers Commission is saying this is its initiative. I do not believe that. I believe it has been directed by the Government to introduce user charges across the spectrum in Western Australia.

The Government has chosen to start with the most vulnerable people in Western Australia - the dairy farmers. These people are scratching to stay alive at the moment. We on this side of the House had a crisis meeting last night about the dairy farmers and the need for a review; and I have raised that matter with the minister and I intend to raise it again tomorrow. The dairy farmers are finding things very hard, because cows have to be fed on grass, and in a lot of cases that grass is irrigated. In horticulture the costs of production have been spiralling upwards for years. However, the returns are remaining static, because we need to compete on the world market for our export produce. As members of Parliament who are responsible for making the laws of the State, we need to be aware that if we increase the costs of production for farmers we will inevitably make them go broke. What will take their place? If it is to be part of the old-growth forest policy and we are to plant trees in all of these areas, then the Government should say that that is what the program is. However, that will be a great indictment of those people who came out of the centre of London with nothing to settle in this State and who went to west Northcliffe on the coastal plain or into the karri country and ringbarked big karri trees and then cut off their roots and tried to fell them with a kangaroo jack. There is good photographic evidence that those things happened. On my property at Eastbrook in the 1930s people were paid sustenance money to ringbark old-growth karri. I remember coming home from school in 1965 and seeing a forest of dead trees. We could not do anything with them; we had to knock them down and burn them. That land is now some of the best farming land in Western Australia. The land across the Seven Day Road area, the Lefroy Valley and north Pemberton is all covered by heavy timber. People put their whole lives into those properties. Most of those families suffered a tragedy or two and had a young child die of pneumonia or by accident. It has been suggested that those two beautiful dairy farms in Northcliffe go back into plantation trees. It would be almost a crime if that were to occur. About 86 per cent of the Manjimup shire is covered in trees now, and much of it is low conservation-type forest in which people can plant trees. Why go backwards? Why undo all of the blood, sweat and tears that were shed over all of those years?

I am trying to paint a picture for members of what goes through the minds of people in the lower south west when the Government seeks to impose these kinds of things on them. Many of those people are on committees and have to deal with bureaucrats who give them all sorts of scientific reasons for why we should manage the resource. No-one is saying that we should not manage the resource. What we are saying is that it should be the responsibility of the State to manage the resource. There are only so many costs that the farmers in rural Western Australia can handle. I implore members opposite to note what I have said today. Obviously the Government will reject the motion, because it condemns the Government for its lack of consultation and lack of understanding of how farmers work, how the land is managed and crops are rotated, and how the use of water is managed. That begs the question of what we will do at Karri Valley Resort. Most members will know Karri Valley Resort. The dam at Karri Valley Resort is probably not built to engineering standards, but it is next to Beedelup National Park and is a beautiful dam covering 52 acres. The dam was built to provide water for the first hops plantation in Western Australia, which existed in Pemberton until the 1960s and employed a lot of ethnic people, who can tell stories of how their first job was to tend hops at that farm. The dam is now the central point of the Karri Valley Resort. Will the resort be charged on a volumetric basis for the use of the water? After all, the dam is now used only for aesthetic purposes, and it contains some trout that have been thrown in to try to attract a few more tourists. If the resort is to be charged on a volumetric basis, at what level should we open the gate valve and meter the water? That demonstrates the nonsense of this sort of proposal. That is only one example. Many members will know the Brooklyn Valley Dam. There are a large number of tourism facilities around rural Western Australia that have large water features. There is no doubt that people are attracted to water. I have a dam on my property. One of my greatest pleasures is to look at the water.

Mr A.D. McRae: Put another metre on the wall!

Mr P.D. OMODEI: The member for Riverton does not know the locality. The dam is not on a stream. It is actually a catchment dam, but it does not catch all of the water. I want members to understand that what we are proposing is the thin edge of the wedge. The member for Collie should be aware of this, because I am sure that a large number of people in his electorate are concerned. I do not expect the member to cross the floor, because I

know he would be shot if he were to do that as a member of the Labor Party, and I do not want that to happen to him.

Mr M.P. Murray: There are not as many knives in my back as there are in the Liberal Party at the moment!

Mr P.D. OMODEI: I am not talking about knives. I am talking about the guillotine!

This is also an issue in the Donnybrook area, virtually from Bunbury south if we take in the irrigation areas in Harvey-Brunswick for the production of grass and now for the ever-growing production of grapes and so on. The whole south west corner of the State will be severely impacted upon if the Government proceeds with this matter. It is bad enough that the Government is talking about taking water out of the Yarragadee. Regardless of whether it is 300 gegalitres of rechargeable water or not, when we know that there is 4 000 gegalitres of water underneath Perth why is the Government seeking to use the Yarragadee? That is yet another question that the people in the south west are asking. They are asking why the Government is doing this to them. Why can it not use water that is closer to the metropolitan area and leave their water in the Yarragadee for future use down the track? Who knows, but tomorrow we may have some new technology for reverse osmosis or desalination that will allow that water to stay in the south west, and all of the Scott River area can become the vegetable garden or fruit bowl of the south west of Western Australia. There are also large areas towards Albany and the great southern in which we could catch water. If the model already exists in the Warren-Lefroy-Donnelly proclaimed catchment area with the addition of local laws and a proper audit to make sure that the structures work effectively, that is all that is required, perhaps also with the addition of a small fee to administer the licence.

There is certainly no necessity for the Government to introduce a user charge or an administration charge for water. I ask members opposite to take note of the comments that have been made and to support the motion.

Question put and a division taken with the following result -

Ayes (16)

Mr R.A. Ainsworth	Dr E. Constable	Mr B.J. Grylls	Mr R.N. Sweetman
Mr C.J. Barnett	Mr J.H.D. Day	Mr R.F. Johnson	Mr M.W. Trenorden
Mr D.F. Barron-Sullivan	Mrs C.L. Edwardes	Mr B.K. Masters	Dr J.M. Woollard
Mr M.F. Board	Mr J.P.D. Edwards	Mr P.D. Omodei	Mr J.L. Bradshaw (<i>Teller</i>)

Noes (26)

Mr P.W. Andrews	Mr J.N. Hyde	Mr A.D. McRae	Mr E.S. Ripper
Mr C.M. Brown	Mr J.C. Kobelke	Mr N.R. Marlborough	Mrs M.H. Roberts
Mr A.J. Carpenter	Mr R.C. Kucera	Mrs C.A. Martin	Mr P.B. Watson
Mr A.J. Dean	Ms A.J. MacTiernan	Mr M.P. Murray	Mr M.P. Whitely
Dr J.M. Edwards	Mr J.A. McGinty	Mr A.P. O’Gorman	Ms M.M. Quirk (<i>Teller</i>)
Dr G.I. Gallop	Mr M. McGowan	Mr J.R. Quigley	
Mr S.R. Hill	Ms S.M. McHale	Ms J.A. Radisich	

Pairs

Mr M.J. Birney	Mr J.J.M. Bowler
Mr A.D. Marshall	Mrs D.J. Guise
Ms S.E. Walker	Mr F.M. Logan
Mr M.G. House	Mr J.B. D’Orazio

Independent Pair

Mr P.G. Pental

Question thus negated.