



GOVERNMENT RESPONSE
TO THE
REPORT OF THE IRRIGATION REVIEW
STEERING COMMITTEE

SEPTEMBER 2005

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FOREWORD

I am pleased to present the Government's response to the far reaching and comprehensive directions outlined in the report of the Irrigation Review Steering Committee.

Implementation of these directions represents a significant milestone in water reform. They comprise mechanisms and practices to increase the value placed on water, as well as conserve water. The task faced by the Irrigation Review Steering Committee was formidable, as attested by the various matters examined in the Irrigation Review Report.

Preliminary analysis indicates that the scope and ramifications of the proposed reform is considerable, and in several instances warrant greater examination. In addition, the proposed reform has significant implications for all water users, and not just irrigators. Given these complexities, the Government has limited its formal response to the nine Key Directions, as outlined in this paper.

Further, the Government will establish an Irrigation Implementation Committee to steer the coordination of the relevant aspects of this response, within specified time frames. The Committee will also investigate matters in greater detail where necessary, and the Committee's purpose, functions and reporting mechanisms are also outlined in this paper. The Irrigation Implementation Committee will ensure that water resource management reform occurs in a planned and phased manner. Where appropriate, transitional arrangements will be made. I have asked Mr Ross Kelly, chair of the Irrigation Review Steering Committee, to guide implementation of the Government's response by chairing the Irrigation Implementation Committee.

Given the breadth of the key directions, the Government intends to ensure that changes to irrigation practices, water use and resource management occur in consultation with all water users and key stakeholders. Accordingly, the Office of Water Strategy will convene a Water Users Forum that will include representatives of various water user sectors and other key stakeholders.

Without further, more detailed investigations of the scope of recommendations, it is difficult to estimate the complete budgetary implications of implementing the directions contained in the Irrigation Review report. Thus, in conjunction with other relevant agencies, the Irrigation Implementation Committee, will assess the budgetary implications.

Implementation of the Key Directions contained in the report will assist in finding sustainable solutions to the State's water shortage.

Finally, I would like to commend the Irrigation Review Steering Committee for their thorough appraisal of existing practices in irrigated agriculture, and identifying the various mechanisms that seek to ensure the efficient use of water for the future.



GEOFF GALLOP
PREMIER

KEY DIRECTION ONE

CREATE A NEW MINISTRY FOR WATER RESOURCES AND A DEPARTMENT OF WATER RESOURCES

The Steering Committee is pleased that its first recommendation has been partially implemented by the State Government's recent decision to appoint a Minister for Water Resources with responsibilities for water resource management, water policy, strategy and planning, and water utilities. The Steering Committee also recognises the fact that the Premier is the new Minister for Water Resources, and sees this as an indication of the importance being placed on the need for water reform.

(Report of the Irrigation Review Steering Committee.)

The Government's response

Governance arrangements and issues raised in this key direction have been largely satisfied within a wider administrative, legislative and public policy context. To ensure that the water needs of Western Australia are met, now and in the future, the Government identified water as a key second term priority. Since March 2005, the Government has evaluated and begun to reconfigure institutional arrangements in the water resources portfolio.

The status and priority accorded the conservation, sustainable use, and resource management of water is reflected by consolidating all water related activities within Government in a single portfolio. Actions that seek to ensure that water resource management, water policy, strategy and planning are coordinated include the following:

- The Premier acquiring Ministerial responsibility for water resources
- The appointment of a Minister Assisting the Minister for Water Resources to ensure operational oversight, legislative responsibility, coordination for water services, planning and delivery
- The Premier continuing to chair the Water Resources Cabinet Sub Committee
- The creation of an Office of Water Strategy within the Policy Division, Department of Premier and Cabinet
- A review of institutional arrangements within the water industry

The Government supports the general thrust of this direction. Broader reform that recognises interactions across the environmental, agricultural and water portfolios as well as wider legislative and public policy considerations has commenced. The Government has, and will continue to ensure that Western Australia's water resource manager is adequately resourced and appropriately skilled to deliver on key strategic and operational priorities.

A review of water industry arrangements is being undertaken currently. It will inform and finalise water governance arrangements by December 2005.

This will enable the configuration of institutional and administrative arrangements that serve the requirements of Western Australia over the longer term.

KEY DIRECTION TWO

DEVISE A STRATEGIC PLAN FOR WATER

Although there is a State Water Strategy, at present Western Australia has no long-term overall strategic plan for water resource management. The Steering Committee sees the creation of increased capability to carry out strategic water planning as an urgent priority. A State Water Plan would evaluate the likely demands and management options for each sector of water use across the State and provide a holistic and integrated plan.

(Report of the Irrigation Review Steering Committee.)

