ACT Government

Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

Murray Darling Basin (MDB) Water Reforms Within the ACT

Talking points

- As the ACT is surrounded by NSW and downstream of the Snowy Mountains Hydro Scheme, ACT's water resources are intrinsically linked to a larger regional context.
- Through the Murray-Darling Basin Authority's 10-year review of the Murray-Darling Basin Plan and the Australian Government's first review of the 2002 Snowy Water Inquiry Outcomes Implementation Deed, the ACT is seeking improved consideration of upstream and external drivers that impact the ACT but are outside of our jurisdictional authority.
- The Basin Plan has had little effect in the upper Murrumbidgee since its introduction in 2012.
    - Where the ACT has capacity to actively manage the delivery of environmental water (e.g., the Cotter River), we have been achieving positive ecological outcomes within and surrounding the waterway.
    - Comparatively, the Murrumbidgee River starts in NSW and is highly regulated by Tantangara Dam, limiting the ACT's capacity to influence ecological outcomes.
- Notably, the Basin Plan does not impose any obligations that affect the Snowy Scheme or its regulatory framework.
    - The diversion and depletion of natural flows since establishment of the Snowy scheme has significantly contributed to the declining environmental condition of the upper Murrumbidgee River (see QTB 33).
    - To date, there has been insufficient releases from Tantangara Dam to maintain minimum river base flows in the upper Murrumbidgee River and environmental water releases have not been aligned with natural cues.

Key information

ACT water recovery commitments

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Cleared for public release by:	Executive Branch Manager
Contact Officer name:	Hannah Evans
Lead Directorate:	City and Environment

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- The ACT achieved its water recovery commitment under the Basin Plan through a 6.36 gigalitres water entitlement to the Commonwealth in 2024.
    - On 14 March 2024, the ACT Government entered into an agreement with the Australian Government to provide 6.36 Gigalitres (GL) of water entitlement to the Commonwealth for supporting environmental outcomes in the Murray Darling Basin.
    - The volume of water will meet the shared reduction amount (4.9 GL) and contribute an additional 1.46 GL towards other water recovery targets.
    - To recover water equivalent to 6.36 GL/year, the ACT Government provided $2.425 million to progress the design of various initiatives under a new Water Efficiency Program through the 2024-25 Budget (see QTB 31).

Federation Funding Agreement 2024-25 – 2027-28

- The ACT entered into a new Federation Funding Agreement 'Implementing Reforms in the Murray-Darling Basin 2024-25 – 2027-28' with the Australian Government on 12 September 2024.
- Contingent on meeting each milestone outlined within the schedule, the agreement provides the ACT with up to $2,605,000 over four years to continue implementing Murray-Darling Basin reforms in the ACT.
- The ACT completed mandatory compliance reporting for year one in March 2025 and has been advised payment will be provided for all milestones.
    -

Background information

Basin Plan

- The *Water Act 2007* (Cth) requires the Murray-Darling Basin Authority to prepare a strategic plan for the integrated and sustainable management of water resources. The resulting 2012 Basin Plan was designed to set the amount of water that can be taken from the Basin each year, while leaving enough for rivers, lakes and wetlands, and the plants and animals that depend on them.
    - Notably, the ACT Government has had Environmental Flow Guidelines in place since 1999. These guidelines support achievement of environmental outcomes within the ACT and seek to protect river inflows through the Territory and into NSW to support environmental values of the broader upper Murrumbidgee River.
- The Murray-Darling Basin Authority must evaluate the Basin Plan every 5 years. This includes evaluating the effectiveness of Plan implementation, as well evaluating the outcomes of the Plan.
- The 2025 Evaluation Report is expected to be released in late July/ early August 2025 and will be used to inform the 2026 Basin Plan Review. The 2025 Basin Plan Evaluation will rely on multiple sources of evidence, including reporting conducted by Basin States.

Previous Federation Funding Agreement schedules

- ACT has previously received funding under the Federation Funding Agreement-Environment to implement Commonwealth water reform priorities through:

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- the *National Partnership Agreement on Implementing Water Reform in the Murray-Darling Basin* (expired on 30 June 2020);
- the *Implementing Water Reform in the Murray–Darling Basin schedule* (expired on 30 June 2021); and
- the *Implementing Water Reform in the Murray–Darling Basin schedule* (expired on 30 June 2024).

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Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

Non-potable Water Pricing Review

Talking points

- The Government is considering the recommendations of the Non-Potable Water Review.
- The Non-potable Water Review 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 not affected.
- The timeframe to respond to the Non-potable Water Review has been protracted to ensure alignment across a range of other policy work. This government will work to progress the matter as effectively and efficiently as possible, ensuring our stakeholders remain front of mind.
- Given the wide-reaching impacts associated with any changes to water pricing, the government will ensure that any changes are framed by an appropriate transition plan to ensure consumers are afforded additional stability.

