

QUESTION TIME BRIEF

Portfolio: Water, Energy and Emissions Reduction

Murray Darling Basin (MDB) Water Reforms within the ACT

Talking points:

ACT's water recovery commitment (4.9 GL Shared Reduction Amount):

- The ACT Government is finalising negotiations with the Australian Government to provide 6.36 GL of water entitlement to the Commonwealth for supporting environmental outcomes in the Murray Darling Basin.
- This volume of water will meet the shared reduction amount (4.9 GL) and contribute an additional 1.46 GL towards other water recovery targets.
- The water recovery for the Commonwealth is not dependent on the implementation of water efficiency measures as per previous Australian Government program requirements.

Restoring Our River - Upper Murrumbidgee River

- The Australian Government has committed more than \$50m to improve the health of the Upper Murrumbidgee River. The government is working with the Australian and NSW government to design a program that delivers tangible on-ground outcomes in partnership with community.
- The funding commitment supports an expansion of current river health and monitoring programs, a review of the water management arrangements for Snowy Hydro, increased river flows during drought conditions and First Nations engagement in program delivery.
- The ACT remains concerned about the declining health of the Murrumbidgee River. The issues impacting the river are driven by water management arrangements external to the ACT.
- In response, the ACT have advocated for change across Basin governments, and supported community advocacy through the ACT and Region Catchment Coordination Group and upper Murrumbidgee native fish demonstration reach program.

Water Trading

- The ACT Government is working with the NSW and Australian Government to develop water trading arrangements under the Murray-Darling Basin Agreement and Basin Plan.
- This is a complex matter and will require protracted time to progress.
- The trading arrangements have not been finalised however negotiations continue to progress.

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Key Information

- During 2021-2024, the Australian Government provided approximately \$2.6 million to support the implementation of Murray-Darling Basin (MDB) water reforms within the ACT. Funding provided to the ACT for MDB reforms supported:
 - a renewed policy on ‘Non-urban water metering’ to support water compliance
 - advancing the water interests of Ngunnawal Traditional Custodians
 - climate vulnerability and water security planning to build resilience in the environment and community of the ACT and surrounding region, and
 - delivering water for the environment by returning at least 4.9 gigalitres to the basin.

Background Information

- The *Water (Restoring Our Rivers) Act 2024* introduced amendments for implementing the Murray-Darling Basin Plan. In particular, the new legislation supports an extension of time for Basin governments to deliver the more complex water recovery programs. The amendments do not affect the ACT’s obligations under the Basin Plan.

Restoring Our River - Upper Murrumbidgee River

- The recent Australian Government funding commitment for the upper Murrumbidgee River includes:
 - \$15m over 3 years to address river health, water quality and habitat
 - \$5m over 5 years for new science and monitoring
 - \$5.3m over 5 years to support the review of the Snowy Water Deed
 - \$30m for additional river flows during extreme drought conditions
 - Improved annual reporting to improve transparency in Snowy Hydro water management.

ACT Shared Reduction Amount

- The Basin Plan commits the ACT to 4.9 GL of water recovery for achieving shared environmental outcomes within the southern connected basin.
- In February 2023, the Australian Government announced that it is seeking to finalise all Bridging the Gap commitments (including shared reduction amounts) by 2024 through strategic purchases of water entitlements.
- A revised ACT water recovery proposal was developed to align with the Commonwealth’s Strategic Water Purchasing Framework and is being finalised in discussion between ACT and Commonwealth officials.
- Previous attempts have been made to meet the ACT water recovery commitment in 2014 and during 2019-22.