The Government's response

The Government acknowledges that a strategic approach to water resource management, conservation and use is critical. In 2003 the Government launched the State Water Strategy. The Strategy, the first of its kind in Western Australia, adopted a statewide approach to water, and has guided the Government's approach to water resource management. It encompassed a multi-faceted approach involving new sources, innovative ways of reusing wastewater and, importantly, new efficiency measures. Demand management, water recycling, desalination, groundwater and surface water resource development as well as water trading were all elements of the Strategy.

The benefits of the 2003 State Water Strategy include the following major initiatives:

- Examination of the merits and viability of weather independent water sources resulting in the construction of Australia's first major seawater desalination plant at Kwinana at a cost of \$387 million. This plant will inject 45 billion litres of water into the Integrated Water Supply Scheme from October 2006.
- The sustainability evaluation of the Water Corporation's proposal to abstract 45 billion litres of water per year from the South West Yarragadee groundwater source is being progressed. This is the most significant underdeveloped water resource in the southwest. The investigation is one of the most extensive conducted in Western Australia, and economic, social and environmental impacts of the proposal are being considered.
- The Strategy listed reuse of wastewater as a priority, and set a target of 20% reuse of treated wastewater by 2012. In 2004 the Kwinana Reclamation Plant was commissioned at approximately \$29 million, and will provide up to 6 billion litres of water per year for local industry. This doubles Perth's water recycling to six per cent.
- The Strategy prioritised research and innovation, and in 2003 the Premier's Water Foundation was established. Among other things, the Foundation disburses grants that target priority areas identified in the Strategy, such as technologies to support water conservation and efficiency in all water use sectors, and the changing nature of ground and surface water resources. In the first round of grants, funding totaled \$2.55 million and leveraged a total of \$9.24 million.
- Another goal of the Strategy was to increase the public's awareness of water shortage and participation in saving water. The Waterwise Rebate Program encourages the purchase and use of products such as water efficient washing machines, low flow showerheads, rainwater tanks, garden bores and soil wetting agents. The Program

was extended in 2005 to cover products such as pool covers and subsurface irrigation systems. Since 2003, 180,000 Western Australian householders have received rebates for water-saving products, and importantly 6.4 billion litres of water has been saved.

The effectiveness of the Strategy as a means of increasing community awareness about water use, considering weather independent water sources as well as a range of other potential sources is attested by the water savings that have been achieved. While many other Australian States are experiencing total sprinkler bans, Western Australia has managed the past four summers with a two-day-a-week sprinkler roster. As a result, Western Australia has achieved an average summer water saving of 45 billion litres.

The Government sees the formulation of strategic water plans as the highest priority action stemming from this review and will progressively deliver a State Water Plan and Regional Water Plans with appropriate community participation as delineated in this Key Direction.

It is envisaged that these regional plans will include details of:

- State-wide water management strategies
- Current water resource availability
- Current resource use
- Projected future demand and areas of likely surplus and deficit
- Existing knowledge and information gaps
- Future source options, reuse and demand management strategies, information requirements and anticipated timeframes for delivery to meet future water needs
- Frameworks for planning, community consultation and decision making
- Ongoing management priorities
- Pathways to water trading
- Role and nature of various funding mechanisms
- An implementation plan detailing how and when actions specified in each regional plan will be delivered

The preparation of regional plans will be prioritised on the basis of current water usage, resource development pressure and knowledge of water resources in respective regions. Extensive regional and metropolitan consultation will characterise their development.

In particular the South West Yarragadee and Gngangara Mound aquifers are of priority, and will form important parts of their respective Regional Water Plans. It is also important to note that the ability of Government to make water resource decisions will not be impeded while these regional plans are developed.

The regional water plan boundaries are likely to align with those of Regional Development Commissions, with minor differences where appropriate to manage specific water resource issues.

The first regional plan produced will be for the South West Region, and will consolidate all available water information and identify future activities that are required. While the assessment of the South West Yarragadee and the detailed investigations undertaken, will be an important input to the South West Regional Plan, the final Plan will encompass a

broader diversity of issues and a larger area than that studied through the current investigation.

This plan will be released for public comment in August 2006, and finalised by March 2007. This plan will guide the development of subsequent plans. The development of other regional plans will commence during 2006 and 2007 as priorities are established, and will be rolled-out in stages. These plans will be reviewed and updated on a regular basis (every 5 - 10 years).

The State Water Plan will be developed during the same period, but will evolve with feedback on the first regional plan. The State Water Plan will be released for public comment in May 2007, and finalised by December 2007.

The development of a State Water Plan and regional plans will be facilitated by the Chief Policy Advisor, Policy Division, Department of Premier and Cabinet with the participation of the Department of Environment, the Water Corporation, the State Water Council and other water user groups and stakeholders.

The development of regional plans to underpin an overarching new State Water Plan will provide a new impetus in the strategic management and use of Western Australia's water resources.