Key information

Next Step

- Treasury are developing options that encompass potable and non-potable water pricing (outcomes from the non-potable water review and the review of the Water Abstraction Charge methodology) for consideration by government. EPSDD is supporting this work.

Existing subsidies

- Existing 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 and provide equity on policy application.
- Examples of licensed holders include agricultural irrigators, community organisations, sporting facilities and private residences.:
- Approximately 20 ACT agricultural irrigators receive a 98 per cent discount of the Water Abstraction Charge, through the Competition Equalisation Payment. This is in recognition of competition with other primary producers in NSW, for providing food and produce such as apples, lucerne and grapes.
- Ten golf clubs receive a 50 per cent discount to the Water Abstraction Charge to recognise competition with interstate clubs through the Market Equity Scheme. Golf courses have expressed concern about any potential changes that may result in cost increases and are protective of maintaining the Market Equity Scheme.

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Cleared for public release by:	Executive Branch Manager
Contact Officer name:	Sarah McIntyre
Lead Directorate:	City and Environment

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Background information

Non-potable Water Review

- The last 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 Conversations 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.
- The Listening Report from public consultation was sent to stakeholders in December 2023 and was published on the YourSay Conversations website.

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 (and, if adopted, its replacement the National Water Agreement (NWA)) pricing principles promote user-pays and pricing transparency, in respect of water supply systems and cost recovery for water planning and management.

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ACT Government

Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

Election Commitment – Water Quality – Lake Tuggeranong

Talking points

- For several years the Healthy Waterways team within the Office of Water has conducted research, monitoring, modelling and other data analyses to understand the water quality problems in Tuggeranong and solutions to them.
- This work has led to a report on Options for Restoring Lake Tuggeranong.
- The report provides Government with costed options for mitigating the pollution and algal bloom problems in Lake Tuggeranong.
- Community consultation on options for restoring Lake Tuggeranong is planned for the latter half of this year, after which the *Options* report will be revised and submitted to Cabinet for approval as the *Healthy Waterways Plan for Lake Tuggeranong*.

Background information

- Water quality in Lake Tuggeranong is poor, resulting in potentially toxic blue-green algal blooms for an average of around three months in summer and closing the lake to primary (e.g. swimming) and secondary (e.g. kayaking) contact due to health risks.
- Excessive levels of faecal coliforms sometimes also occur in the lake, leading to closures.
- The main finding for research is that contemporary pollution from the catchment is the primary driver of algal blooms in Lake Tuggeranong. In-lake interventions (e.g. bubblers) will have little impact until the catchment inputs of pollution can be curbed.
- Since 2018, ACT Government has invested around $40 million to build 11 constructed wetlands and other water quality assets in the Lake Tuggeranong catchment to clean polluted stormwater.
- According to water quality models, seven of the recently built assets are intercepting 13% of the pollution destined for Lake Tuggeranong. The modelling has demonstrated that water quality assets are necessary to intercept unavoidable pollution but are not sufficient to solve the pollution problem on their own.
- The most impactful and cost-effective options for mitigating pollution in catchments are ones that prevent the stormwater from getting polluted in the first place, e.g. increasing the frequency of street sweeping and community partnerships to prevent pollution.

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Contact Officer name:	Ralph Ogden
Lead Directorate:	City and Environment

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- Over the past three years, Healthy Waterways has trialled community partnerships to prevent pollution from resident's blocks and road verges and have worked with the Transport Canberra and City Services directorate (TCCS) to improve the management of Government-owned green space.
- Since many catchment pollution mitigation options involve changes to the management of blue-green corridors, Healthy Waterways plans consider how options will also affect other objectives for blue-green space, e.g. flooding, Ngunnawal values, urban heat, biodiversity, amenity and travel, recreation etc.
- The schedule for release of draft Healthy Waterways plans for community consultation is :
    - Lake Tuggeranong – Q3 2025
    - Yerrabi Pond – (initial Q4 2025 targeted stakeholder engagement), full community engagement in 2027/28
    - Lake Burley Griffin – 2027
    - Lake Ginninderra – 2027/28
- The aim is for the Healthy Waterways plans, and similar plans to be living documents that are updated as new knowledge comes to hand.