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Non-Potable Water Pricing Review

Talking Points

- The Government continues to work to finalise its response to the non-potable water pricing review.
- The Listening Report was sent to stakeholders in December 2023.
- The Government acknowledges that the timeframe to reach a final position to respond to the Non-potable Water Review has been protracted. However this is reflective of the complexity of this matter and the need to adopt a considered and informed policy approach that considers the views of all stakeholders.
- The Government's position remains that the non-potable water pricing arrangements reflect the true value of water and promote the economically efficient and environmentally sustainable use of water as a scarce resource.
- ACT golf clubs and their peak bodies expressed strong concern about any potential changes that may result in cost increases. They are highly protective of the 50% discount, which gives golf clubs an exclusive 50% discount to the non-potable Water Abstraction Charge (WAC).
- As part of developing its response, the Government is considering options for short term non-ongoing financial assistance during very low rainfall drought-like scenarios, when there is most pressure for club-based not-for-profit irrigators to meet irrigation demands.

Belconnen Golf Club (Owned by Burns Club, formerly Magpies Golf Club):

- The situation with Belconnen Golf Club is unique. This club is established in an area that has limited access to cheaper sources of water.
- The club is reliant on treated wastewater provided by Icon Water under a confidential and commercial contract. The Government has no influence in relation to this contract but notes the Independent Competition and Regulatory Commission has reviewed the price of water supplied under this contract.

Key Information

- The Review and any proposed changes to water pricing is restricted to non-potable water use only and will not affect potable water charges. For example, sportsgrounds that are irrigated 100% by treated drinking water are out of scope.
- Proposed policy is intended to support a nuanced approach to the application of charges for water consumption that seeks to balance the trade-off between affordability and promoting water conservation. Costs for the operation of clubs need to be shared across those in its membership that directly benefit from the service. Passing on operating costs through increased membership fees is a business decision of sporting clubs.

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- Examples of licensed non-potable irrigators that provide community services, and pay full WAC:
 - Private schools: St Edmunds College, Canberra Grammar School, Brindabella Christian College, Canberra Rudolph Steiner School, via groundwater
 - Vikings Park sportsground Erindale, via groundwater
 - Royal Botanic Gardens, Commonwealth Park and Floriade, via Lake Burley Griffin.
- Approximately 20 ACT agricultural irrigators receive a 98 per cent discount of the WAC. This is in recognition of competition with other primary producers in NSW, for providing food and produce such as apples, lucerne and grapes.

Background Information

Non-potable Water Review

- The ACT Government committed through the Parliamentary and Governing Agreement to ensure that clubs continue to support the community while reducing harm from gaming.
- A review by ACT Treasury into water costs for high-intensity club users of non-potable water was published on the YourSay website in December 2021. The aim of the review was to consider the impact of water costs on the operation of clubs while not requiring cross-subsidisation by other ACT water users.
- The Office of Water contacted almost 200 entities, including all non-potable water licensees and significant stakeholders such as Clubs ACT, Canberra Community Clubs, ACT-Monaro District Golf Association and ACT Rural Landholders Association.
- Stakeholder consultation on the policy options for the Government response to the Non-Potable Water Review occurred in June and July 2023.

National Water Reforms

- Micro economic reforms related to water pricing have been agreed by successive governments under the National Competition Policy, National Water Initiative (NWI, 2004), *Water Act 2007* (Cth) and the Murray-Darling Basin Plan (2012).
- The ACT is a signatory to inter-governmental agreements that give effect to these water reforms. Specifically, the ACT has agreed to implement water pricing and institutional arrangements that promote economically efficient and sustainable use of water resources, water infrastructure assets, and government resources devoted to the management of water.
- The NWI pricing principles promotes user-pays and pricing transparency, in respect of water supply systems and cost recovery for water planning and management.

ACT Water Strategy 2014-44 Striking the Balance

- The ACT Water Strategy aims to achieve ‘an integrated and efficient water supply system that provides for the optimal mix of supply options, encourages efficient use of

water, is resilient to climate variability, and secures the social, economic and environmental needs of the ACT community’.

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ACT Water Metering Policy (Non Urban Users)

Talking points:

- The Government has commenced the implementation of the Non-urban Water Metering Policy to achieve national obligations.
- The policy came into effect on 1 December 2023 and will be progressively delivered through to 2025.
- The policy will ensure continued alignment of the ACT with best practice regulation and the Australian Standard for non-urban water metering.
- Accurate measurement and reporting of water underpins effective resource management and provides public assurance that water is being managed sustainably.
- The EPA is supporting licencees and working constructively with them to support the implementation of the new policy.

