



# QUESTION TIME BRIEF

**Portfolio:** Climate Change, Environment, Energy and Water

## Non-potable Water Pricing Review

### Talking Points:

- As the new Minister for Water, I am seeking a comprehensive briefing from officials to ensure this government can implement a practical, but economically and environmentally prudent, response to the Non-Potable Water Review.
- The timeframe to finalise a response to the Non-potable Water Review was protracted and this government will work to resolve the matter as effectively and efficiently as possible, ensuring our stakeholders remain front of mind.
- The Government notes that addressing issues with the Water Abstraction Charge will impact both potable and non-potable water pricing, and as such will carefully consider how to coordinate the Government's responses to resolving both issues.

### Key Information

- 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.
- 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, and provide equity on policy application.
- Examples of licensed non-potable irrigators that provide community services, and pay the full Water Abstraction Charge:
  - 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 Water Abstraction Charge (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 (Market Equity Scheme). Golf courses have expressed strong concern about any potential changes that may result in cost increases and are highly protective of maintaining the Market Equity Scheme.

Cleared as complete and accurate: 14/01/2025  
Cleared for public release by: Executive Group Manager  
Contact Officer name: Sara McIntyre  
Lead Directorate: Environment, Planning and Sustainable Development

## 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 promotes user-pays and pricing transparency, in respect of water supply systems and cost recovery for water planning and management.

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**Portfolio/s:** Climate Change, Environment, Energy and Water

## **Water Pricing – Water Abstraction Charge Review**

### **Talking Points:**

- The government is aware that revenue collected through the Water Abstraction Charge (WAC) is considerably higher than the 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.
- The government acknowledges this issue and is currently considering options to address it.
- 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).
- '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.
- 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.

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- 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.

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