



UNCLASSIFIED

BRIEF

To:	Deputy Director-General, Environment, Water and Emissions Reduction	Tracking No.: 24/105004
From:	Executive Group Manager, Climate Change, Energy and Water	
Date	22 October 2024	
Subject:	Annual reporting on water planning and management expenditure to the Australian Competition and Consumer Commission	
Critical Date:	22/10/2024	
Critical Reason:	The report is overdue and was required to be submitted to the Australian Competition and Consumer Commission on 4/10/2024.	

Purpose

To meet the ACT Government's reporting obligation to the Australian Competition and Consumer Commission (ACCC) on regulated water charges and expenditure for water planning and management activities.

Recommendations

That you:

1. **Agree** to the Office of Water lodging the consolidated response on water charges and water planning and management activities (Attachment A) to the ACCC;
Agreed / Not Agreed / Please Discuss
2. **Sign** the ACT Certification page (Table 3) at Attachment A.
Signed / Please Discuss
3. Note that the approach to coordinating the report to the ACCC has been refined to respond to the recommendations from the management-initiated Water Cost Audit.

Personal information

ase Discuss

22/10/24

DDG Feedback

Background

1. The Australian Competition and Consumer Commission (ACCC) requests water monitoring information from Murray-Darling Basin governments on the revenue raised from water fees and charges, and expenditure on water planning management activities on an annual basis. These requests for information are authorized under the *Water Act 2007* (Cwlth) (Water Act).
2. The purpose of the ACCC Water Monitoring Report is to provide public transparency on regulated water charges, trends in termination and transformation of water access rights, water trade, and compliance with Water Charge and Water Market rules in the Murray-Darling Basin.
3. The ACT Minister for Water has portfolio responsibility for the water charges set under s107 of the *Water Resources Act 2007* (ACT). As such, EPSDD has responsibility for coordinating the ACT Government's response to the ACT.

Issues

4. The ACT consolidated response is provided at Attachment A for your agreement. The response consists of: Table 1 – *Regulated Water Planning and Management Charges*; Table 2 – *Water Expenditure Related to Planning and Management Activities*; and Table 3 (*Exec. Responsibility*) that includes a statement of verification requiring your signature.
5. The amount of revenue collected by the ACT from water charges in 2023-24 was \$36.379 million. The reported expenditure for water management activities is \$22.204 million. This represents a difference of \$14.174 million between revenue raised through water charges and the expenditure for water planning and management activities.
 - a. In 2022-23, the ACT reported \$32.65 million of revenue collected from water charges and \$13.41 million of expenditure, with a \$19.24 million difference.
 - b. The increase in expenditure in the 2023-24 period is attributed to the construction of capital assets under the Healthy Waterways program and by the Suburban Land Agency, and stormwater maintenance activities reported by Transport Canberra and City Services (TCCS). There are 'minor' increased costs associated with other water management activities.
6. The reported expenditure represents eligible costs for water planning and management activities conducted within the ACT.
 - a. The criteria provided at Attachment B guides the reported expenditure, which is consistent with the National Water Pricing Principles and Water Charge Rules under the Water Act.
7. The Water Abstraction Charge is set based on a methodology that includes three components: water planning and management costs, environmental externalities and scarcity value. The ACCC only requires reporting on water planning and management costs and therefore a full reconciliation of revenue and expenditure in the report is not possible.
8. The ACCC request for information was received by the Office of Water on 3 September

2024. The ACCC agreed an extension to the ACT response by 4 October 2024.

9. Further delay in reporting has resulted from working with Directorates to thoroughly canvass all relevant expenditure. The report is overdue and a response is required at your earliest opportunity.