Key Information

- The policy does not apply to individual water meters that measure potable drinking water supplied by Icon Water.
- The policy affects approximately 180 licence holders, ranging from large commercial irrigators to private use of small groundwater bores.
- The policy demonstrates the ACT's commitment to improved water metering and measurement within the broader Murray Darling Basin and nationally.
- Each licence holder is currently responsible for the costs associated with the installation, maintenance and reading of a water meter. Expected new costs under the updated policy will include:
 - Ongoing validation of accuracy is approx. \$300-500 per meter every 5 years, payable by licence holders to external meter validators.
 - If new water meters are required, the cost for a licence holder to purchase and install a water meter is approximately \$3,000 per meter.
- A \$300 rebate is being offered to licence holders in the 'low risk' category to assist with costs for initial accuracy testing.

Background Information

- The National Water Initiative (2004), the National Framework for Non-urban Water Metering (2009), and the Murray-Darling Basin Compliance Compact (2018) requires States and Territories to implement consistent water metering standards to ensure equity around water sharing and the protection of water resources.

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- The Metrological Assurance Framework 2 (MAF2) is a part of the National Framework and describes the key requirements to ensure a nationally consistent compliance approach for non-urban water meters to comply with Australia Standard 4747: Meters for non-urban water supply (AS4747).
- The policy transitions current EPA non-potable metering guidelines to the Australian Standards by including several key new requirements:
 - use of pattern approved meters;
 - validation of meter installations by a certified person;
 - ongoing meter maintenance and accuracy testing; and
 - improved reporting and notification requirements for licence holders
- The Inspector-General of Water Compliance (Cth) published the Murray Darling Basin - Metering Report Card which shows that the ACT has 100% metered take of non-potable water. The implementation of this policy will enhance public reporting on achieving compliance with the new Australian Standard for non-potable metering.
- The taking of surface water and groundwater in the ACT is regulated under the *Water Resources Act 2007* by the EPA.
- The EPA will be responsible for implementing and enforcing the Non-urban Water Metering Policy. There are approximately 300 non-potable water meters subject to this policy.

Portfolio: Water, Energy and Emissions Reduction

Healthy Waterways Program

Healthy Waterways Asset Construction

Underway

- The government continues to progress an ambitious program to construct new Healthy Waterway assets as one approach to improve the water quality of the ACT's lakes, ponds and waterways and address the scourge of blue-green algae.
- One other capital works project is underway in the Tuggeranong catchment to re-naturalise 500m of the Tuggeranong Creek drain from just west of Tharwa Drive to the end of the Calwell Playing Fields. The main civil works have been delivered and plantings will be finished by March 2024. Two viewing platforms will be added between now and June.
- Work on the Belconnen Oval Wetland to improve water quality and catchment health commenced in November 2023. The construction team aims to complete civil works for this project by mid-2024 and water quality plantings in the Spring of 2024. The project is on schedule.
- Stormwater re-use to irrigate sports fields from a water quality pond in Kambah (Kett Street) is underway. Ground will be broken by April to connect the Healthy Waterways pond at Kambah Shops to the recycling unit at the playing fields. The recycling unit is on order and will be installed by August 2024.

Completed

- A set of four bioretention swales at Kambah Playing Fields have been built and are fully accepted for initial handover.
- A pair of floating wetlands were deployed in Yerrabi Pond in February 2023.
- 45 roadside drain outlets to greenspace have been built in Kambah to improve infiltration and reduce stormwater runoff. 54 outlets were originally planned for construction however, due to challenges with installation 9 will not proceed.

