

QUESTION TIME BRIEF

Portfolio: Water, Energy and Emissions Reduction

Murray Darling Basin (MDB) Water Reforms within the ACT

Talking points:

- The Murray-Darling Basin water reforms provide the appropriate scale of management, across State and Territory borders, to respond to our climate emergency and safeguard the long-term security of our water resources.
- The ACT is working with the Australian Government to finalise its water recovery commitment by June 2024.

ACT's water recovery commitment (4.9 GL Shared Reduction Amount):

- Earlier this year, the Australian Government announced changes to its approach for finalising water recovery commitments. This provides the ACT Government greater flexibility to meet its commitment than through the previous water efficiency program.
 - This flexibility removes the dependency of implementing water efficiency measures to provide the water recovery by 2024.
- The ACT Government is working with the Commonwealth Department to finalise the water recovery commitment before the Basin Plan deadline of 30 June 2024.

Water Trading

- The ACT Government is working with the NSW and Australian Government to develop water trading arrangements under the Murray-Darling Basin Agreement and Basin Plan. The trading arrangements have not been finalised however negotiations continue to progress.
- The ACT Government will manage the ACT's water supplies to ensure that the ACT's water take remains within the Sustainable Diversion Limit, as required under the Murray-Darling Basin Plan and the ACT Water Resources (Water Available from Areas) Determination 2019.

Key Information

- The ACT Government is finalising negotiations with the Australian Government to provide 6.36 GL of water entitlement to the Commonwealth for supporting environmental outcomes in the Murray Darling Basin. This volume of water will meet the shared reduction amount (4.9 GL) and contribute 1.46 GL towards other water recovery targets.
- Revenue received from providing the water entitlements to the Australian Government will be used to support the ACT's long term water security by improving water use efficiency.

- In addition, the Australian Government is providing approximately \$2.6 million to support the implementation of Murray-Darling Basin water reforms within the ACT during 2021-2024 through policy development, working with the Australian Government to deliver key reforms and meeting new reporting obligations.
- Priorities for implementing Murray-Darling Basin water reform within the ACT, funded under Agreement with the Australian Government, and due for completion by 30 June 2024 include:
 - advancing the water interests of Ngunnawal Traditional Custodians
 - climate vulnerability and water security planning to build resilience in the environment and community of the ACT and surrounding region, and
 - delivering water for the environment by returning at least 4.9 gegalitres to the basin.
- Under the Basin water reforms, the ACT recently renewed its policy on 'Non-urban water metering'.

Background Information

- The Basin Plan was established in 2012 under the *Water Act 2007* (Cwlth).
- Programs developed to implement the Basin Plan are scheduled to conclude by 2024. This includes measures under the Sustainable Diversion Limit Adjustment Mechanism.
- The Murray-Darling Basin Authority is required to conduct an evaluation of the Basin Plan implementation by 2025 and a review of the Basin Plan by 2026.

ACT Shared Reduction Amount

- The Basin Plan commits the ACT to 4.9 GL of water recovery for achieving shared environmental outcomes within the southern connected basin.
- In February 2023, the Australian Government announced that it is seeking to finalise all Bridging the Gap commitments (including shared reduction amounts) by 2024 through strategic purchases of water entitlements.
- A revised ACT water recovery proposal has been developed to align with the Commonwealth's Strategic Water Purchasing Framework and is being finalised in discussion between ACT and Commonwealth officials.
- Previous attempts have been made to meet the ACT water recovery commitment:
 - In 2014, the Australian Government confirmed the settlement of 9.383 GL of General Security Murrumbidgee water entitlement from ACTEW. Legal advice received by the Australian Government in 2019 determined this to be invalid.
 - During 2019-22, the EPSDD developed an urban water efficiency project, proposed to deliver up to 6.36 GL. The conditions of the Commonwealth's funding program were not conducive to urban water project and negotiation on bespoke arrangements had commenced.