History

- Healthy Waterways is a program to address water quality and quantity problems in Canberra and the ACT through planning and on-ground actions.
- 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.
- In 2020, 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.
- From February 2021, a total of $29.66 million in ACT Government initiative funding was invested in 4 tranches. Most of the funding was for activities to June 2025, with recurrent annual funding from the 2025-26 FY for 7 FTE of staff and $475,000 for waterway research and monitoring.
- Healthy Waterways funding has been used to:
    - Design and build 27 constructed wetlands and other water quality assets.
    - Run pilot community partnership programs targeting leaves on verges and fertiliser use in residential gardens.
    - Work across Government to adopt water sensitive practices.
    - Build an evidence base—research, monitoring, data analysis and modelling—to underpin planning and on-ground actions.
    - Carry out planning and restoration activities in the rural Naas-Gudgenby River catchment.
    - Draft two of five Healthy Waterways plans for solving water quality problems in selected waterbodies. The remaining plans will be produced over the next two to three years with existing funding.

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Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water
Aboriginal and Torres Strait Islander Affairs

Traditional Custodian Engagement

Talking points

- The Government recognises the need to strengthen our approach to engagement with Ngunnawal Traditional Custodians, and other Aboriginal people with a connection to the waters across our region. This means moving beyond consultation and towards deeper collaboration.
- With that in mind, the Office of Water procured an Aboriginal consultant to support relationship building and collaboration across a range of water resource management matters in September 2024.
- A listening report capturing the consultation is currently being drafted with community members and is intended to inform improved water policy and program development. Following an opportunity for additional input, the report is expected to be finalised in early August.

Key information

- The ACT Office of Water contracted engagement professional and facilitator, Paul Knight (*Dharawal / Yuin*) to develop and implement a consultation program with Ngunnawal Traditional Custodians and other Aboriginal people with connections to the lands and waters of the upper Murrumbidgee River.
- The consultation has been designed to help strengthen relationships between the ACT Government and First Nations communities, enhance the cultural safety and inclusiveness of water management decision-making in the ACT, and promote a greater understanding of First Nations perspectives on water issues.
- This consultation involves working collaboratively with First Nations communities to identify their priorities, concerns, and desired levels of involvement in decision-making processes, as well as to develop a culturally safe and effective engagement strategy for the project.
- The consultation program is supporting the development or review of several programs and documents, including the Healthy Waterways Tuggeranong Catchment Plan, ACT Water Strategy, and ACT and Region Catchment Strategy.
- The consultation is being conducted in a phased approach:
    - The pre-planning phase, which involved targeted discussions with government and Traditional Custodians to validate a consultation approach, was completed in January 2025.

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Cleared for public release by:	Executive Branch Manager	
Contact Officer name:	Hannah Evans	Ext: 72993
Lead Directorate:	City and Environment	

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- The next phase of consultation explored a range of important themes related to water management, such as cultural flows, water management governance, restorative cultural practices and knowledge sharing with community. A listening report summarising what was heard through this stage is in development.
- The final phase will apply what has been heard to various programs and documents and validate outcomes with community.
    - The report is a summary of what was heard through comprehensive consultation with Ngunnawal, Ngambri, Walgulu and Ngarigo peoples across the upper Murrumbidgee River catchment region. All groups have self-determined their custodianship of this region, either in part or wholly, and that has been respected throughout this process.
    - The report does not seek to grant any one group cultural authority over that region or take away any rights regarding cultural responsibility.

Background information

- The Office of Water conducted a competitive procurement process, which resulted in the appointment of Paul Knight.
    - Eight vendors were approached (seven Aboriginal, one non-Aboriginal) and provided an opportunity to respond to the Statement of Requirements. Responses were open for one month (17 June to 15 July 2024).
    - The Office of Water received four responses (three Aboriginal, one non-Aboriginal). The Assessment Panel unanimously recommended appointment of Paul Knight.
- The contract is funded through:
    - *Safeguarding the Territory's Water Resources business case 2024-25 and 2025-26*
    - *Restoring the upper Murrumbidgee River 2024-25 – 2028-29 (Commonwealth funding)*
    - *Implementing Water Reforms in the Murray-Darling Basin 2024-25 – 2027-28 (Commonwealth funding)*