KEY DIRECTION THREE

CHANGE WATER ENTITLEMENT SYSTEM

Water entitlements should be issued as a share of the resource available for use, and be granted in perpetuity. Entitlements to access water should be separated from the approval to use water on specific land. All new water allocations should be issued at market rates. Where allocations are reduced, compensation should be payable provided such reductions do not result directly from climate change. The policies of linking allocations to a particular use and 'use it or lose it' should be abandoned. The new water entitlement system should be similar to a Torrens Title system that gives title owners and license holders the ability to register their interests.

(Report of the Irrigation Review Steering Committee.)

The Government's response

The Government acknowledges the magnitude and ramifications of the broad ranging matters covered in this Key Direction. It proposes several interrelated reforms to the water entitlement system that are intended to:

- enhance the value of water entitlements, in order to encourage investment in both the expansion and ongoing efficiency of irrigated agricultural production systems
- remove some current limitations, and create conditions that are conducive to the operation of a vigorous and efficient water trading system

While acknowledging the rationale for providing greater security of tenure to agricultural water users, the approach outlined by the Irrigation Review Steering Committee of providing perpetual entitlements is simply one way of facilitating greater security of tenure for licence holders. Other options such as the Government's recent reforms to land tenure in rangelands are also viable.

The Government has determined that it will establish a system of rolling entitlements similar to that which will in future apply to pastoral leases. These entitlements will be allocated as a share of the resource. The Government considers a minimum tenure of 25 years, and up to 40 years, renewable on a rolling basis, subject to compliance with management plans and resource sustainability, is appropriate.

The Government is of the view that further assessment is required of the exact form and duration of water entitlements to ensure that any enhanced tenure is appropriate to the circumstances that exist in Western Australia. Prior to implementation of this key direction, assessment and analysis of the following matters is warranted:

- The exact form and duration of an enhanced tenure for water licence holders appropriate for Western Australia circumstances, noting Government's decision not to proceed with perpetual entitlements
- Issues surrounding metering
- Water plans relating to allocating water access

- Issues related to making entitlements a share of consumptive use (issued annually as a volumetric allocation)
- Issues related to making entitlements mutually enforceable for both the resource manager and the resource user through the setting up of statutory plans

The Government requests the Irrigation Implementation Committee to undertake this analysis and produce an implementation plan that addresses transitional arrangements and other resource information, necessary to the establishment of the preferred entitlement system by September 2006.

The Government notes the concerns regarding the current policy under which licenses may be amended if a licensee fails to use the allocation to which their license entitles them. This is characterized as 'use it or lose it'. The Review found that this policy acts as a disincentive to increasing water use efficiency, and may in fact encourage waste. A further problem is that uncertainty over the quantity, and hence value of the entitlement, reduces the worth of a license as security.

While accepting that issues must be resolved, the Government is also seeking to ensure that any changes to current policy will enhance the productive use of water, but will not result in water entitlements being held or traded solely for the advantages to be realised from the existence or operation of a water market.

The Government requests the Irrigation Implementation Committee to provide advice on appropriate license conditions that offer the necessary safeguards, drawing upon examples that operate in other industry sectors, such as the licensing of entitlements to explore for minerals.

It is proposed that a torrens-system with a 5 – 10 year review of management plans be implemented, while acknowledging that matters such as metering must necessarily be addressed first.

KEY DIRECTION FOUR

INTEGRATE LAND AND WATER PLANNING

Areas suitable for future irrigated agriculture need to be identified through more strategic and integrated land and water resource planning. In particular, horticultural precincts are required at Gnangara and Myalup. These will provide long-term certainty, benefit farmers and the State, provide a basis for investment in water recycling and separate agricultural from residential areas. Current planning policies support the identification and establishment of horticultural precincts; however, existing planning practices do not reflect these policies.

(Report of the Irrigation Review Steering Committee.)

The Government's Response

Many of the perceived shortcomings concerning the integration of land and water use planning, including the planning for horticultural precincts, may be addressed within existing statutory and strategic planning processes. Of particular relevance are the provisions of the State Planning Policy 2.5 - *Agricultural and Rural Land Use*, and the Government notes that:

- Impacts of urbanization and competition from urban areas are currently a consideration in the WA planning system
- Identification of priority agricultural areas is also an existing consideration in both strategic and statutory processes. These are outlined in the provisions of State Planning Policy 2.5

In addition, as each regional strategy is updated, urban and priority agricultural areas will be identified, as has already occurred in the regional strategy for the lower Great Southern and Warren Blackwood areas.

The Government continues to support the integration of land and water resource planning and refers Key Direction Four to the Irrigation Implementation Committee for advice by July 2006 on:

- Existing uncertainties in the current approach
- Mechanisms that facilitate clarity in achieving the objectives of the State Planning Policy
- Improving public understanding of the rationale for integrating water and land planning

Horticultural precincts

The Irrigation Review Steering Committee made a series of recommendations relating to land and water use planning, and its greater integration with planning for horticultural precincts.

