

## CABINET

## Environment, Planning and Sustainable Development Directorate

<b>To:</b>	Minister for Water, Energy and Emissions Reduction	Tracking No.: 22/24027
<b>Date:</b>	10 March 2022	
<b>From:</b>	Deputy Director-General, Environment, Water and Emissions Reduction	
<b>Subject:</b>	EPSDD 2022-23 Budget Business Cases – Group 1	
<b>Critical Date:</b>	28 March 2022	
<b>Critical Reason:</b>	Ministerial endorsed Business Cases are due to Treasury on 28 March 2022	
DDG, Environment, Water and Emissions Reduction	25/03/2022	
COO	15/03/2022	

**Recommendations**

That you:

1. **Note** the information contained in this brief; and

**Noted / Please Discuss**

2. **Endorse** the business case listed at Attachment A for submission to the Treasurer.

**Endorsed/Not Endorsed/Please Discuss**

Shane Rattenbury MLA .....

**28/3/22**

Minister's Office Feedback

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### Background

1. Ministerial endorsed 2022-23 Business Cases are due to Treasury on 28 March 2022.
2. 2022-23 business cases are anticipated to be considered by Expenditure Review Committee (ERC) and Cabinet during mid-April to early-June 2022.
3. In February 2022, the Chief Minister wrote to each Minister advising of the specific items authorised to come forward for consideration in the 2022-23 Budget. We have considered this letter in preparing business cases.
4. You subsequently sought authority from the Chief Minister to bring forward *Building a Water Secure City – Water Office* to the 2022-23 Budget (i.e., E14) (22/18934).
5. A final list of business cases that you are bringing forward, noting the portfolio area is at Attachment A.

### Issues

6. Attached (Attachment B) to this brief is two business cases which have been finalised and are available for your review and endorsement:
  - **EPSDD E14** - Building a Water Secure City – Water Office;
  - **EPSDD E17** - Zero Emission Vehicle Action Plan; and **Out of scope**
  - **EPSDD E19** - Financial implications of the proposed gas transition pathway. **Out of scope**
7. The following business case will be provided to you for review and clearance following finalisation of the business cases:
  - **EPSDD E16** - Vulnerable Household Energy Support Scheme. This is a joint proposal led by you in partnership with Minister for Climate Action. This business case is currently under development with further discussions pending with the Community Services Directorate. The business case will be discussed with you and your office in the monthly Coordinator General Climate Action briefing (25/03/2022). Treasury has been notified of the delay in this business case by both EPSDD and the Office of Climate Action.
8. Directorates have been asked to have Wellbeing Impact Assessments (WIAs), accompany each business case. Per the Budget Process Rules, the WIAs were provided in draft to Treasury on the 7 March 2022 (without accompanying draft business cases). They will continue to be developed in consultation with Chief Minister, Treasury and Economic Development Directorate. Should there be any material changes to the WIAs, information will be provided through your regular briefings with the Directorate
9. ERC briefing material will be prepared and provided to your office for support in ERC.

### Financial Implications

10. Over the forward estimates, EPSDD anticipates the value of all business case where you are the lead Minister, will be \$128.294 million in Controlled Recurrent Payments and \$22.411 million in Capital Injection as summarised in Table 1 below and at Attachment

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A. This includes an estimated figures of the business cases to be provided upon finalisation.

**Table 1 – Summary of Financial Impact**

EPSDD Total	2022-23	2023-24	2024-25	2025-26	Total
Capital (\$'000)	5,597	7,146	5,801	3,867	<b>22,411</b>
Expense (\$'000)	32,633	29,055	29,433	37,173	<b>128,294</b>
Depreciation (\$'000)	0	0	0	0	<b>0</b>
Capital Provision Offset (\$'000)	-14,916	-14,916	-14,916	0	<b>-44,748</b>
Recurrent (FTE)	17.2	17.8	15.3	19.8	

### Consultation

#### Internal

11. Each business case has been prepared and cleared by the relevant Executive Group Managers within EPSDD in close consultation with their respective Deputy Director-General.

#### Cross Directorate

12. Cross-Directorate consultation has been undertaken where relevant. The Finance and Budget Group at ACT Treasury have been provided with draft Wellbeing Impact Assessment and costing templates as noted above.

