



# Impact Analysis Statement

## Summary IAS

### Details

<b>Lead department</b>	Department of Regional Development, Manufacturing and Water
<b>Name of the proposal</b>	Water and Other Legislation Amendment Regulation 2024
<b>Submission type</b>	Summary IAS
<b>Title of related legislative or regulatory instrument</b>	Water Regulation 2016
<b>Date of issue</b>	22 July 2024

Proposal type	Details
<b>Regulatory proposals where no RIA is required</b>	The proposed amendments to the <i>Water Regulation 2016</i> (the Regulation) are unlikely to result in significant adverse impacts. No regulatory impact analysis is required under the Better Regulation Policy.

<b>What is the nature, size and scope of the problem? What are the objectives of government action?</b>
<p>Water is the lifeblood of Queensland’s rural communities – the environment, people and industries require a reliable source of water to survive and grow. The water that supports these communities is supplied by an extensive network of natural and supplemented water features, comprising over 6.4 million megalitres of water. The Department of Regional Development, Manufacturing and Water (DRDMW) is responsible for Queensland’s water management laws and ensures everyone understands how water is managed, measured and water laws are enforced.</p> <p>In 2018, an Independent Audit of Queensland’s Non-Urban Water Measurement and Compliance (the Audit) was undertaken. The Audit identified serious gaps in the Queensland Government’s ability to support fair and sustainable water management and compliance. These included:</p> <ul style="list-style-type: none"> <li>• A significant number of meters do not meet national standards.</li> <li>• Existing meter validation and maintenance processes are flawed.</li> <li>• Meter reading is infrequent, resulting in a lack of available information.</li> <li>• Metering is implemented inconsistently across the state.</li> </ul> <p>Further, in 2018, the Queensland Government made national commitments to the Murray-Darling Basin Compliance Compact (the Compliance Compact) to ensure that water take in the Queensland Murray-Darling Basin (QMDB) is accurately measured by 2025. The commitments included:</p> <ul style="list-style-type: none"> <li>• Improving water measurement and metering of water entitlements in the Queensland Murray-Darling Basin (QMDB).</li> <li>• Making improvements to the way the take of overland flow water is measured and reported.</li> </ul>

- Requiring the use of telemetry devices on relevant authorisations in the QMDB.

The Queensland Government publicly committed to reviewing its non-urban water measurement policy in response to the Audit findings and the Compliance Compact in 2018. In September 2022, the Queensland Government approved, and DRDMW published, a strengthened non-urban water measurement policy (policy) to improve the way water take is measured and reported in Queensland.

The objectives of the policy are to:

- Increase the coverage and standard of metering for the direct measurement of non-urban water take.
- Provide for farm scale measurement of overland flow water take.
- Receive timely and accurate data on water take.
- Ensure fit for purpose compliance and enforcement for measurement of water take.

Full implementation of this policy requires amendments to current water legislation to establish the necessary heads of power and detailed measurement requirements.

### Objectives

The objectives of government action are to establish the regulatory framework to support state-wide implementation of the policy and to support Queensland’s delivery of national commitments for the Murray-Darling Basin.

The existing water measurement framework requires expansion to support full implementation of the policy. This is being delivered through staged amendments, with the first stage delivered in September 2023 with the passing of the *Water Legislation Amendment Act 2023* which amended the *Water Act 2000* to establish the high-level heads of power necessary to support implementation of the policy. DRDMW is currently progressing the second stage of the amendments which involve amendments to the Water Regulation to provide the detailed operational and administrative requirements in relation to using measurement devices (meters and telemetry devices). The third stage of amendments will provide the detailed operational and administrative requirements in relation to using measurement plans, for example, for measuring more complex water take such as overland flow water. This will be part of a future Water Regulation amendment.

### What options were considered?

Several options were considered:

- Status quo (no action) – **undesirable**
- Amend the *Water Regulation 2016* and introduce new measurement requirements - **preferred option**
- Adopt non-legislative requirements – **undesirable**

#### Option 1 – Status quo (no action)

This option would leave existing provisions and would not provide for other measurement options such as telemetry, or pattern-approved devices to be used. This is undesirable as it does not deliver on the government’s response to the Audit or its national commitments to the Compliance Compact. This option is not preferred as it would result in a failure to meet the objectives of the strengthened measurement policy.