Internal Audit

10. In 2024, the EPSDD Audit and Assurance team initiated an independent audit of the annual expenditure reporting to the ACCC. The purpose of the audit was to provide assurance in the method that the Directorate uses to determine eligible expenditure, and to validate the costs reported for the 2022-23 financial year. The audit was conducted by Ernst and Young.
11. The audit found that the Directorate's eligibility criteria for reported expenditure aligns with the National Water Initiative Pricing Principles. There were no unreported expenses identified through the audit.
12. The audit recommended improvements to the documentation and administration of the reporting. EPSDD agreed to the recommendations and has addressed the recommendations as below:
 - a. A broader range of directorates/agencies were engaged in the 2023-24 reporting period to ensure completeness of the ACT report.
 - b. A draft Standard Operating Procedure (SOP) was prepared and circulated with the 2023-24 reporting requests to improve understanding of the reporting requirement and scope of information requested.
 - c. A workshop was held with relevant Directorates/agencies on 24 September 2024 to discuss the reporting requirements and the SOP.

Financial Implications

13. There are no direct financial impacts to the EPSDD or ACT Government that may result from making the response to the ACCC.

Consultation

Internal

14. EPSDD Strategic Finance provided the information relevant to EPSDD in the financial report (EPSDD expenditure).

Cross Directorate

15. Thirteen directorates/agencies received requests for input to the ACT response. Four Directorates reported relevant expenditure. Responses were cleared through the respective Chief Financial Officers of each Directorate/agency for assurance.

External

16. Nil.

Benefits/Sensitivities

17. The ACCC annual reporting highlights a significant variance between revenue collected and expenditure on water planning and management activities over successive years.

18. The ACCC provides commentary on its analysis of water management expenditure and revenue raised by the Murray-Darling Basin governments, however, it does not have any powers to act.
19. There are increasing requests for improved transparency in the expenditure of revenue received through the Water Abstraction Charge. The Greens policy initiative (2024) highlighted the discrepancy between revenue and expenditure reported to the ACCC. The State of the Lakes and Waterways report (Office of the Commissioner for Sustainability and the Environment, 2022) recommended improvements to the transparency in reporting eligible expenditure.
20. The Government has been briefed separately on sensitivities related to the setting of the water abstraction charge and risks (23/39763, 23/84129). To address the issues raised, Treasury is working with the Office of Water on a Cabinet business case for review of water fees and charges in 2024-25.

Media Implications

21. Nil action at this time.
22. The ACCC will publish their consolidated report in the second half of 2025. Basin governments have previously been provided an opportunity to review the report before it is published. There has previously been minimal media interest in this ACCC report.

Signatory Name: Fiona Wright
Action Officer: Ryan Breen
Tiana Phillips

Phone: MS Teams
Phone: MS Teams

Attachment

- Attachment A ACT reporting on water planning and management (MS Excel file) – for signature (Table 3)
- Attachment B Eligible Water Planning and Management Activities

2023-24 ACCC WPM Information Request

ACT Environment, Planning and Sustainable Development Directorate

Table 1 - Regulated water planning and management charges

Please note all cells shaded green have been pre-populated by the ACCC
Please confirm the information in ALL green cells. Please provide answers in all cells shaded purple.
Please include any new regulated WPM charges for 2023-24 in the section at the end of this table
If you need to amend / correct any information in the green cells, please add a comment explaining the change made.

1.1	1.1 a. Charge title	2022-23 (\$)	2023-24 (\$)	1.1 d. Unit of charge	Percentage change	1.1 e. Please provide information to explain any changes in the amount or application of existing WPM charges between 2022-23 to 2023-24
WAE fees (per ML)						
	s.20 Grant of a WAE where use is not restricted to a particular , in all cases except those specifically identified - per megalitre	\$869.80	\$902.40	per megalitre	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the
	s.25 Change of condition of a WAE from one that is restricted in location to one that is not restricted for use at a particular location	\$869.80	\$902.40	per megalitre	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).
Application fees						
	s.29 Application fee for a licence to take water	\$192.35	\$199.55	per application	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).