#### External

13. Not applicable.

### Work Health and Safety

14. All benefits and sensitivities are outlined in the business cases.

### Benefits/Sensitivities

15. All benefits and sensitivities are outlined in the business cases.

### Communications, media and engagement implications

16. This is considered Budget in Confidence at this stage so there are no media implications.

Signatory Name: Jim Corrigan Phone: 6207 5819  
Action Officer: Kate Chambers, A/g EBM, CFO Phone: 6204 9428

### Attachments

Attachment	Title
Attachment A	List of Business cases
Attachment B	Business Cases

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Attachment A: Business cases for Minister

Lead Minister

Ref No	Proposal Name	Description	Minister	PAGA item ref	Division	Staffing	Financials				
							Business Case	2022-23	2023-24	2024-25	2025-26
E14	Building a water secure city - Office of Water	The proposal would fund establishment of a new Office of Water to implement governance reforms and deliver key policy initiatives in the water sector.	Rattenbury		EHW	From 2022-23: 3 SOGC and 2 ASO6	Capital (\$'000)				
							Expense (\$'000)	1381	1556	1646	1536
							Depreciation (\$'000)				
							Revenue/Offset (\$'000)				
							Recurrent (FTE)	5.0	5.0	5.0	5.0

# Commercial-in-confidence

\* The costing for these proposals are indicative pending for the finalisation of the business cases.

## 2022-23 Budget – Business Case - Summary

**Proposal Name:** Establishing a holistic and coordinated approach to water management in the ACT - Office of Water

**Lead Minister:** Rattenbury

**Supporting Ministers (and related Portfolio/s):** NA

**Brief Description:** The proposal would fund establishment of a new Office of Water to implement governance reforms and deliver key water policy initiatives and water management improvements.

### Additional Information

In response to the *Parliamentary and Governing Agreement for the 10<sup>th</sup> Legislative Assembly*, Environment, Planning and Sustainable Development Directorate (EPSDD) led a review into water governance in the ACT during 2021-22 (the Review). The Review aimed to gain insights directly from government agencies with water responsibilities and Icon Water (service utility) on the current issues impacting the water sector and potential solutions. Chronic governance issues were identified by an inter-agency Advisory Group (see [Attachment B](#)) that relate to poorly defined roles and responsibilities across government agencies, inadequate capability and capacity (skills, funding, and information) and poor inter-agency coordination and decision-making on cross-sectoral issues. The proposed Office of Water and associated package of priority reform activities will be considered by Cabinet on 13 July 2022 (22/159).

### Impact

The preferred model for delivering ACT water governance reforms is to establish an Office of Water to lead the implementation of all priority (foundational) governance reforms. This model would adopt all water policy and planning functions from EPSDD plus relevant functions from other agencies, subject to review and further consultation with the sector.

The core aim of an Office of Water is to enable ACT Government agencies that are working on elements of water management and policy to more holistically:

- clarify (or reset) the vision, objectives and goals for the sector;
- tackle discrete and more immediate issues and governance reforms such as roles, responsibilities and accountabilities;
- coordinate on cross-cutting issues, foster collaboration and help reach decisions that reflect a more coordinated and integrated approach;
- investigate and resolve deeper issues of governance and structure; and
- communicate with the public on ACT water resource management issues.

The Office would deliver the following new initiatives: Ngunnawal Ngadjung Water Initiative, Water Information Hub, Integrated Water Management Plan for long-term water security and climate adaptation, and revised ACT Water Strategy.

### Resourcing

The proposal is for the Office of Water to operate for four years from July 2022 until June 2026. Funding for future years may be sought through a second budget bid in 2026.

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Impacts	2022-23	2023-24	2024-25	2025-26	Total
Total \$	2,309	3,283	3,400	3,316	12,308
Offset \$	-928	-1,727	-1,754	-1,780	-6,189
Net financial impact	1,381	1,556	1,646	1,536	6,119
Net FTE	5	5	5	5	

### 2022-23 Budget – Business Case

**Proposal Name:** Building a water secure city - Office of Water

**Brief Description:** The proposal would fund establishment of a new Office of Water to implement governance reforms and deliver key policy initiatives in the water sector.

**Lead Minister:** Rattenbury

**Portfolio:** Water, Energy and Emissions Reduction

**Supporting Ministers (and related Portfolio/s):** N/A

**Minister's recommendation:**

This business case seeks funding for the program/s listed below:

- a. Establishment of the Office of Water

This business case forms a multi-stage proposal and, if agreed, the following component may come forward as business cases in future budgets:

- a. Ongoing funding for the Office of Water from 2027 onward, pending outcomes of a mid-term review of the Office in 2025.

This business case does not have any revenue implications.

**Lead Agency:** Environment, Planning and Sustainable Development Directorate

**Supporting Agencies:** Not a cross-agency proposal however there are cross-agency relationships and implications (see Section 6).

**Electorate:** All

**Alignment with the [ACT Aboriginal and Torres Strait Islander Agreement 2019-2028?](#):**

- Yes  No

**Alignment with the [ACT Women's Plan 2016-26?](#):**

- Yes  No

**Wellbeing domain 1:** Environment and climate

**Priority Target Group(s):** The proposal will impact all ACT residents.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> Older Canberrans                             | <input type="checkbox"/> Women                     | <input type="checkbox"/> LGBTIQ+                                       | <input type="checkbox"/> Carers                 |
| <input type="checkbox"/> Culturally and linguistically diverse people | <input type="checkbox"/> Children and Young people | <input type="checkbox"/> Aboriginal and Torres Strait Islander Peoples | <input type="checkbox"/> People with disability |

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**Funding Category:** New

**Existing Program(s):** N/A

**Year to cease funding or ongoing:** The proposal is for the Office of Water to operate for four years from July 2022 until June 2026. Funding for future years may be sought through a second budget bid in 2026.