The Government recognises the merits of the approach proposed by the Irrigation Review Steering Committee in relation to the identification of 'horticultural 'precincts' so as to reduce the pressures of urban encroachment, make best use of available infrastructure and

encourage the development of compatible agricultural activities, horticultural service industries or processing facilities.

It is apparent that competing needs for these natural resources warrant an approach that will provide for longer term or permanent precincts. Such an approach would also consider the use of recycled water to replace other sources of irrigation water.

Key Government actions that are underway include the Gngangara Coordinating Committee, which is developing a strategic response to managing groundwater at the Gngangara Mound. The Government is investigating how recycled water can be used to supply any future horticultural precinct and the Department of Planning and Infrastructure has commenced a land use planning review for the Gngangara Mound and the East Wanneroo Area.

Irrigated agriculture in the West and East Kimberley areas

The Irrigation Review Steering Committee also advocated a comprehensive review and assessment of the scope to expand irrigated agriculture in the West and East Kimberley. The review identified large areas of land with suitability for irrigation using modern irrigation systems in the West Kimberley, with potential to access groundwater or surface water. These areas occur overlying the Canning Basin groundwater system on pindan soils south of Broome, and also on the fertile floodplain soils of the Fitzroy River. The proposal to develop stage 2 of the Ord irrigation area at Kununurra also covers a significant area for expansion of irrigated agriculture in the Kimberley.

Several issues are being finalised, including the environmental review for expanded irrigation areas, and resolution of indigenous rights and interests in the land and waters of the region. The Department of Agriculture is developing the *New Opportunities in Tropical and Pastoral Agriculture* initiative in the Kimberley and Pilbara regions, working closely with the Department of Industry and Resources and local indigenous communities. The program provides \$2 million funding over four years.

Irrigated Agriculture in the Gascoyne Region

As part of the Carnarvon 2020 plan, new water and land resources for irrigation have been investigated in the Gascoyne region, with soil surveys and groundwater drilling programs. Prospective horticulture areas include Brick House Station, Medo Station, and groundwater has been found at Mt Augustus. Studies to determine water availability are continuing. It is anticipated that the studies on the extent of groundwater availability, and potential for creation of new horticultural precincts in the Gascoyne region would be completed in 2006.

These current activities and commitments address the issues raised in the Irrigation Review Report.

KEY DIRECTION FIVE

INCREASE SELF-MANAGEMENT

Opportunities and mechanisms for extending the self-management of water resources in areas of high-density irrigated agriculture should be investigated. The creation of irrigation cooperatives appears to have greatly improved the prospects for efficient water resource management as well as benefiting irrigators in each of the four irrigation areas.

(Report of the Irrigation Review Steering Committee.)

The Government's Response

The Government acknowledges that irrigation cooperatives, which currently control two thirds of the water allocated to irrigation in Western Australia, have provided an effective basis for water management and the maintenance of extensive shared assets. In addition to distribution and water use efficiencies, cooperatives also provide a basis for the development and sharing of best practice approaches to production, marketing and other industry development issues as well as water management.

However, areas identified by the Irrigation Review Steering Committee, such as the Gnangara Mound, that may benefit from cooperative arrangements are likely to require the development of tailored approaches, based on consultation with the irrigation communities, rather than the application of models that operate elsewhere. The Gnangara Mound, for instance, consists of many individual irrigators who self supply from the groundwater resource. This situation is not comparable to situations such as the Ord, where cooperative members rely on a common distribution system for access to irrigation water. In the Gnangara Mound and in similar cases, the Government is of the view that it is necessary to establish criteria to determine whether and what kind of cooperative arrangements might be effective.

The Government supports further investigation of the opportunities and mechanisms for extending self-management of water, and requests the Irrigation Implementation Committee to coordinate this assessment. It is anticipated that the Department of Agriculture and the Department of Environment will provide advice on actual and potential implementation issues, and that the Irrigation Implementation Committee will submit its assessment to the Government by July 2006.

KEY DIRECTION SIX

INVEST IN WATER USE EFFICIENCY

There should be immediate investment in piping the South West Irrigation Area to reduce water distribution losses and make water available to the Integrated Water Supply Scheme. Government should also examine and, where appropriate, invest in opportunities to reduce distribution losses in other irrigated agriculture systems.

(Report of the Irrigation Review Steering Committee.)

The Government's Response

The Government fully supports the view of the irrigation Review Steering Committee that significant benefits can be realised through improvements to irrigation water distribution assets. It is noted that losses associated with open channel systems due to leakage and evaporation are generally assessed as between 20% and 30%.

