

**TALKING POINTS:**

**EPSDD E42 – Review of Water Resources Act and associated Water Policy Institutional Arrangements**

**KEY POINTS**

- \$120,000 was provided through the budget in 2018-19 to investigate feasibility of water trading. This initial investigation has indicated a viable scenario, but needs considerable work to establish this and work across government, including the Commonwealth. This funding is to support that work.
- The Water Resources Act needs to be reviewed and updated as identified by the ACT Auditor General in 2015 (the Lower Cotter Audit 2015) and agreed to by Government in its response. The Act has not been reviewed and updated yet.
- It is over 10 years since the last update to the Water Resources Act, which is now in urgent need to ensure that the legislation appropriately accommodates national reform commitments including commitments under the *Murray Darling Basin Plan* and the *Water Act 2007* (Cth).
- Currently the Act does not include recognition of the requirements by the Commonwealth to accredit the ACT Water Resource Plan. The Act also needs to be reviewed and redrafted to give statutory recognition to the components of the ACT Water Resource Plan – without these changes the Commonwealth is unlikely to accredit our Plan.
- The ICRC has previously identified that budget initiatives such as this are core business to be funded as an offset by WAC revenues. However, Treasury suggests that the WAC is not hypothecated and therefore can't be applied.
- The water trading can't be used as an offset until the ACT is amended and the water trading scheme is developed – this funding is to do this work.
- The water trading can provide a future revenue source, and this bid is seeking funding to allow that scheme to be developed – particularly through the requirement to update the Act.

Background

- Under National reform commitments (including annual reporting to the ACCC), water abstraction charges should closely align with water planning and management expenditure.
- Under s.107 of the *Water Resource Act* the powers to determine the Water Abstraction Charge are with the Minister for the Environment and Heritage. The Water Abstraction Charge currently collects approximately \$32million/yr.
- Water trading and/or efficiency measures may be a future source of revenue for water related activities, however are subject to further development including negotiation with the NSW and/or Commonwealth governments.
- These measures will also not be possible until the Water Resources Act is updated and may also be subject to Commonwealth requirements for funds to be allocated to water related capital works (water efficiency, catchment management, and waterway restoration).

- The need to comprehensively review and update the Water Resources Act has been identified as a priority by stakeholders and will be a foundation action in the next implementation plan for the ACT Water Strategy (to be considered by Cabinet in early 2019).

## Deliberations of Cabinet

TREASURY RECOMMENDATION				
FUNDING				
2019-20	2020-21	2021-22	2022-23	Total
\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net Operating Impact</b>				
0	0	0	0	0
<b>Expense</b>				
0	0	0	0	0
<b>Capital</b>				
-	-	-	-	-
<b>Depreciation</b>				
-	-	-	-	-
<b>Revenue/Offsets</b>				
0	0	0	0	0
<b>Staffing - Full Time Employees</b>				
0.0	0.0	0.0	0.0	