s.43 Application fee for a waterway work licence	\$192.35	\$199.55	per application	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).
s.38 Application fee for a bore work licence	\$192.35	\$199.55	per application	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).
s.34 Three year driller licence application fee where the applicant does hold an equivalent licence in a state in Australia	\$192.35	\$199.55	per application	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).
s.48 Application for a Recharge Licence	\$192.35	\$199.55	per application	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).
s.26 Application fee for the transfer of a water access entitlement either permanently or for a period of time	\$192.35	\$199.55	per application	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).
Annual administration fees					
s.30 Licence to take water - administration fee for each licence year relating to a licenced volume of up to 1000 ML per year, except where a licensee has entered into a data collection and sharing agreement with the EPA	\$497.90	\$516.55	per year	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).

s.30 Licence to take water - administration fee for each licence relating to a licensed volume of more than 1000ML per year	\$9,666.85	\$10,029.35	per year	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).
s.50 Recharge licence - yearly administration fee	\$497.90	\$516.55	per year	3.7%	The increase, as explained in the Water Resources (Fees) Determination 2023 explanatory statement, is to reflect indexation of the fee by the change in the Wage Price Index (WPI).

Water Abstraction fees

s.30 Licence to take water abstraction fee for water taken for the purposes of urban water supply and calculated on the basis of the water abstracted – per kilolitre.	\$0.67	\$0.69	per kilolitre	3.0%	The increase reflects a decision made by the ACT Government, as part of the 2016-17 Budget Review process, to index the Water Abstraction Charge by 3 per cent per annum from 1 July 2017 (see page 44) https://www.treasury.act.gov.au/__data/assets/pdf_file/0009/1031688/2016-17-Budget-Review_.pdf .
s.30 Licence to take water – abstraction fee for all water from surface water or groundwater except for that supplied through a water supply network – per kilolitre.	\$0.32	\$0.33	per kilolitre	3.1%	The increase reflects a decision made by the ACT Government, as part of the 2016-17 Budget Review process, to index the Water Abstraction Charge by 3 per cent per annum from 1 July 2017 (see page 44) https://www.treasury.act.gov.au/__data/assets/pdf_file/0009/1031688/2016-17-Budget-Review_.pdf .

New regulated WPM charges for 2023-24

	N/A			N/A	
	N/A			N/A	
	N/A			N/A	
	N/A			N/A	

		N/A			N/A	
1.2	Were any existing WPM regulated charges repealed in 2023-24? If yes, please state which charges were repealed and when					
Operator notes to the ACCC: Please indicate which question(s) the comment(s) relate to.		In relation to rows 25 and 26, please note that the ACT's water abstraction fee is based on providing a price for water to the ACT for consumption of water in the ACT and the scarcity value of water as a resource that holds significant value across the business in the Non-potable Water Review Final Report, December 2023.				

1.1 f. Number of units charged	1.1. g. Revenue from charge (\$)	Please provide explanation if the total revenue from charge does not match the charge amount * units charged.	1.1 h. When and where was information regarding your regulated WPM charges for 2023-24 published?	
			Gazette or website	Notices published in newspapers. <i>including the name of each newspaper</i>
	\$ -		Water Resources (Fees) Determin	
15.00	\$ 13,536.00		Website	
8.00	\$ 1,596.40		Website	

3.00	\$ 598.65		Website	
2.00	\$ 399.10		Website	
3.00	\$ 598.65		Website	
1.00	\$ 199.55		Website	
5.00	\$ 997.75		Website	
175.00	\$ 90,396.25		Website	

1.00	\$	10,029.35		Website	
1.00	\$	516.55		Website	
51318300.00	\$	35,409,627.00		Website	
2548221.00	\$	851,105.81	WAC Subject to assistance such as Market Equity Scheme(MES) and Competition equalisation pyment(CEP)	Water Resources (Fees) Determination 2023 HTML view (act.gov.a	

Total Revenue	\$	36,379,601.06		
that reflects the costs incurred by the ACT Government in maintaining water catchments, the environmental costs associated with the broader community. Further information on the water abstraction fee and its application to potable and non-potable water can be found over 2021 (https://yoursayconversations.act.gov.au/non-potable-water).				

