



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2024-2025

Ms Nicole Lawder MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Miss Laura Nuttall MLA

**ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS**

Asked by: Ms Suzanne Orr MLA

Addressed to: Minister for the Environment, Parks and Land Management

Redirected to: Minister for Water, Energy and Emissions Reduction

Reference: Uncorrected Hansard Transcript [Page 36]

In relation to: Scope of the water extraction charge

Hearing Date: 31/07/2024

QTON lodgement date: 31/07/2024

Answer Due Date: 06/08/2024

MS ORR: Yes, I have a question. I am picking up on my questions yesterday on the water extraction charge. I just want to get a bit of idea, I was asking the CMTEED officials who administer the charge and they said EPSDD was the ones who implemented the policy around the scope of what that does and does not get spent on. Can I just get a run-through of EPSDD's role in that water extraction charge and how you currently interact with it?

Mr Rutledge: Ms Orr, it is not actually this portfolio; it is Mr Rattenbury's portfolio, but in the interests, I will just make a brief response to that. The water extraction charge, by its nature, needs to be spent on water activities, and so that includes such matters as some water quality initiatives, some water efficiency initiatives and also even some stormwater upgrades, largely in response to climate change.

We total all of that up and we report that to the ACCC every year. On notice, I will get you today the ACCC thing, but it is a Mr Rattenbury portfolio.

MS ORR: Just to clarify, so on notice, I am very grateful that you are indulging me on this one because it saves me having to go write something entirely separate on notice, that we will end up with you, anyway Mr Rutledge.

Mr Rutledge: Yes, you sure will.

MS ORR: Can I just get on notice just the way the water extraction charge is applied now, and the scope of the policy parameters.

Mr Rutledge: Yes, perfect. Thanks, Ms Orr.

MINISTER RATTENBURY: The answer to the Member’s question is as follows:

Policy parameters for the Water Abstraction Charge

The method for determining the Water Abstraction Charge (WAC) was developed by the Independent Competition and Regulatory Commission (ICRC) in 2003.

The WAC aims to recover catchment management costs, to reflect the environmental costs from water abstraction and the value of the water as a natural resource (scarcity value).

- Cost recovery for water planning and management activities are defined by the National Water Initiative pricing principles.
- Environmental costs are the costs associated with not returning all the water we abstract to the downstream water system.
- The scarcity value reflects that water not used in the ACT can flow downstream and be used for other purposes which have economic value, such as irrigation.

How the Water Abstraction Charge is applied

The WAC is made under s107 of the *Water Resources Act 2007* (ACT) and applies licences to take water granted under s30 of the Act.

The WAC is set through an annual fee determination ([DI2024-124](#)) – items 1.13 and 1.14. The associated fee payable in 2024-25 is \$0.71 per kilolitre for urban water supply (potable water) and \$0.334 per kilolitre for surface or groundwater not supplied through a water supply network (non-potable water). The fee is increased annually by 3%, as per Government decision in the 2016-17 Budget ([DI2024-124 – Explanatory Statement](#)).

The Environment Protection Authority administers the WAC, collecting the relevant fees from water licence holders, including Icon Water. Revenue collected against the WAC is managed through the ACT budget.

The Australian Competition and Consumer Commission (ACCC) has a legislated responsibility under Commonwealth Water Act 2007 for monitoring regulated water charges and their compliance with the Water Charge Rules. The ACCC publish an annual [Water Monitoring Report](#) in exercising their role.

Approved for circulation to the Select Committee on Estimates 2024-2025

Signature:



Date:

6/8/24

By the Minister for Water, Energy and Emissions Reduction