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Water Efficiency Program

Talking points

- The Water Efficiency Program was announced in the 2024-25 ACT Budget and is being designed by the City and Environment Directorate.
- The Water Efficiency Program (WEP) aims to save 6.36 gigalitres of water per year in the ACT. This amount is equal to that granted by the ACT to the Commonwealth Environmental Water Holder in June 2024.
- The objective of this program is to improve the ACT's drought and climate resilience and support the ACT's long term water security.
- This will be achieved by improving the water efficiency of ACT schools, businesses, households and government facilities.
- The WEP will also incorporate:
    - Water audits and irrigation upgrades for ACT sportsgrounds
    - A community water efficiency education program; and
    - Measures to improve the efficiency of non-potable as well as potable water use.
- Water efficiency audits have been completed for 143 ACT Government facilities and identified significant and cost-effective opportunities for water savings. Several facilities completed shower and tap efficiency upgrades in 2024-25.
- Audits are in progress for 100 educational, commercial, community and residential buildings, to guide the detailed design of water efficiency initiatives.
- Water audits were completed for 20 sportsgrounds in 2024-25 and are in progress for a further 20 sportsgrounds. Irrigation efficiency upgrades have commenced, with 50 moisture sensors installed in ACT sportsgrounds during 2024-25.
- A measurement and evaluation system has been established for the program.
- A best practice review of water efficiency regulations is in progress.
- The City and Environment Directorate is working closely with water utility Icon Water to design the program. This will help ensure that the program is consistent with Icon Water's own water security activities.

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Cleared for public release by:	Executive Branch Manager
Contact Officer name:	Cameron Knight
Lead Directorate:	City and Environment

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Background information

- The ACT Government received $58.8 million for granting a 6.36 GL/year in water entitlement to the Commonwealth Environmental Water Holder. These funds were provisioned in the Budget to fund the WEP.

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ACT Government

Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

Water Pricing – Water Abstraction Charge Review

Talking points

- Work is underway to better understand the relationship between the Water Abstraction Charge (WAC) and expenditure on water planning and management activities.
- This is a complex matter which requires a considered and informed approach underpinned by a thorough understanding and assessment of the WAC's methodology.
- Given the wide-reaching impacts associated with any changes to water pricing, the government will ensure that any changes are framed by an appropriate transition plan to ensure consumers are afforded additional stability.
- A review of Non-potable Water has also been undertaken. It made a range of recommendations including that the appropriateness of the current pricing framework for non-potable water should be considered.
- The government notes that addressing issues with the WAC will impact both potable and non-potable water pricing and is carefully considering how to address this matter.

Key information

WAC methodology

- The ACT's method for calculating water charges has not been updated since the Independent Competition and Regulatory Commission's (ICRC) 2003 review. The Territory has since agreed to several policy and legislative instruments, including the *Water Act 2007* (Cth), 2010 National Water Initiative (NWI) Pricing Principles and the Commonwealth Water Charge Rules (WCRs).
- In September 2023, the then Treasurer and Minister for Water, Energy and Emissions Reduction agreed to review the ICRC undertaking an in-confidence review of the WAC methodology. The ICRC's final report was received in February 2024 and is informing methodological options currently being considered.
    - The report has not been publicly released.
    - The then Treasurer referred to the ICRC's review in response to a QTON (No.140) during the Select Committee on Estimates 2024-25 public hearings.

- 'The *State of the Lake and Waterways Report (2022)*, prepared by the Office for the Commissioner for Sustainability and the Environment, recommended that the ACT Government publish an annual detailed breakdown of how WAC revenue is expended.

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Cleared for public release by:	Executive Branch Manager
Contact Officer name:	Maria Mangeruca
Lead Directorate:	City and Environment

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- The government's response agreed in-principle to this recommendation, noting its support for transparency in applying charges for cost recovery and relevant expenditure.
- The Australian Competition and Consumer Commission (ACCC) has an existing statutory role under the *Water Act 2007 (*Cth) to monitor and report annually on regulated water charges.
    - The report includes government expenditure and revenue for water planning and management activities within the Murray-Darling Basin.
- The ACT Government is required to collate and report its water management expenses to the ACCC each year.

Background information

- The WAC is intended to recover water management costs not included in the provision of water supply, reflect the environmental costs from water abstraction, and the value of water as a natural resource.
- The WAC is separately determined for two categories of water abstracted under the *Water Resources (Fees) Determination 2024 (No 2)*, including:
    - water taken for the purposes of urban water supply (i.e. potable/drinking water use) – $0.71 per kilolitre in 2024-25; and
    - surface water or groundwater taken for non-potable use - $0.344 per kilolitre in 2024-25.
- Revenue from the WAC is currently collected as consolidated revenue and is not hypothecated. Expenditure of consolidated revenue is set out in the ACT Budget.
- The WAC is set and collected by the ACT Government. The ICRC has no legislative responsibilities for setting or regulating the WAC.
- As the Minister for Climate Change, Environment, Energy and Water, you are responsible for determining fees and charges under section 110 of the *Water Resources Act 2007*, which includes the WAC.

<u>National Water Reforms</u>

- Microeconomic 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.