The Government has allocated \$29 million for a project with Harvey Water that will result in open irrigation channels being replaced with a pipe network to deliver water in Harvey Irrigation District. This project has enabled Harvey Water and the Water Corporation to enter into a trade agreement whereby an additional 17 billion litres of water may be provided to the Integrated Water Supply System (IWSS) annually. Investment by Harvey Water in piping the Waroona District enabled the trade of 6 billion litres of water into Integrated Water Supply Scheme in 2004/05.

The Government recently launched the first phase of the East Collie River Salinity Recovery Project. This is a \$30 million project that seeks to reduce salinity levels in the Wellington Dam by diverting saltier early winter flows away from the dam. It is envisaged that this initiative will improve the quality of water available to irrigators in the Harvey district, and this in turn may potentially release further quantities of water for trade into the IWSS.

The Government requests all agencies and the Irrigation Implementation Committee to identify and pursue any opportunities that arise through new horticultural developments in the future.

KEY DIRECTION SEVEN

IMPLEMENT METERING

All irrigation water usage above five megalitres per year (or such amounts as determined by the regulator from time to time) should be metered. Information about each individual's usage, together with usage patterns in the irrigation area should be made available online. The near absence of compulsory metering is a serious shortcoming in the State's water resource management processes.

(Report of the Irrigation Review Steering Committee.)

The Government's Response

The rationale for the introduction of metering on a consistent basis is simple: meaningful resource management depends upon the availability of reliable water use data. Metering is also an essential prerequisite for regulating water markets and water trading.

The ability to determine current water uses across Western Australia is a critically important step in improving management practices since it is clearly impossible to reliably manage water resources without accurate data on current use. The statistical information gained from metering is vital to facilitating the establishment of more secure and longer tenure water entitlements. This, in turn, will enable the efficient operation of a trading market.

The roll-out of metering programs is a medium to long term project. To date, the Government has committed to a \$6 million metering program for the Gngangara Mound. However, the Government notes that the situation confronting the Gngangara Mound is unique, due to the competition that exists between irrigated agriculture and domestic water use, against a background of adverse environmental impacts due to drought. The program commenced in 2004 and will be completed in 2007.

The Government acknowledges that metering is a fundamental tool for managing water use and allocation, and supports this Key Direction. Accordingly, the Government requests the Irrigation Implementation Committee to consult with all user groups and prepare a metering issues paper advising on implementation issues, requirements and costs by October 2006. Specific issues to be addressed by the Irrigation Implementation Committee in the metering issues paper include consideration of:

- Whether the proposed 5 million litres per year cut-off, as proposed by the Irrigation Review Steering Committee, is appropriate
- How and by whom the costs of metering may be borne upon installation as well as over the longer term
- Issues pertaining to meter specification, liability and timing of purchase and the installation, maintenance, reading and analysis of data derived from meters
- Whether and how metering could be applied to surface water use

KEY DIRECTION EIGHT

FACILITATE WATER TRADING

The current water trading policy should be withdrawn. A new package of initiatives should be established to include perpetual licences, separation of water allocations from land use, the separation of the 'right to take' from the 'right to use', the implementation of water trading systems, and the preparation of water resource management plans.

(Report of the Irrigation Review Steering Committee.)

The Government's Response

The Government notes that an open and effective water trading market is generally encouraged in order to achieve a sustainable balance in water resource management. The rationale for allowing water access entitlements to move between users in an open market mechanism is that this tends to ensure that the water allocated for consumptive use progressively moves to higher value uses. This results in greater production from the same (or less) volume of water, and as importantly accrues environmental benefits where water is traded from degraded areas and/or low value low efficiency production to areas more suited to irrigation using improved management practices on higher value crops.

The Government is committed to ensuring that its approach to water trading provides an efficient trading system that reflects local conditions and encompasses the needs of water users.

The Government notes that trading currently occurs and is governed by the *Rights in Water and Irrigation (RIWI) Act*. The *RIWI Act* was amended in 2001 so as to permit the trading of water entitlements. The relevant provisions of the *RIWI Act* are administered under a policy that seeks to ensure that trades are consistent with approved resource management plans, where these exist. The *RIWI Act* provides that the resource manager (Department of Environment), in considering whether to permit trades will have regard to protecting the environment and other users from damage; ensuring that outcomes continue to be beneficial to the State; preventing non efficient uses and monopolies in water; and encouraging trading for industry water use efficiency.

Both permanent and temporary trades may be undertaken. Permanent trades are realised by the transfer of a licence from one party to another. Temporary trades may be undertaken by the temporary assignment of a license, or part thereof to another party on an annual basis, or, in special circumstances, periods of less than a year. Generally trades may only take place within a defined area containing an aquifer or stream basin.

The existing policy framework and licensing conditions will continue to operate until the Government adopts an alternative policy or amends conditions related to the existing policy.