Planned

- More assets are scheduled to be built by June 2024 subject to final tender costs:
 - Reconnection of old creek line at Richardson (Tuggeranong Homestead; supported by many stakeholders)
 - Raingarden in Bevan St Park, Higgins (community consultation has also been very positive)
 - The order of delivery will depend on the priority of the project and the availability of funds (the Higgins project is cheaper than the Richardson project).
- A variation of the two construction contracts to enable the expenditure of 2023-24 FY capital works funding—which is required to build the above works—is underway. It has

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been endorsed by the Environment, Planning and Sustainable Development Directorate and the contracts are in the process of being issued by Major Projects Canberra.

ACT Budget 2023-24 Outcomes

- Healthy Waterways received a further \$8.2 million in funding in the 2023-24 budget.
- The funding includes commitments for the 2025/26 and 2026/27 financial years, and includes recurrent funds following that, for:
 - Operation and maintenance of Stage 2 water-sensitive urban design (WSUD) water quality assets; and
 - Ongoing development of an evidence base for managing water quality in the ACT.

Water Quality Monitoring Contract

- A water quality monitoring contract has commenced.
- This contract comprises monitoring of:
 - Water quality associated with different land uses in the ACT, which supports water quality modelling and provides insights into pollution levels in the ACT.
 - The water quality improvement performance of two wetlands (in Fyshwick adjacent to Eyre Street and in Melba) and two raingardens (in Isabella Plains and in Curtin near the flood memorial) built in Stage 1 of Healthy Waterways, which supports water quality modelling and catchment planning.
 - Stream flow in six tributaries to lake Tuggeranong, which will enable the loads of pollution entering Lake Tuggeranong from its tributaries to be calculated. Four of the six gauges have been installed.
- The contract is being varied to include Faecal Indicator Bacteria (FIB), which will allow us to understand the sources of bacteria (e.g., humans, dogs, stock, native animals), which commonly leads to lake closures, especially in Lake Ginninderra.

Healthy Waterways Plans

- A first draft of the Lake Tuggeranong catchment plan for water quality is underway, as is planning for community engagement around this.
- A project restoring parts of the rural/conservation catchment of the Naas/Gudgenby has been delivered. A catchment plan identifying areas of soil erosion and sediment supply to the channels has been delivered.

Fertiliser program design

- A program is being designed and trialled to target the 20% of households who are putting large amounts of fertilisers on their gardens. The concern is that fertiliser applied in this manner will be leaching into stormwater, polluting our waterways.
- The program is being designed for delivery in spring and will be ready for delivery in Spring 2024 if desired.

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Sources of pollution in the ACT

- Contractors investigating fertiliser use by ACT residents and gardening businesses have delivered their final report.
- It is indicating large average rates of fertiliser application in the ACT, which is believed to be caused by a small proportion of gardeners applying high rates of fertiliser.
- Interim results from the University of Canberra suggest that leaves and grass clippings are another significant source of stormwater pollution in Canberra. This phase of their work is now expected to be finalised in mid 2024.
- Thereafter the University of Canberra will split their research between Tuggeranong, where they will seek to confirm some of the pollution matters established in earlier work, and Lake Burley Griffin, where they will make measurements of the in-lake environment to allow us to create a sound model of the response of the lake to potential nutrient inputs.

Background

- Stage 1 of ACT Healthy Waterways began in 2014 as a \$94 million joint initiative of the Australian and ACT Governments. It was completed in June 2021. Stage 1:
 - Designed and built 19 large water quality assets—raingardens, ponds, wetlands, and channel restorations—according to WSUD principles
 - Carried out a major riparian restoration
 - Conducted the *H2OK: Keeping our Waterways Healthy* public education program,
 - Performed research into pollution, blue-green algal blooms, and control methods.
- The ACT Government invested a further \$1 million to build a floating wetland in Lake Tuggeranong, to begin planning for the next stage of works, and to extend the research program.
- Since February 2021, a total of \$29.65 million in initiative funding has been invested in 4 tranches of the Parliamentary and Governing Agreement commitment to *Expand Healthy Waterways: \$30 million over 4 years*.

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