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ACT Government

Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

Restoring the Upper Murrumbidgee River

Talking points

- The ACT community have long advocated for better protections in the upper Murrumbidgee River.
- The upper Murrumbidgee River is the 320km stretch of the Murrumbidgee River (a major tributary of the Murray-Darling system) that lies between its headwaters in the Kosciuszko National Park and the Burrinjuck Dam.
- Funding provided under agreement with the Australian Government is supporting an expansion of current river health science and monitoring programs, involvement in a review of the water management arrangements for Snowy Hydro, on ground river restoration activities and First Nations engagement in program delivery.
- This is a great opportunity to deliver tangible on-ground outcomes that will better protect the environmental, cultural, social and critical human water needs that our region relies on.
- The work also has potential to benefit the river well beyond the 5-year timeframe of the program.
- Knowledge gained through research and monitoring of immediate works can help build a more effective, longer-term plan for the whole upper Murrumbidgee catchment. Empowering the community and First Nations people to continue their advocacy for the river will be key to the long-term success of the program.

Key information

The upper Murrumbidgee River

- The upper Murrumbidgee River supports a wide range of values including water supply (domestic, urban and agricultural), critical ecosystem functions (e.g. fish population connectivity, biodiversity, threatened species), and social and cultural (Aboriginal culture, swimming and recreation).
- Water quality is fundamental to maintaining these values, and this is dependent on maintaining clean river flows from high in the catchment.
- The river is home to several threatened native fish (including natural, self-sustaining populations of Macquarie Perch and Murray Cod). However, only 6 of the 9 native fish that were historically known to occur within the reach continue to be found in the river.

A note on Snowy Hydro

- The ACT understands that Tantangara Dam, and in turn Snowy Hydro operations, play a critical role in Australia meeting its 82 percent renewable energy target.

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Cleared for public release by:	Executive Branch Manager
Contact Officer name:	Woo O'Reilly
Lead Directorate:	City and Environment

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- While supportive of a renewable energy target, we are conscious that the achievement of this target should not come at a broader ecological cost. This is particularly important when the impacts of climate change are already being felt.

Funding the Restoring the Upper Murrumbidgee River Program

- The ACT entered into a Federation Funding Agreement schedule 'Restoring the Upper Murrumbidgee River 2024-25 – 2028-29' with the Australian Government on 12 September 2024.
- Contingent on meeting each milestone outlined within the schedule, the agreement provides the ACT with $7.58 million over 5 years to improve the health of the Upper Murrumbidgee River.
- The ACT Project Work Plan for implementing the $7.58 million was submitted to the Australian Government at the end of March 2025. Once approved, this will be published on the Department if Climate Change, Energy, the Environment and Water website at the end of June 2025.

Background information

- In November 2023, the Australian Government committed more than $50m to improve the health of the Upper Murrumbidgee River.
- This included:
  - $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.

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Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

ACT Water Strategy - refresh

Talking points

- Work is continuing on the refresh of the ACT Water Strategy. The Strategy and its associated implementation plans will guide the next 20 years of water resource management. It will also provide an opportunity to reflect more contemporary information and emerging priorities.
- As the Strategy provides a critical opportunity to reestablish a shared vision for water that embodies the values and aspirations of Ngunnawal Traditional Custodians, further targeted engagement is being undertaken.
- The Office of Water has procured an Aboriginal consultant to support relationship building and collaboration across a range of water resource management matters.
- The ACT Water Strategy has been identified as foundational water policy and is considered a priority item to progress.

Key information

- This consultation is underway and involves working collaboratively with First Nations communities to identify their priorities, concerns, and desired levels of involvement in decision-making processes.
- The Strategy refresh will be finalised post First Nations engagement.

Background information

- The *ACT Water Strategy 2014-44: Striking the Balance* (Strategy) is the ACT Government's central policy position guiding the direction of water policy within the Territory.
- In line with the ten-year review period, the Office of Water has been progressing a project to refresh the Strategy and the associated Implementation Plan. The main changes to the Strategy being that there is a greater focus on:
    - providing strategic direction and aspirations,
    - improving monitoring and evaluation,
    - improving reporting requirements to support information sharing, and
    - incorporating water interests and values of First Nations people (an additional outcome has been added).

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Cleared for public release by:	Executive Branch Manager
Contact Officer name:	Maria Mangeruca
Lead Directorate:	City and Environment

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- Public consultation occurred between 15 May and 28 June 2024 and included a community information and feedback session, a targeted stakeholder session as well as a short and long form survey on YourSay.