Prior to facilitating any changes in water trading, as proposed by the Irrigation Review Steering Committee, it is imperative that several critical matters are addressed, including the following:

- Implementing metering
- Investigating and establishing sustainable yields within water management areas to inform Regional Water Plans and the State Water Plan
- Assessing, developing and implementing a new approach to water entitlements
- Consulting with user groups and developing trading rules that protect the social, environmental and economic values of water

The Government requests the Irrigation Implementation Committee to consider these matters and produce a water trading issues paper on the most effective mechanisms for trading in Western Australia by December 2006. The water trading issues paper will include examination of:

- The anticipated costs and benefits of trading
- Effective transitional arrangements
- The effectiveness of approaches and systems used in other Australia states, including how the conditions placed on water use may be applied in Western Australia

KEY DIRECTION NINE

INTRODUCE WATER RESOURCE MANAGEMENT CHARGES

The Steering Committee supports the introduction of water resource management charges that recover the share of management costs attributable to water users. The public should fund that proportion of water resource costs associated with public benefits including environmental protection. The basis of charging must be transparent and the money raised should be used for agreed purposes. The first step should be to recover costs associated with licensing and compliance.

(Report of the Irrigation Review Steering Committee.)

The Government's Response

The Government notes that increased resources are required for the investigation and planning of water resources. The Irrigation Review Steering Committee's proposal that charges be levied on those who benefit from access to water, and from participation in water trading, is consistent with effective resource management practices. Water pricing that recovers the costs of water planning and management from users, full costs of supply, and some of the environmental costs resulting from water use are being implemented in Australia as shown in Figure 1.

**Figure 1
Australian Water Licensing (Application And Administration) Charges**

Jurisdiction	Periodic Administration or Licence Fee	Amount	Comments
ACT	Yes	Upwards of \$55, dependant upon volume	
NSW	Yes	Upwards of \$54 per annum	Range depends upon volume, location & other factors
Victoria	Yes	Upwards of \$60	Range depends upon individual provider, purpose, volume, location & other factors
South Australia	Yes	\$160 (on application only)	Additional charges apply to vary or renew
Queensland	Yes	\$81.80	Additional charges apply to vary or renew
Northern Territory	No	N/A	
Tasmania	Yes	\$81	
Western Australia	No	N/A	

All jurisdictions except Western Australia and the Northern Territory charge a fee that recovers costs associated with administration of the licensing system. However, there is little or no uniformity and actual charges appear to vary widely depending upon the purpose for which water is used, whether a volumetric charge also applies, location and individual service provider.

This Key Direction, like other directions, has implications for all water users, not just irrigators.

The Government is of the view that it is appropriate to recover a realistic level of costs associated with water resource management. Another option is for the licensing and compliance regime to be examined in the context of the review of the water entitlement (Direction Three) and water trading systems (Direction Eight).

The experience of other jurisdictions suggests that various options exist for Western Australia in pricing mechanisms or through an administration charges framework. At the least, it is appropriate to recover the costs associated with the administration of water licensing. However, several issues have not been resolved, including the need for consolidation of licences to avoid unnecessary imposts upon multiple license holders, and whether charges will be fixed, volumetric or a combination of both.

The Government concurs with the Steering Committee that the basis of any cost recovery mechanism should be transparent, and reflect a shared understanding between the resource manager and industry of the costs associated with investigation and planning of water resources.

The Government supports the general tenor of this Key Direction and requests the Irrigation Implementation Committee to:

- Prepare a detailed proposal for implementing licence fees for consideration by December 2005
- Consult with all water use sectors on the funding requirements and mechanisms necessary to deliver a new system for water resource management that comprises more secure entitlements and water trading
- Investigate the development of joint user and resource manager perspectives on resource management charges, processes and policy options
- Submit an options paper on water resource management charges and volumetric usage charges by April 2006

The Government intends to:

- Consider the introduction of basic licence fees, as per other States, in the first instance
- Evaluate the best approach to funding, including assessment of the merits of funding mechanisms in other states
- Evaluate funding requirements at a regional level to ensure that these are linked directly to the actual water resource management effort required in specific water management areas

CONSULTATION AND IMPLEMENTATION

In light of the complexities underpinning implementation of these directions the Government intends to establish an Irrigation Implementation Committee and a Waters Users Forum. The Membership, objectives and deliverables of each body is described below.

IRRIGATION IMPLEMENTATION COMMITTEE

Overall purpose

To implement the response of the Government to the report of the Irrigation Review Steering Committee.

Membership

Standing members

Mr Ross Kelly (Chair)

Office of Water Strategy, Department of Premier and Cabinet

Department of Treasury and Finance

Department of Environment

Attendance as required

Representatives of the Department of Planning and Infrastructure, the Department of Agriculture, the Water Corporation, the Department of Industry and Resources and other relevant government agencies.

