

2024 Election Commitment – ACT Greens

Name of Commitment:	Caring for waterways and catchments	
	Reference Number: GRN008	
Request Submitted by:	Shane Rattenbury MLA, ACT Greens	
Date Request Received:	10-Oct-24	
Additional Information Requested (details and date)	Additional information requested to clarify staffing costs and hypothecation of the Water Abstraction Charge (WAC) as an offset, noting Treasury provide advice that revenue from the WAC is already recorded in the budget within consolidated revenue, consistent with the methodology used to calculate the WAC and existing Government policy (11-Oct-24).	
Additional Information Received (details and date)	The response received provided clarification of staffing costs and indicated that the ACT Greens consider the allocation of WAC to consolidated revenue to be an error and did not provide advice on how any potential budget shortfall would be addressed if WAC revenue was hypothecated as an offset to this proposal (14-Oct-24).	

Financial Implications					
Impact On:	2024-25	2025-26	2026-27	2027-28	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a)(b)}	-749.8	-3,405.0	-4,294.0	-5,227.3	-13,676.1
- Employee Expenses	-444.8	-920.7	-947.5	-973.2	-3,286.2
- Other Expenses	-200.0	-1,560.0	-1,560.0	-1,560.0	-4,880.0
- Cost of Financing	-105.0	-924.3	-1,786.5	-2,694.1	-5,509.9
Depreciation	0.0	-50.0	-450.0	-850.0	-1,350.0
Net Operating Balance	-749.8	-3,455.0	-4,744.0	-6,077.3	-15,026.1
Capital Requirement	-2,000.0	-15,500.0	-15,500.0	-15,500.0	-48,500.0
Cash Surplus/Deficit	-2,749.8	-18,905.0	-19,794.0	-20,727.3	-62,176.1
<small>(a) A negative number indicates a decrease in revenue or an increase in expenses.</small>					
<small>(b) Excludes depreciation</small>					

Other Information
Costing Methodology Used:
- Costing Technique:
The costing consists of multiple components including: <ul style="list-style-type: none"> • A fixed amount of capital funding of \$48.5 million over four years from 2024-25 to expand the Healthy Waterways program and deliver infrastructure upgrades to restore creek and river crossings; • Additional staffing for the Office of Water within the Environment Planning and Sustainable Development Directorate (5.5 x full-time equivalent (FTE) staff), which would include two dedicated First Nations positions; and • A fixed amount of expense funding of \$4.9 million over four years from 2024-25 for project managements costs and to provide increased funding to community support groups.
Salary costs have been calculated using the 2024-25 Average Salary Costing Template.

- Proposal Parameters:

- Cost of financing has been calculated at 5.25 per cent.
- Depreciation on the capital works for the Healthy Waterways program has been calculated on a straight line basis over a 40-year period. Depreciation on the capital works for upgrading river crossing has been calculated on a straight line basis over a 20-year period.
- The scope of the proposal would be required to be managed within the fixed funding envelope.
- The estimated capital costs of the proposal would be subject to the finalisation of detailed design and feasibility works.
- Repairs and maintenance costs have been excluded from the costing as the exact nature of capital works has not yet been identified.
- The Water Abstraction Charge (WAC) cannot be used as an offset:
 - i. as the revenue is already in the budget revenue estimates, so new additional spends will represent net costs to the budget, or alternatively require the identification of equivalent savings elsewhere, given no new revenue is included in the proposal.
 - ii. the costings guidelines also indicate that election commitment costings will be produced in a manner consistent with normal budget costing methodologies, and these do not hypothecate revenue from this charge to specific purposes.
 - iii. as a component of WAC revenue aims to recover the value of water as a natural resource (scarcity value), which cannot be attributed to catchment management or environmental costs from water abstraction.

Caveats or qualifications to the costing:

- The costing does not include revenue from the WAC as an offset, with the cost to the budget across the forward estimates and budget years being \$62.2 million.
- The capital funding for the Healthy Waterways program has not yet been allocated to specific projects and would be subject to further analysis.

Other Comments:

- Treasury notes that \$58.0 million in expense and capital funding has already been provisioned in the budget years and across the forward estimates period to deliver Water Efficiency Measures under the ACT's participation in the Murray Darling Basin Agreement. Treasury notes there is potential that the scope of works in this proposal may overlap with these works.
- Treasury notes the fish ladder investigation is to be completed within EPSDD's existing resources and would require 0.2 x FTE at the Administrative Service Office 6 level for six months.
- Treasury's costing differs from that submitted due to the:
 - i. exclusion of revenue from the WAC as an offset;
 - ii. correction of staffing cost provided;
 - iii. inclusion of cost of financing; and
 - iv. inclusion of depreciation.

- Statistical Data Used:

Treasury estimates.



Stuart Hocking PSM
Under Treasurer
16 October 2024