#### Option 2 – Amend the *Water Regulation 2016* and introduce new measurement requirements (preferred)

Under this option, the Regulation would be amended to give operational effect to the new measurement framework introduced by the *Water Legislation Amendment Act 2023*. The proposed amendments will:



- Insert a new Part 11 to specify measurement requirements that apply for taking water under the *Water Act 2000*, which includes:
  - Requirements for using measuring devices including attaching, certifying and maintaining measurement devices, taking water under a relevant authorisation, ongoing certification requirements.
  - Requirements for providing information about the water being taken.
  - Requirements for faulty measurement devices including identifying, notifying and rectifying faults and chief executive powers to give notice of suspected faulty measurement devices.
  - Alternative requirements if the measurement device is faulty.
  - Record keeping requirements.
  - Definition of who is a duly qualified person for performing functions under the new part, details regarding the appointment of a duly qualified person, their performance functions and actions the chief executive may take if a duly qualified person does not perform these functions properly.
- Insert transitional provisions regarding existing validation inspections and how measurement requirements apply to certain entitlements.
- Insert a new schedule 11 to identify water authorisations to which measurement requirements now apply.
- Make minor amendments to add and remove definitions and contemporise terminology.

The intent of the amendment is to:

- increase the coverage and standard of measurement via direct measurement of non-urban water take.
- provide for better access to timely and accurate data on water take.
- ensure fit for purpose compliance and enforcement for measurement of water take.

In addition, the application and implementation of the policy through this amendment would be risk-based in that water resource pressure in catchments at highest risk are prioritised above others.

Thresholds and exemptions will be applied to ensure that low-risk take and activities are not subject to unnecessary measurement. Meters would need to be re-certified every five years on a rolling basis, rather than from a fixed date specified in the Regulation. The proposed amendments to the Regulation are reasonable and balanced and strengthen the measurement of non-urban water take across Queensland and achieve alignment with other Australian Government jurisdictions.

### **Option 3 – Adopt non-legislative measures (undesirable)**

Similar to option 1, this would not involve any changes to the Regulation and would instead rely on Departmental communication and messaging to encourage people to “do the right thing”. For holders of water entitlements that have specified volumes, measuring water take may not be accurately reported, which in turn would not give DRDMW reliable data to support compliance activities, inform water allocation and planning decisions. This option does not support the policy and is not recommended.

### **What are the impacts?**

#### **Options 1 and 3**

Options 1 and 3 represent the base case against which option 2 is compared. As this option entails no further government action, it has no cost and produces no additional benefit. It also does not fully address the identified objectives of government action.

#### **Option 2**

A Cost-Benefit Analysis for option 2 is presented below and is assessed against options 1 and 3 which is reflective of the existing regulatory environment and can therefore be considered the base case. The table below illustrates the impacts on a qualitative basis.

Option 2 – Amend the Regulation**Qualitative benefits of option 2***Individuals – new measurement framework*

This proposal will not affect any existing water entitlement holder or an individual's right to take water, including stock and domestic use, drinking water supply, or commercial operations. It does not limit the rights of Aboriginal people and Torres Strait Islanders to take water for cultural purposes. Water entitlement holders with volumetric limits of less than 5 megalitres are exempt from new measurement requirements, unless specified in a water plan.

In addition, any costs to participating QMDB water entitlement holders required to install telemetry as part of the new measurement framework will be subsidised by the Australian Government.

*Agencies/government – new measurement framework*

The administrative cost to government for implementing the new measurement framework is accounted for as normal business and will form part of routine operations. Telemetry cost subsidisation has been borne by the Australian Government and will be a one-off cost for device installation and the first year of data services.

The cost to government for any monitoring and compliance associated with the new measurement framework will also be accounted for as normal business. While the initial costs for monitoring and compliance cannot be quantified, it is likely that once telemetry and datalogger equipment is implemented and entitlement holders are familiar its operation, an administrative cost saving to Government will occur as less inspections will be required (for example, meter reading will occur digitally rather than through a physical reading).