NOTES

109,384 units charged equating to \$36,534.40 from TCCS accounts for the Inner North Reticulation Network. These numbers are added to CTMEDD numbers as CMTEDD does not include the INRN. Original CMTEDD numbers are 2438837 charged for \$814,571.56.

2023-24 ACCC WPM Information Request

ACT Environment, Planning and Sustainable Development Directorate

Table 2 - Water planning and management activities and expenditures

The ACCC has identified WPM activities carried out by your agency in 2023-24 and where possible has pre-filled the following table. For existing WPM activities, please confirm the activity title and the NWI defined category in the green cells. Please enter the 2023-24 cost for each WPM activity under question 2.1 c.

Please include any new WPM activities in 2023-24 in the section at the end of this table.

Please provide a breakdown of total capital, operating and corporate costs either:

- by activity under question 2.1 d: OR

2.1	2.1 a. Please list the WPM Activities carried out by your agency	2.1 b. Please select the NWI defined category that this activity primarily relates to? (link to document - see appendix B)	2.1 c. Activity cost	
			2022-23 (\$)	2023-24 (\$)
	Water Policy	Water reform strategy and policy	\$ 826,000.00	\$ 694,867.00
	Stormwater Maintenance	Water management	\$ 1,985,000.00	\$ 3,971,845.36
	Waterwatch	Water monitoring & evaluation	\$ 409,000.00	\$ 191,743.00
	Monitoring of water usage throughout the ACT education directorate	Water monitoring & evaluation	\$ -	
	Molonglo 3 Infrastructure - Deep Creek Pond (concept design)	Water management	\$ 1,288,000.00	\$ 1,650,238.00
	ACT Healthy Waterways Asset Maintenance (TCCS Assets Only)	Water management	\$ 1,236,000.00	\$ 1,981,129.32
	Conservation Research - waterway monitoring and evaluation	Water monitoring & evaluation	\$ 271,000.00	\$ 13,500.00
	Hydrometrics and water quality monitoring	Water monitoring & evaluation	\$ 122,000.00	\$ 242,425.00
	Healthy Waterways - water quality improvement assets	Water management	\$ 2,435,000.00	\$ 8,716,079.00
	Healthy Waterways - planning and program delivery	Water planning	\$ 2,181,000.00	\$ 1,368,077.00

	Water compliance - EPA	Water administration and regulation	\$ -	\$ 475,500.34
	Payments to catchment groups	Water management	\$ 323,000.00	\$ 911,743.00
	Water Vulnerability Strategy	Water planning	\$ 107,000.00	\$ 5,796.00
	New WPM Activities for 2023-24			
	Recreation Water Monitoring	Water monitoring & evaluation	N/A	\$ 83,500.00
	Jacka infrastructure - billabong pond	Water management	N/A	\$ 1,772,326.36
	Development and review of Reserve Management Plans and Wetlands Plan of Managements	Water planning	N/A	\$ 126,215.00
		Please select...	N/A	
		Please select...	N/A	
		Total Cost of WPM Activities above	\$ 11,183,000.00	\$ 22,204,984.38
2.2	If you have not answered question 2.1 d, please indicate what proportion (either as a percentage or a dollar amount) of WPM activity costs were:	Capital Costs	\$ 2,229,000.00	\$ 12,138,643.36
		Operating Costs	\$ 11,182,700.00	\$ 10,066,341.02
		Corporate Costs		
		Total of Cap/Op/Corp categories	\$ 13,411,700.00	\$ 22,204,984.38
		Difference between cost totals	\$ 2,228,700.00	\$ -
	Check on cost totals: If there is a discrepancy in cell above between sum of costs of WPM activities and sum of capital, operating and corporate components, please check calculations or explain below.			
Operator notes to the ACCC: Please indicate which question(s) the comment(s) relate to.				