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Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

CAB2024/539 Murray-Darling Basin FFA schedule – Funding profiles

	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	Total $'000
Expenses	780	655	390	0	**1,825**
Revenue	-780	-655	-390	0	**-1,825**
Net cost of services	**0**	**0**	**0**	**0**	**0**

The Government will support the continued implementation of the Murray-Darling Basin Plan by investing in water reform activities that will contribute to water recovery, environmental water accounting data and information, and water market improvements.

This initiative will be funded through the Federation Funding Agreement with the Commonwealth for 'Implementing Water Reform in the Murray-Darling Basin'.

This initiative contributes to the wellbeing domain of Environment and climate.

Talking points

- The ACT entered into a new Federation Funding Agreement 'Implementing Reforms in the Murray-Darling Basin 2024-25 – 2027-28' with the Australian Government on 12 September 2024.
- Contingent on meeting each milestone outlined within the schedule, the agreement provides the ACT with up to $2,605,000 over four years to continue implementing Murray-Darling Basin reforms in the ACT.
- ACT officials have been informed that full payment will be provided for 2024-25. An assessment report confirming milestone and payment outcomes will published on the Australian Government website in the 2025/26 financial year.

Key information

- Under the schedule, priority actions for the ACT over the four year program are:
  - Contributing to activities that will inform reviews of the Basin Plan 2012 and the *Water Act 2007*;

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Contact Officer name:	Hannah Evans
Lead Directorate:	City and Environment

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- Continuing to progress discussions on interstate water trade arrangements consistent with requirements under the Basin Plan;
- Supporting implementation of Commonwealth initiatives to improve outcomes for First Nations people in relation to holding water entitlements; and
- Progressing long-term environmental watering plans for the ACT and improving the ACT's water accounting framework.

Background information

Previous Federation Funding Agreement

- During 2021-2024, the Australian Government provided approximately $2.6 million to support the implementation of MDB water reforms within the ACT. Funding provided to the ACT for MDB reforms supported:
  - Long-term environmental water planning;
  - Basin Plan implementation monitoring, evaluation, and reporting;
  - Climate vulnerability and water security planning to build resilience in the environment and community of the ACT and surrounding region, and
  - Investigating options to deliver water for the environment by returning at least 4.9 GL to the basin.
- In 2022-23 and 2023-24, a portion of funding against the Implementing *Water Reform in the Murray–Darling Basin schedule (30 June 2024)* was withheld by the Australian Government in relation to specific trade milestones that required coordination between the ACT and NSW governments.
  - Australian Government officials had previously agreed to revised deliverables during implementation of the FFA schedule, however, in the absence of a formal variation, the evidence provided to receive payment was not accepted by Australian Government Treasury.
- The ACT entered into a contract variation signed by the previous Commonwealth Water Minister, Minister Plibersek which would provide the ACT with an opportunity to receive the $67,800 payment in 2024-25. Under the variation, the ACT and NSW Governments were required to establish two-way entitlement and allocation trade between the two jurisdictions, to ensure protection of future environmental water downstream from the ACT. This milestone was met as required.

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Question Time Brief

Portfolio: Climate Change, Environment, Energy and Water

CAB2024/539 Upper Murrumbidgee FFA schedules – Funding profile

	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	Total $'000
Expenses	2,580	2,200	500	500	**5,780**
Offset – Expenses	-2,580	-2,200	-500	-500	**-5,780**
Net cost of services	**0**	**0**	**0**	**0**	**0**

The Government will support planning and delivery of on-ground works, communications, science and monitoring projects to improve the health of the upper Murrumbidgee River.

This initiative will be funded through the Federation Funding Agreement with the Commonwealth for '*Restoring the upper Murrumbidgee River Program*'.

This initiative contributes to the wellbeing domain of Environment and climate.

Talking points

- The ACT entered into a Federation Funding Agreement (FFA) schedule 'Restoring the Upper Murrumbidgee River 2024-25 – 2028-29' with the Australian Government on 12 September 2024.
- Contingent on meeting each milestone outlined within the schedule, the agreement provides the ACT with $7.58 million over five years for a range of measures to improve the health of the upper Murrumbidgee River.
- Fulfillment of milestone 1 (2024-2025) against the FFA was completed in March 2025 including the development of the ACT Project Work Plan as well as Joint Program Plans between NSW and ACT for First Nation Engagement and Participation, Science and Monitoring and Communications and Engagement.
- ACT officials have been informed that full payment will be provided for 2024-25. The Project Work Plan, outlining the projects, will published on the Australian Government website in the 2025/26 financial year.