Objectives and Deliverables

1. The Irrigation Implementation Committee will oversee the coordination and implementation of the Government's response to the Irrigation Report, and in particular:
 - Undertake analysis of the exact form of an enhanced tenure for water licence holders, and produce an implementation plan that addresses transitional arrangements and the preferred entitlement by September 2006 as set out in the Government response to Key Direction Three
 - Provide advice on land and water planning as set out in Key Direction Four by July 2006
 - Coordinate the assessment on self-management as set out in Key Direction Five by July 2006
 - Identify and pursue opportunities for water use efficiency as set out in Key Direction Six
 - Consult with user groups and produce a metering issues paper by October 2006 as set out in Key Direction Seven
 - Produce a water trading issues paper by December 2006 as set out in Key Direction Eight

- Prepare a detailed proposal for implementing licence fees for consideration by December 2005 and produce an options paper discussing resource management and volumetric usage charges for consideration by April 2006, as set out in Key Direction Nine.
2. The Committee's first priority is to develop a work program with clearly specified milestones. The Committee will undertake and report to Cabinet and the Expenditure Review Committee by December 2005 on its:
- Identification of any transitional arrangements that may be required.
 - Analysis of the costs of implementing specific recommendations.
 - Review of the irrigation reform timetable to identify opportunities to achieve early milestones.
 - Identification of any major impediments to implementing irrigation reform.
 - Analysis of the nature and scope of legislative amendments.
3. The Committee will consult with water users, water sectors, irrigators, government and any other key stakeholders identified during the course of investigating and coordinating implementation.

Reporting, Processes and Timetable

The Irrigation Implementation Committee will report directly to the Water Resources Cabinet Sub Committee, and provide quarterly reports on progress.

The Policy Division, with the assistance of the Office of Water Strategy, will develop and implement a communication management plan that provides for updates and the opportunity for input and participation, where appropriate, by all relevant stakeholders.

WATER USERS FORUM

Since the key directions and associated recommendations set out in the report of the Irrigation Review Steering Committee have broad implications for a wide range of other water users throughout WA, particularly in relation to water allocation, trading and water resource management charges, a consultative process, inclusive of other sectors will be pursued.

Consultation on the scope, relevance and implementation of recommendations from the Review will be extended to include, but not be limited to:

- Irrigators
- Mining industry
- Local government authorities
- General industry
- Water service providers
- Government agencies
- Peak bodies such as the Chamber of Commerce and Industry and the Chamber of Minerals and Energy

It is proposed that the Water Users Forum includes a representative from each of these water sectors and key stakeholders.

Overall objective

To provide water users, including irrigators and other affected parties the opportunity to give advice and feedback to the Irrigation Implementation Committee on water reform matters and for the Irrigation Implementation Committee to keep water sector representatives informed on reform matters.

Purpose

The Water Users Forum provides opportunity for:

- The Irrigation Implementation Committee to seek advice and feedback from water users, irrigators and other affected parties in relation to its decision-making and policy development on irrigation matters.
- Water users to present their views on specific issues to the Irrigation Implementation Committee.
- Broader consultation on relevant water use matters.

The Forum will meet monthly, and each meeting will be of approximately 90 minutes duration.

ANTICIPATED TIMEFRAMES FOR IMPLEMENTATION

Implementation of the key directions is dependent upon the outcomes of consultations with all water users and further investigations and analysis to be undertaken by the Irrigation Implementation Committee. Moreover, implementation of some directions such as water trading and water resource management charges are dependent upon earlier implementation of metering. Accordingly, implementation will occur in a phased manner, and the anticipated timeframes are shown in Figure 2.

Figure 2 – Anticipated Timeframes

ITEM	IMPLEMENTATION / RESPONSE	2005	2006	2007
Irrigation Implementation Committee	Establish the Committee	Submit a work program for consideration by the Water Resources Cabinet Sub Committee by December 2005	Actions as per this paper	
Water Users Forum	Establish the Forum	Convene the first meeting of the Forum by November 2005	Irrigation Implementation Committee to consult with this Forum as appropriate	
Governance	Commenced Governance Reform	Implementation has commenced, with the review of water industry arrangements finalising water governance arrangements by December 2005.		
State Water Plan	Development of a State Water Plan by the Chief Policy Advisor, Policy Division, Department of Premier and Cabinet with participation of Department of Environment, Water Corporation, Water Users the State Water Council, and other stakeholders.	State-wide data body reviewed and priorities established	Consultation, revision and formulation facilitated by the Chief Policy Advisor, Policy Division, Department of Premier and Cabinet	The State Water Plan released for public comment in May 2007, and finalised by December 2007

