



## Bill Summary

# Water Resource Tax (Budget Amendment) Bill 2016

Bill No. 39 of 2016

## Introduction

The *Water Resource Tax Promulgation 2008* (**'Promulgation'**) provides for the imposition of tax on the extraction of water resources.

Section 5 of the Promulgation states that a water resource tax (**'tax'**) is to be levied upon the extraction of water in its natural state, including artesian water, natural mineral and spring water from an underground water table or deposit and emerging from a spring tapped at one or more natural or bore exits. Schedule 1 to the Promulgation specifies the rates for the tax according to the litres of water extracted on a monthly basis.

For up to 3,499,999 litres of water extracted on a monthly basis, the rate is 0.11 cents per litre of water. For 3,500,000 litres of water and more extracted on a monthly basis, the rate is 15 cents per litre of water.

The Water Resource Tax (Budget Amendment) Bill 2016 (**'Bill'**) seeks to amend the Promulgation to increase the rates from 0.11 cents per litre of water to 1 cent per litre of water, and from 15 cents per litre of water to 18 cents per litre of water.

This act comes **into force on 1 August 2016**.

## Objectives, scope and intent of the Bill

The main purpose of the Bill is to amend Promulgation.

Amendments are made to schedule 1 as follows:

(a) in the table—

- (i) deleting "0.11" and substituting "1"; and
- (ii) deleting "15.0" and substituting "18"; and

(b) deleting "15 cents" and substituting "18 cents".

## Bill Summary of provisions

### Short title and commencement

**Clause 1 (1)** – this Act may be cited as the *Water Resource Tax (Budget Amendment) Act 2016*

**Clause 1 (2)** – the Act comes into force on 1 August 2016

### Schedule 1 Amended

**Clause 2** amends Schedule 1 to the Promulgation by—

(b) in the table—

- (i) deleting "0.11" and substituting "1"; and
- (ii) deleting "15.0" and substituting "18"; and

(b) deleting "15 cents" and substituting "18 cents".

**Ministerial Responsibility** - The explanatory notes says that the Act comes under the responsibility of the Minister responsible for Finance.



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### International comparisons

#### Australia

Water management and supply in Australia is handled by state governments. The framework through which policy and planning occurs is the Council of Australian Governments which initiates, develops and monitors policy reforms. The principal water policy agreement is the National Water Initiative – The blueprint for water reform in Australia.<sup>1</sup>

#### Victoria

In Victoria, consumers pay for the costs of sustainable water related initiatives through the Environmental Contribution Levy (ECL). The ECL was implemented in 1994 as a key funding mechanism for the Victorian Government's water reform plans. The ECL is collected from water businesses based on the equivalent of 5% of revenue for urban water businesses and 2% of revenue for rural water businesses for a four year period. Water businesses are able to pass on the cost of the ECL to consumers through their bills<sup>2</sup>.

#### New Zealand

Water resource use in New Zealand is governed by the *Resource Management Act of 1991* and managed by the Ministry for the Environment<sup>3</sup>. In practice, the implementation of levies and charges for fresh water is delegated to local governments. Although the Ministry of Environment has outlined a set of guidelines for regional councils to follow, they retain the competence to set water levies applicable to their circumstances and resource management needs.

### Gender analysis

The Bill does not have any disproportionate impact on women and men.

### Further information

- *Water Resource Tax (Budget Amendment) Bill 2016* – No. 39 of 2016. Available at:
- *The Water Resource Tax Promulgation 2008*. Available at: [http://www.paclii.org/cgi-bin/sinodisp/fj/promu/promu\\_dec/wrtp2008349/wrtp2008349.html?stem=&synonyms=&query=water%20resource%20tax%20promulgation%202008](http://www.paclii.org/cgi-bin/sinodisp/fj/promu/promu_dec/wrtp2008349/wrtp2008349.html?stem=&synonyms=&query=water%20resource%20tax%20promulgation%202008)
- *Australian Government National Water Commission* Available at: <http://www.nwc.gov.au/nwi>
- *Victorian Government Administration and Effectiveness of the Environmental Contribution Levy*. Available at: <http://www.audit.vic.gov.au/publications/20140625-ECL-Administration/20140625-ECL-Administration.html>
- *New Zealand Resource Management Act 1991* Available at: <http://www.legislation.govt.nz/act/public/1991/0069/latest/DLM230265.html>

<sup>1</sup> Australian Government National Water Commission <http://www.nwc.gov.au/nwi>

<sup>2</sup> Auditor-General J. Doyle (2014) *Victorian Government Administration and Effectiveness of the Environmental Contribution Levy*, Auditor-General's Office <http://www.audit.vic.gov.au/publications/20140625-ECL-Administration/20140625-ECL-Administration.html>

<sup>3</sup> New Zealand Resource Management Act 1991 <http://www.legislation.govt.nz/act/public/1991/0069/latest/DLM230265.html>



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