Key information

- The ACT Restoring the upper Murrumbidgee River Program will invest in:

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- On ground works to improve water quality, riparian condition, connectivity, instream habitat and fish passage, as well as reduce the impact of threats such as invasive woody weeds and erosion.
- Monitoring projects that measure the impacts of interventions and track riparian and river condition.
- Science projects that fill critical knowledge gaps to establish an evidence based toolkit to support future water and river management decision-making.

- Looking for opportunities to support ongoing community stewardship and participation and engagement of the Ngunnawal Community is a priority across all projects.

Background information

- The ACT community have long advocated for better protections in the upper Murrumbidgee River.
- The upper Murrumbidgee River supports a wide range of values including water supply (domestic, urban and agricultural), critical ecosystem functions (e.g. refuge and connectivity for aquatic biodiversity and threatened species), social (recreation, swimming) and Cultural values.
- Water quality and ecological condition is fundamental to maintaining the River's values, yet the health of the river is in decline. Safeguarding river health is dependent on maintaining clean and adequate river flows from high in the catchment.
- In November 2023, the Australian Government committed more than $50m to improve the health of the Upper Murrumbidgee River. This includes:
  - $20m over five years for on-ground and science and montoring projects via the *Restoring the upper Murrumbidgee River Program* across ACT and NSW;
  - $5.3m over 5 years to support the review of the Snowy Water Deed;
  - $30m for additional river flows during extreme drought conditions; and
  - improved annual reporting to improve transparency in Snowy Hydro water management.

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EPSDD E14 – Water Efficiency Program (CO2025/26)

	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	Total $'000
Capital	673	0	0	0	**673**
Offset – Capital – Provision	-3,000	0	0	0	**-3,000**
Net capital	**-2,327**	**0**	**0**	**0**	**-2,327**
Expenses	2,370	0	0	0	**2,370**
Offset – Expenses – Provision	-3,000	0	0	0	**-3,000**
Net cost of services	**-630**	**0**	**0**	**0**	**-630**

The Government will continue to design and implement various initiatives under the Water Efficiency Program (WEP) to recover water equivalent to 6.36 GL/year granted to the Commonwealth Environmental Water Holder under the Murray-Darling Basin Plan. This program will be funded from the one-off payment of $58.830 million by the Commonwealth to the Territory in 2023-24.

Funding of $250,000 in expense and $100,000 in capital against this initiative will be from a rollover of unused funding under the 2024-25 Budget initiative *Safeguarding the Territory's Water Resources – Water Efficiency Program*.

This initiative builds on recent Government actions in this area including the 2024-25 Budget initiative *Safeguarding the Territory's Water Resources – Water Efficiency Program* which provided funding to design various initiatives under the WEP.

This initiative contributes to the wellbeing domain of Environment and climate. The other domain which this initiative significantly contributes to is Economy.

Talking points

- The objective of the WEP is to improve the ACT's drought and climate resilience and support the ACT's long term water security.
- This will be achieved by improving the water efficiency of ACT households, businesses, schools, and government facilities.
- This budget measure will support design and planning of:

    - Water efficiency programs for households, businesses and schools (both public and private)
    - A community water efficiency education initiative
    - A review of legislative and regulatory settings to improve water efficiency outcomes in our built environment.
- This budget will also support water efficiency upgrades of public sites, including:
    - ACT Government facilities
    - ACT sports grounds.
- The City and Environment Directorate is working closely with water utility Icon Water to design the program. This will help ensure that the program is consistent with Icon Water's own water security activities.

Key information

- The ACT Government received $58.8 million for granting a 6.36 GL/year in water entitlement to the Commonwealth Environmental Water Holder. These funds were provisioned in the Budget to fund the WEP.
- The WEP is designed to achieve water efficiency savings of 6.36 GL/year to offset the entitlement granted to the Commonwealth.

Background information

- This budget measure continues funding for the WEP, originally established in the 2024-25 ACT Budget.
- During 2024-25 the WEP has:
    - Audited 143 ACT Government facilities to assess the extent and use of water efficient fittings and adherence to existing codes and standards;
    - Audited and commenced preliminary irrigation infrastructure upgrades for ACT sports grounds; and

Established a monitoring framework to measure progress of the WEP against the 6.36 GL/year water recovery target.

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EPSDD E16 - Healthy Waterways – Improving Lake Tuggeranong

	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	Total $'000
Expenses	327	0	0	0	**327**
Offset – Expenses	-150	0	0	0	**-150**
Net cost of services	**177**	**0**	**0**	**0**	**177**

The Government will continue the Healthy Waterways program to improve waterway health and water quality. This initiative is partially offset against existing funding and resourcing within the Environment, Planning and Sustainable Development Directorate.