DRDMW will also benefit from having improved water take information to support compliance activities, water sharing, water allocation and water planning decisions.

*Businesses/Community – new measurement framework*

As above this does not affect existing entitlements or rights to take water and will only apply to surface water and underground water entitlements that state a specified limit on the volume of water that can be taken (known as volumetric entitlements). This will ensure water entitlements that have specified volumes will be accurately measured, giving businesses, better information to plan and manage their operations.

The policy will also enable existing meters to remain in service, provided the meter is fit-for-purpose for the installation, is installed correctly, and is working accurately.

The standard sets clear expectations around maintenance of devices and provides a list of existing meters that can remain in service, subject to specified requirements. A new measurement framework may require certain water entitlement holders to install telemetry and datalogger equipment, however these costs will be subsidised by the Australian Government. As noted above, there may be some administrative cost savings as meter reads will transition from physical to digital through this equipment. In addition, agricultural supply businesses may have more opportunities to expand with an increase in demand for measurement devices.

**Costs**

Water entitlement holders who already measure water taken will be permitted under transitional arrangements to use existing meters, provided the meter is fit-for-purpose, installed correctly, and working accurately. Clear expectations around maintenance of devices and a list of existing meters that can remain in service, subject to specified requirements, will minimise any costs and provide certainty for these water entitlement holders. The requirement for existing meters to be revalidated every 5 years will also remain unaffected.



DRDMW expects approximately 7,250 new meters will be required on unsupplemented water entitlements across Queensland, with 21% of these unsupplemented entitlements already metered. The number of meters and size (diameter) of the meter/s required to accurately measure take of water under a water entitlement is variable. Costs for a meter depends on the size that is required, which can range from 100mm to 1200mm. Costs have therefore not been assessed due to the wide range of variables and are further influenced by:

1. Whether the holder has one or more meters;
2. The size of the meter, and associated pipework; and
3. The location and availability of duly qualified persons to install and validate those meters.

#### Who was consulted?

Consultation on the policy proposals for strengthening non-urban water measurement occurred from September to December 2019. The policy was developed with extensive state-wide consultation over three years from 2019 to 2022 with peak industry and regional bodies, water users and the community. This included 22 stakeholder meetings across the state with over 400 attendees, and 21,000 letters sent to water entitlement holders. Public submissions were also called with over 320 submissions received.

Consultation with stakeholders confirmed overall support for the policy proposals, with concerns being largely focused on the impacts of the drought and the ability to meet any new metering requirements, the costs associated with the proposed metering requirements, where meters should be required, the application and scope of telemetry and data loggers, transitional arrangements for existing meters and timeframes for implementation.

In response to this feedback, DRDMW is:

- adopting a staged risk-based approach to implementation, prioritising implementation in areas where water resource is at the highest risk;
- using thresholds and exemptions to ensure small volume, low risk take is not subject to unnecessary metering;
- introducing requirements and standards for existing, new and replacement meters that assure an acceptable level of confidence in meter performance;
- requiring telemetry in areas where the water resource is at higher risk or where there is evidence of non-compliance with entitlements;
- ensuring greater consistency in metering standards for both supplemented and unsupplemented water take; and
- ensuring DRDMW can access a wide range of compliance and enforcement tools that effectively deter those who do not follow the rules.

DRDMW also consulted with the Water Engagement Forum (WEF) on the Amendment Regulation proposals in April 2023 and May 2024. As the peak body advisory group on government-related water matters, WEF is comprised of representatives from AgForce Queensland; the Association of Mining and Exploration Companies; the Australian Bankers' Association; Australian Petroleum Production and Exploration Association Ltd; the Environmental Defenders Office; Irrigation Australia; the Local Government Association Queensland; NRM Regions Queensland; the Queensland Conservation Council; Queensland Farmers' Federation; Queensland Resources Council; Queensland Seafood Industry Association; State Council of River Trusts Queensland; Seqwater; SunWater; The Wilderness Society; and WWF Australia. WEF members did not raise and concerns and expressed interest in supporting communication of the changes to their members and relevant stakeholders. DRDMW will continue to work with WEF members.

