

QUESTION TIME BRIEF

Portfolio: Water, Energy and Emissions Reduction

Non-Potable Water Pricing Review

Talking Points

- Stakeholder consultation on the policy options for the Government response to the Non-Potable Water Review occurred in June and July 2023.
- 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 (WAC).
- 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 continuing to work through the feedback received.
- 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.

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- 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 WAC:
 - 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 WAC. 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 YourSay 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 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 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’.