Portfolio: Water, Energy and Emissions Reduction**Non-Potable Water Pricing Review****Talking Points**

- Formal consultation on the Non-Potable Water Pricing Review occurred in June and July 2023 with key stakeholders on the policy options for the Government response to the Non-potable Water Review.
- 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.
- ACT golf clubs and their peak bodies expressed strong concern about any potential changes that may result in cost increases. They are highly protective of the 50% discount which gives golf clubs an exclusive 50 per cent discount to the non-potable Water Abstraction Charge.
- The government is considering options for short term non-ongoing financial assistance during very low rainfall drought-like scenarios, when there is most pressure for club-based not-for-profit irrigators to meet irrigation demands.
- The government acknowledges that the timeframe to reach a final position to respond to the Non-potable Water Review has been protracted. The Office of Water are currently finalising the Government response for Cabinet consideration.
- I recognise water pricing is a complex issue. Many potential policy options have been assessed to try to reach a balanced outcome for all licensees, not just golf clubs.

Belconnen Golf Club (Owned by Burns Club, formerly Magpies Golf Club):

- The situation with Belconnen Golf Club is unique. This club is established in an area that has limited access to cheaper sources of water.
- The club is reliant on treated wastewater provided by Icon Water under a confidential and commercial contract. The government has no influence in relation to this contract but notes the Independent Competition and Regulatory Commission has reviewed the price of water supplied under this contract.

Key Information

- The Review and any proposed changes to water pricing 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 out of scope.
- 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.

- Costs for the operation of clubs need to be shared across those in its membership that directly benefit from the service. Passing on operating costs through increased membership fees is a business decision of sporting clubs.
- Examples of licensed non-potable irrigators that provide community services, and pay 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.
- Approx. 20 ACT agricultural irrigators receive a 98 per cent discount of the Water Abstraction Charge. This is in recognition of competition with other primary producers in NSW, for providing food and produce such as apples, lucerne and grapes.

Background Information

Non-potable Water Review

- The 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 *Your Say* 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.

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 Cth (2007) 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.

ACT Water Strategy 2014-44 Striking the Balance

- The ACT Water Strategy aims to achieve ‘an integrated and efficient water supply system that provides for the optimal mix of supply options, encourages efficient use of water, is resilient to climate variability, and secures the social, economic and environmental needs of the ACT community’.

Portfolio: Water, Energy and Emissions Reduction

ACT Water Metering Policy (Non Urban Users)

Talking points:

- The Office of Water is working in partnership with the Environment Protection Authority (EPA) to implement the Non-urban Water Metering Policy to achieve national obligations.
- The final policy was adopted by the government on 23 October 2023.
- The policy will ensure continued alignment of the ACT with best practice regulation and the Australian Standard for non-urban water metering.
- Accurate measurement and reporting of water underpins effective resource management and provides public assurance that water is being managed sustainably.

Key Information

- The policy does not apply to individual water meters that measure potable drinking water supplied by Icon Water.
- The policy affects approximately 180 licence holders, ranging from large commercial irrigators to private use of small groundwater bores.
- The policy demonstrates the ACT's commitment to improved water metering and measurement within the broader Murray Darling Basin and nationally.
- The policy takes effect on 1 December 2023. Implementation will be rolled out in stages and is expected to be completed by 2025.
- Each licence holder is currently responsible for the costs associated with the installation, maintenance and reading of a water meter. Expected new costs under the updated policy will include:
 - Ongoing validation of accuracy is approx. \$300-500 per meter every 5 years, payable by licence holders to external meter validators.
 - If new water meters are required, the cost for a licence holder to purchase and install a water meter is approximately \$3,000 per meter.
- A \$300 rebate is being offered to licence holders in the 'low risk' category to assist with costs for initial accuracy testing.

Background Information

- The National Water Initiative (2004), the National Framework for Non-urban Water Metering (2009), and the Murray-Darling Basin Compliance Compact (2018) requires States and Territories to implement consistent water metering standards to ensure equity around water sharing and the protection of water resources.