ITEM	IMPLEMENTATION / RESPONSE	2005	2006	2007
<p>Regional Water Plans</p>	<p>Development of Regional Water Plans by the Policy Division with participation of Department of Environment, Water Corporation, Water Users and the State Water Council.</p>	<p>State-wide data body and critical issues reviewed, and priorities established for the regions. The first priority is the South West Region.</p>	<p>Consultation commences and a draft South West Regional Water Plan released for public comment in August 2006. The development of other Regional Water Plans proceeding, with consultation, based on established priorities and using the first regional plan as a basis.</p>	<p>South West Regional Water Plan finalised by March 2007. Other regional plans proceeding according to established priorities.</p>
<p>Water entitlements</p>	<p>Assessment of:</p> <ul style="list-style-type: none"> ▪ Form & duration of title ▪ Registration of title ▪ Relationship to metering ▪ Relationship to plans ▪ Entitlement as share of consumptive use ▪ Statutory plans & enforceability ▪ Transitional arrangements 	<p>Assessment commences.</p>	<p>Implementation plan submitted to the Water Resources Cabinet Sub Committee by September 2006.</p>	

ITEM	IMPLEMENTATION / RESPONSE	2005	2006	2007
Land and water planning	Assessment of existing uncertainties in the current approach mechanisms to achieve the objectives of the State Planning Policy and improving public understanding of approach taken.	Assessment commences	Advice submitted to the Water Resources Cabinet Sub Committee by July 2006	
Increase self management	Assessment of opportunities & mechanisms - Gnanagara focus – by the Irrigation Implementation Committee	Assessment commences	Issues paper submitted to the Water Resources Cabinet Sub Committee by July 2006	
Water use efficiency	Ongoing. The Government has requested all agencies and the Irrigation Implementation Committee to identify and pursue any opportunities which arise through new horticultural developments in the future.			
Metering	Consultation and consideration of issues by the Irrigation Implementation Committee	Assessment commences; considering implementation issues, requirements and costs	Issues paper submitted to the Water Resources Cabinet Sub Committee by October 2006	
Water trading	The Irrigation Implementation Committee to assess factors: <ul style="list-style-type: none"> ▪ Metering ▪ Resource management ▪ Entitlements ▪ User groups ▪ Trading rules ▪ Transitional arrangements 	Assessment commences	Issues paper submitted to the Water Resources Cabinet Sub Committee by December 2006	

ITEM	IMPLEMENTATION / RESPONSE	2005	2006	2007
WRM charges	Assessment & consultation by the Irrigation Implementation Committee to develop: <ul style="list-style-type: none"> ▪ Joint user & manager perspectives on charges, processes and policy options ▪ Options, based on experience of other jurisdictions 	Detailed proposal for implementing licence fees submitted to Government by December 2005.	Options paper discussing resource management and volumetric use charges submitted to the Water Resources Cabinet Sub Committee by April 2006.	

APPENDIX 1

BACKGROUND TO THE IRRIGATION REVIEW REPORT

One of the key recommendations of the 2003 State Water Strategy related to a review of irrigation practices in Western Australia. The Irrigation Review Steering Committee was endorsed by Cabinet in October 2003, and commenced its review in November 2003.

Steering Committee

Membership of the Steering Committee comprised a cross section of irrigators and water resource managers, and were:

Mr Ross Kelly (Chair)
Mr Russell Anderson (Nowergup Poultry)
Mr Jeff Camkin (Department of Environment)
Mr Neil Delroy (Agribusiness Research Management)
Mr David Hartley (Department of Agriculture)
Mr Michael Lowe (Irrigator and Harvey Water)
Mr Ivan McLeod (RPS Bowman Bishaw Gorham)
Mr Jos Mensink (Office of Water Strategy)
Mr John Roberts (ACIL Tasman)
Mr Jordan Li (Executive Officer)

Terms of Reference

The Steering Committee were appointed to

- Establish the amount of irrigation water supplied and used within Western Australia together with the economic and social benefits generated by such usage.
- Considering factors such as water availability, environmental impact, climate change, etc., identify the likely future forms, scale, locations, water needs and economic benefits of irrigated agriculture in Western Australia.
- Identify opportunities for improving the efficiency with which irrigation water is delivered and used together with the associated costs, benefits and beneficiaries thereof.
- Identify constraints (including but not limited to government policies and priorities) to improving the efficiency with which water is delivered and used. Explore the possibility and appropriateness of forming collaborative links between all levels of government, industry, researchers and the community.
- Review the potential for water trading to improve the efficiency with which water is delivered and used; identify policy and other constraints to water trading and if appropriate, recommend actions needed to facilitate water trading.

The report contains 9 Key Directions and a further 57 recommendations.

The Steering Committee argued that the management of water resources has not kept pace with existing and future demand for water. In light of the limitations concerning water practices in irrigation, the Steering Committee noted that there is an urgent need for an appropriately regulated framework to promote water efficiency and sustainable irrigation industries, and a market-based approach to water allocation, which maximises the value created as a consequence of using water.