### What is the recommended option and why?

*Option 2 – Amend the Water Regulation 2016* is the recommended option.

Action to improve and strengthen the measurement of water take is occurring across all authorities in the Murray-Darling Basin in response to recent reviews of water management and compliance in the Basin. This includes reviews of measurement standards to ensure alignment with national frameworks for non-urban water metering and updating legislative frameworks to reflect these changes. Option 2 brings Queensland into line with other authorities and allows Queensland to fulfil their commitments to the Compliance Compact.

The intent of the policy is to require existing and new metered water entitlements to have measurement devices which are of the required standard to ensure accurate measurement of water take. Measurement devices will be certified by a duly qualified person in accordance with the required standards, undergo regular maintenance and be revalidated on a periodic (5-yearly) basis.

Under the current legislative framework, DRDMW only receive one or two meter reads a year for each meter. This frequency of water take data is not sufficient to monitor compliance with maximum annual take volumes and to enable early intervention, which ensures equitable access to the available water resource. The recommended option will help address this deficiency.

The increased coverage and standard of measurement using a risk-based approach is considered appropriate. This means that new measurement requirements will be implemented first in areas where the resource is at the highest risk. For example, areas where water resources are fully, or near fully allocated will be a priority, including in the Queensland Murray-Darling Basin. The Queensland Government has committed to the Murray Darling Basin Compliance Compact, which requires a greater use of telemetry devices to monitor compliance with water entitlement requirements. A telemetry device records water usage data and regularly transmits the data to the DRDMW. Telemetry devices can differ by how frequently they transmit data, the method by which they transmit it and the distance that it can transmit information.

#### Technology and data

For DRDMW, telemetry will allow significant enhancements to water management and compliance. The higher frequency of water take data will enable DRDMW to monitor compliance more effectively and act early where compliance issues arise or where such a risk is identified. This information will also improve the availability of data to inform water planning and management decisions, leading to increased confidence that water is being managed in a sustainable way, which also benefits the environment. Improved frequency of water take data will also improve the information about available water which could be traded through water markets, which also benefits tradable water entitlement holders when they wish to buy or sell water.

Telemetry is widely used on farms across the state for water users to gather information from rain gauges, soil moisture probes and to operate pumps. The addition of telemetry on measurement devices will benefit water users by allowing them to better manage self-regulation with their water entitlements and to make better on-farm water management decisions about water use. It also means that water entitlement holders with telemetry devices would not need to provide manual meter reads to DRDMW under normal circumstances.

#### Certified meter installers and validators

Agricultural supply businesses may have opportunities to expand with an expected increase in the demand for meters and associated measurement devices. The expansion of new water measurement, ongoing certification and maintenance of existing water meters across the state will provide new employment and skill development opportunities.



To service an expanded and upgraded water measurement device fleet, a greater number of duly qualified persons, including certified meter installers and validators will be required across the state to ensure water measurement devices meet the required standards. DRDMW regularly liaises with Irrigation Australia Limited – the irrigation industry and training body - to ensure it has the capacity to the demand for duly qualified persons and to deliver the necessary training to support the new measurement requirements.

The amendment to the regulation is a continuation of the current approach to measuring water take and does not significantly increase the regulatory burden that already exists to water entitlement holders in metered entitlement areas. In relation to requirements for telemetry devices, while a new requirement on some water users, it has previously been assessed by OBPR as unlikely to result in significant adverse impacts. Collectively, it is therefore considered that this proposal in relation to measurement devices does not add to the burden or impose significant adverse impacts.

**Impact assessment**

*All proposals – complete:*

	First full year	First 10 years
<b>Direct costs – Compliance costs</b>	Depends on a range of variables including whether the holder has multiple meters, size, and location. See 'Costs' for details.	Depends on a range of variables including whether the holder has multiple meters, size, and location. See 'Costs' for details.
<b>Direct costs – Government costs</b>	Not assessed	Not assessed

**Signed**



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 Date: 28/6 / 2024



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