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- The Metrological Assurance Framework 2 (MAF2) is a part of the National Framework and describes the key requirements to ensure a nationally consistent compliance approach for non-urban water meters to comply with Australia Standard 4747: Meters for non-urban water supply (AS4747).
- The policy transitions current EPA non-potable metering guidelines to the Australian Standards by including several key new requirements:
 - use of pattern approved meters;
 - validation of meter installations by a certified person;
 - ongoing meter maintenance and accuracy testing; and
 - improved reporting and notification requirements for licence holders
- The Inspector-General of Water Compliance (Cth) published the Murray Darling Basin - Metering Report Card which shows that the ACT has 100% metered take of non-potable water. The implementation of this policy will enhance public reporting on achieving compliance with the new Australian Standard for non-potable metering.
- The taking of surface water and groundwater in the ACT is regulated under the *Water Resources Act 2007* by the EPA.
- The EPA will be responsible for implementing and enforcing the Non-urban Water Metering Policy. There are approximately 300 non-potable water meters subject to this policy.

Portfolio: Water, Energy and Emissions Reduction

Healthy Waterways Program

ACT Budget 2023-24 Outcomes

- Healthy Waterways received a further \$8.2 million in funding from the 2023-24 budget.
- The funding includes commitments for the 2025/26 and 2026/27 financial years, and includes recurrent funds following that, for:
 - Operation and maintenance of Stage 2 WSUD water quality assets; and
 - The ongoing development of an evidence base for managing water quality in the ACT.

Healthy Waterways Asset Construction

Completed

- A set of four bioretention swales at Kambah Playing Fields have been built and are fully accepted for initial handover.
- A pair of floating wetlands were deployed in Yerrabi Pond in February 2023.
- 45 roadside drain outlets to greenspace have been built in Kambah to improve infiltration and reduce stormwater runoff. 54 outlets were originally planned for construction however, due to challenges with installation 9 will not proceed.

Underway

- The government continues to progress an ambitious program to construct new Healthy Waterway assets as one approach to improve the water quality of the ACT's lakes, ponds and waterways and address the scourge of blue-green algae.
- One other capital works project has commenced in the Tuggeranong catchment to re-naturalise 500m of the Tuggeranong Creek drain from just west of Tharwa Drive to the end of the Calwell Playing Fields.

Planned

- Final approvals have been given for Belconnen Oval wetland and a construction contract was awarded on Friday, 3 November with a start date of 6 November 2023. Construction crews should be deployed on-site within a month. The construction team aims to complete civil works for this project by mid-2024 and water quality plantings in the Spring of 2024.
- More assets are scheduled to be built by June 2024 subject to final tender costs:
 - Water re-use from water quality pond in Kambah (Kett Street); and
 - Reconnection of old creek line at Richardson (Tuggeranong Homestead; supported by many stakeholders).

Cleared as complete and accurate: 03/11/2023

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- Raingarden in Bevan St Park, Higgins (community consultation has also been very positive).
- A variation of the two construction contracts to enable the expenditure of 2023-24 FY capital works funding—which is required to build the above works—is underway. It has been endorsed by EPSDD and the contracts are in the process of being issued by Major Projects Canberra.

Water Quality Monitoring Contract

- A water quality monitoring contract has commenced.
- This contract comprises monitoring of:
 - Water quality associated with different land uses in the ACT, which supports water quality modelling and provides insights into pollution levels in the ACT.
 - The water quality improvement performance of two wetland and two raingardens recently built in Stage 1 of Healthy Waterways, which supports water quality modelling and catchment planning:

- the raingarden in Isabella Plains;
- raingarden in Woden near the flood memorial;
- wetland in Fyshwick adjacent to Eyre Street; and
- the wetland in Melba.

The water quality autosamplers are in the process of being installed – three quarters are now functional.