2.1 d. Breakdown between capital, operating and corporate costs. <i>Please answer this question (for individual items), <u>or</u> question 2.2 (totals).</i>
Operating
Operating
Operating
Capital
Operating
Grants to waterwatch organisations
Operating
Capital
Operating

[illegible]

2023-24 ACCC WPM Information Request
ACT Environment, Planning and Sustainable Development Directorate

Table 3 - Statement of executive responsibility

Please provide a signed copy to the ACCC (an electronic version is adequate)

I, **Geoffrey Rutledge**, am an authorised agent in my capacity Deputy Director-General, Environment, Water and Emissions Reduction, of the Environment, Planning & Sustainable Development Directorate, having the appropriate authority to verify and supply information to the Australian Competition and Consumer Commission in meeting the Australian Competition and Consumer Commission's functions under the *Water Act 2007*.

In my opinion, the information provided to the Australian Competition and Consumer Commission presents an accurate and fair representation of the ACT Government's activities and compliance information concerning the period 1 July 2023 to 30 June 2024.

Signature

Date



Attachment B - Water Planning and Management Activities: Eligible Activities

The Eligible Activities are based on the National Water Initiative Pricing Principles (*A framework for classifying WPM activities*) and is consistent with the *Water Charge Rules 2010*.

<i>Eligible water planning and management activities</i>	
<i>Activity</i>	<i>Example activity</i>
WATER PLANNING	
Water resource planning	- Development of water resource plans – cross-border, regional - Catchment scale water plans - Localised water plans to address specific water resource issues (quantity or quality) or water management issues such as drainage issues e.g. water security planning - Operationalise and/or implementation of plans - Monitoring and evaluation of planning outcomes and progress against targets (including compliance) - Review of water resource plans
Environmental and ecosystem management planning	- Development of environmental management plans where related to water resources e.g., blue green algae, salinity, riverine management - Development of plans to manage water-dependent ecosystems
WATER MANAGEMENT	
Measures to improve water use	- Water use efficiency programs - Water Sensitive Urban Design measures - Community education
Construction of works	- Capital works - construction of weirs, replacement of bores etc. to achieve water management outcomes
Environmental works	- Works to reduce or remediate environmental impacts arising from water use, operations and maintenance
WATER MONITORING AND EVALUATION	
Water monitoring, evaluation and resource assessment	- Water quality monitoring and assessment - Water use monitoring - Hydrological and hydraulic assessment - Water resource assessment - effects of climate change, land use - Surface-groundwater interconnectivity - Streamflow gauging
Monitoring and evaluation of water dependent ecosystems	- Monitoring and evaluation of riverine health (flow and non-flow elements), wetland health
INFORMATION MANAGEMENT AND REPORTING	
Water resource accounting	- Data collection and processing - Development of frameworks and systems
Publication of water resource information	- Water use statistics, water trading statistics, resource condition and assessment reporting

<i>Eligible water planning and management activities</i>	
WATER ADMINISTRATION AND REGULATION	
Water administration and regulations	- Granting allocations, water access entitlements and water licences - Processing applications and transactions - Ensuring compliance with licence and other conditions - Regulation of water related works or developments (e.g. dams, bores, pumping equipment)
Development of entitlement frameworks	- Water allocation framework, water trade licencing
Administration of water trading arrangements	- Development and regulation of trading frameworks - Facilitation and administration of water trading
Business administration	- Review of water pricing, fees and charges - Billing and debt management
Administration of water metering arrangements	- Development of metering requirements and standards - Implementation of metering requirements - On-going management of metering activities
WATER INDUSTRY REGULATION	
Oversight of water businesses	- Review of water business operations to ensure compliance with statutory requirements
NON-ELIGIBLE (EXCLUDED) ACTIVITIES	
Government administrative activities Water reform, strategy and policy development Activities funded or cost recovered through other revenue sources	- Intergovernmental agreements - Broad strategy/policy development - Development and/or refinement of overarching statutory instruments - Ministerial and Parliamentary services - Activities funded through Commonwealth grants, ACT Government rates, building levies, other cost recovery mechanisms (urban water supply pricing), etc.