This initiative builds on recent Government actions in this area including the 2023-24 Budget initiative *Protecting Canberra's unique environment – Expanding the Healthy Waterways project* which provided funding to reduce nutrient load and algal blooms in urban lakes and ponds.

This initiative contributes to the wellbeing domain of Environment and climate. Other domains which this initiative significantly contributes to are Health, Social connection, Economy and Governance and institutions.

Talking points

- A Government priority is to deliver a 10-year plan for a healthier Lake Tuggeranong, work for which is well underway.
- This priority builds on a significant investment of new ponds, wetlands and raingardens in Tuggeranong in the last ten years, most recently with a 500m section of Tuggeranong Creek concrete stormwater channel renaturalised in Calwell.
- The program continues to investigate additional options to restore the water quality of Lake Tuggeranong. Behaviour change in our community and in our city operations are key to addressing nutrient pollution at the source, and reducing the frequency of lake closures because of blue-green algae events.

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Key information

- Of the three broad options – prevent, reduce or remediate pollution – the most cost effective solution is to prevent pollution entering water.
- Based on rigorous scientific research and modelling, a 700kg/year reduction of phosphorus nutrients would improve water quality and reduce the number and duration of lake closures to acceptable levels.

Background information

- Since 2014, the ACT Government has invested around $44 million in Tuggeranong with Stage 1 and Stage 2 Healthy Waterways projects.
- 8 wetland projects were delivered in Tuggeranong in Stage 1, with a further 6 wetland projects in Tuggeranong from Stage 2 completed or currently underway.
- There is a sound scientific base of research, monitoring and water quality modelling in collaboration with University of Canberra that demonstrates phosphorus nutrient pollution needs to be reduced further to improve water quality of Lake Tuggeranong.
- Impacts of climate change will continue to add pressure on water quality with increased temperatures and larger storm events.
- The nutrient pollution source is diffuse, coming from each upstream household, shopping precincts, sportsgrounds and the upstream rural area.
- Lake closures occur when there are blue-green algae events because of public health risks from primary and secondary contact with water. The persistent odour during these times is unpleasant for nearby residents, businesses and community recreation activities.

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- In 2025-26 and 2026-27, the Utilities Network Facilities Tax (UNFT) will increase by an additional 2.5 percentage points above the wage price index.
- The increase to Utility Network Facilities Tax will increase bills for everyone that uses the electricity, gas, sewage, water and telecommunications network. The tax will be recovered through increased customer bills.
- The Utility Network Facilities Tax has been raised as a significant driver of energy bills by Evoenergy. This was prior to the recent increase.

Key information

EV Stamp Duty

- The generous stamp duty exemption has been in place for nearly 3 years (started 1 August 2022) as well as no cost registration for 2 years which has contributed to the ACT having the highest uptake of EVs per capita in Australia.
- The stamp duty being introduced will be lower than the rates used by most other jurisdictions.
- The Government has other incentives available including the $15,000 low-interest loans for new and 2nd hand EVs and emissions based registration fees.

Utilities Tax Increase

- By increasing the UNFT the own-source taxation to support sustainable delivery of public services and infrastructure for the Canberra community will also increase.
- There are opportunities through electrification and water efficiency, supported by a range of ACT Government programs, to reduce consumption. This may reduce the impact of the bill increase.

Background information

EV Stamp Duty

- EVs are typically still more expensive than equivalent petrol or diesel vehicles, so consumers will pay more stamp duty, particularly if they are above the $45,000 threshold. The table below provides some examples of stamp duty payable between comparable models:

Vehicle	Category	Purchase Price	Motor duty
Hyundai Kona **petrol** base model	C	$ 35,446	$ 1,124
Hyundai Kona **electric** base model	AAA	$ 57,016	$ 2,281
MG 5 **petrol** base model	B	$ 24,990	$ 750
MG 4 **electric** base model	AAA	$ 37,990	$ 950

- 9 out of the top 10 most popular EV models sold in the ACT in recent years are priced over $45,000 and will now be charged 4% stamp duty.
- The table below shows the comparison stamp duty rates from other juristictions:

State/Territory	Vehicle Duties
NSW	No ZEV concessions. Overall <$45,000 duty rate is $3 per $100 and >$45,000 is $1,350 + $5 per $100
Victoria	ZEVs of any value has a duty rate $8.40 per $200 or part thereof. ICE vehicle rate increases above $80,567
Northern Territory	Free rego and stamp duty concession for ZEVs of up to $1,500 for vehicles valued up to $50,000 and 3% rate outside of this
QLD	ZEV/Hybrid rate of 2% for the first $100,000 and then 4% over $100,000 for vehicles less than 4.5 tonnes. Flat 2% rate for heavy vehicles