- Stream flow in six tributaries to lake Tuggeranong, which will enable the loads of pollution entering Lake Tuggeranong from its tributaries to be calculated. Four of the six gauges have been installed.

Catchment Plans

- Drafting of a first draft of the Lake Tuggeranong catchment plan for water quality has begun, as has planning for community engagement around this.
- A project restoring parts of the rural/conservation catchment of the Naas/Gudgenby has been delivered. A catchment plan identifying areas of soil erosion and sediment supply to the channels has been delivered.

Leaf Collective

- The Autumn 2023 Leaf Collective public education program has wrapped up and has been evaluated. The program was carried out in the Tuggeranong and Yerrabi catchments.
- The evaluation report notes the following positive outcomes:
 - When surveyed, residents of Tuggeranong suburbs say they collected 38% more leaf litter and grass clippings per person in the previous month (330.05L) than

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residents surveyed in several demographically matched suburbs outside of Tuggeranong (239.23L).

- The rate that survey respondents reported adopting trees and drains was double in the Lake Tuggeranong suburbs (2.4%), compared to uptake across the whole ACT (1.2%).
- 51% of residents in the Lake Tuggeranong catchment recalled The Leaf Collective when prompted.

Sources of pollution in the ACT

- Contractors investigating fertiliser use by ACT residents and gardening businesses have delivered their final report.
- It is indicating large average rates of fertiliser application in the ACT, which is believed to be caused by a small proportion of gardeners applying high rates of fertiliser.
- Interim results from the University of Canberra suggest that leaves and grass clippings are another significant source of stormwater pollution in Canberra. This phase of their work is now expected to be finalised in January.
- Thereafter the University of Canberra will split their research between Tuggeranong, where they will seek to confirm some of the pollution matters established in earlier work, and Lake Burley Griffin, where they will make measurements of the in-lake environment to allow us to create a sound model of the response of the lake to potential nutrient inputs.

Key Information

History

- 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. Stage 1:
 - Designed and built 19 large water quality assets—raingardens, ponds, wetlands, and channel restorations—according to water sensitive urban design principles.
 - Carried out a major riparian restoration.
 - Conducted a public education/behavioural change program, known as *H2OK: Keeping our Waterways Healthy*.
 - Performed research into pollution, blue-green algal blooms, and control methods.
- 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.
- Since February 2021, a total of \$29 million in initiative funding has been invested in 4 tranches of the Parliamentary and Governing Agreement commitment to *Expand Healthy Waterways: \$30 million over 4 years*.

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improvements.

Financial Implications

19. There are no financial implications directly related to the ACCC reporting water planning and management activities.

Consultation

Internal

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

Cross Directorate

21. All ACT Government directorates were requested for input to the report. Responses were cleared through the respective Chief Financial Officers.
22. Treasury, Transport Canberra and City Services, and Environment Protection Authority provided information on the fees and charges, and expenditure costs for water compliance and enforcement.

External

23. Nil.

Benefits/Sensitivities

24. The ACCC annual reporting highlights significant variance between revenue collected and expenditure on water planning and management activities over successive years.
25. The Office for the Commissioner of Sustainability and Environment finalised its report on the state of lakes and waterways in the ACT in May 2022. This report raises concern on the effectiveness of water planning and policy implementation, and adequacy of resourcing. The report recommends the government publish an annual detailed breakdown of how the WAC revenue is expended.

Media Implications

26. Nil action proposed. The ACCC will publish their consolidated report in the second half of 2024. Basin governments have previously been provided an opportunity to review the report before it is published. EPSDD can prepare for any potential media at that time.

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Attachment

Attachment A	ACT reporting on water planning and management (MS Excel file)
Attachment B	ACT Certification page 2022-23 (For signature)
Attachment C	ACT Certification page 2021-22 (DDG, EWER signed)
Attachment D	ACCC Water Monitoring Report 2021-22
Attachment E	Water Abstraction Charge reporting criteria