**Link to Budget consultation:** No budget consultation has occurred.

**Attachments:**

A	Timeline for implementation – Office of Water
B	Summary of governance issues and reform agenda
C	Map – stakeholder views of current roles and responsibilities
D	Investment Logic Map and early evaluation framework
E	Wellbeing Impact Assessment
F	Detailed costings

### Financial impacts summary

<b>Financial Impacts Summary (Preferred Option)</b>	<b>2022-23 \$'000</b>	<b>2023-24 \$'000</b>	<b>2024-25 \$'000</b>	<b>2025-26 \$'000</b>	<b>Total \$'000</b>
<b>Capital Impacts</b>					
Capital injection	-	-	-	-	-
Capital inflows	-	-	-	-	-
Capital offset – Existing provision <sup>(a)</sup>	-	-	-	-	-
<b>Expense Impacts</b>					
Expenses (staff and supplier)	2,309	3,283	3,400	3,316	12,308
Expenses – Offsets <sup>(b)</sup>	-928	-1,727	-1,754	-1,780	-6,189
Expenses – Offsets – existing provision <sup>(a)</sup>	-	-	-	-	-
Depreciation	-	-	-	-	-
Revenue <sup>(c)</sup>	-	-	-	-	-
Commonwealth contribution	-	-	-	-	-
Savings	-	-	-	-	-
<b>Staffing Impact</b>					
Total FTEs (number)	9	13	13	13	
FTE offset	4	8	8	8	
Total additional FTE (number)	5	5	5	5	

# Commercial-in-confidence

Costs are associated with consultancy, contractor and community engagement expenses to deliver on the new initiatives and governance reform package listed in section 3. Specifically, development of a web-based water information platform, generating new hydrological information to support climate change adaptation and integrated water planning, improved evaluation and reporting of policy and program delivery, engagement with the Ngunnawal community on the co-design and participation in implementation of the Ngunnawal Ngadjung Water Initiative (including defining cultural flows, building community capability, and securing water entitlements and developing a business framework for economic development).

The costs provided above represent new funding.

In addition to the new FTE included in this business case, it is assumed that some existing resources attached to FTEs would need to be transferred from within EPSDD and other agencies. Further information on this is provided at Section 3 - Proposed Solution.

## Part A – The Business case

### 1. Problem statement

Scientific monitoring of catchment condition and water quality, and reviews of policy and policy implementation highlight significant issues resulting from the current governance arrangements. Critical governance gaps have been identified that lead to multiple unmitigated strategic risks. Resolving these risks requires a package of reforms that must be delivered with the appropriate level of authorisation and capacity to perform.

Climate adaptation risk assessment conducted by the ACT Office of Climate Action identifies drought and drinking water supply as a high strategic risk for the ACT; the risk assessment report is scheduled to be presented to Cabinet on 19 May 2022. Icon Water (2021, *Report on the Survey of the ACT Drinking Water Catchment 2019-21*) presents analysis of the change in inflows into the ACT 's water storages over the last 20 years. This analysis indicates that climate impacts on our water resources are occurring now, decades earlier and more pronounced than in the climate modelling used for the adaptation risk assessment. In addition to the reduction in water availability, the resultant effect of

the changing climate is also evident in the declining water quality, increased temperatures and more frequent extreme weather events.

The Catchment Health Indicator Program (CHIP) collects data across the upper Murrumbidgee catchment. Over the period 2019-2020, approximately 59% of reaches across the upper Murrumbidgee catchment fell into the fair or poor range. For the 15 reaches of Ginninderra Creek catchment, where over 42% of ACT residents live, only one reach was classified in 'good' condition, with the remaining classified as fair (12) and poor (2). ([CHIP reports 2019-2020](#))

The Office of the Commissioner for Sustainability and the Environment (OCSE) is concluding a review into the effectiveness of the ACT Government's management of Canberra's urban lakes and waterways. The final report is scheduled to be presented to the Assembly on 6 June 2022, however, early findings highlight a number of systemic problems impacting ACT waterways and resulting in high turbidity, algal blooms, untreated stormwater impacts, and poor policy implementation (e.g., water sensitive urban design) (Alluvium 2021, *ACT Waterways Policy Review*). The review points to a lack of clear governance to guide strategic decision making to protect and improve the health of urban lakes and waterways.

### *Current water management arrangements*

In response to the *Parliamentary and Governing Agreement for the 10<sup>th</sup> Legislative Assembly*, EPSDD led a review into water governance in the ACT during 2021-22 (the Review). The Review aimed to gain insights directly from government agencies with water responsibilities and Icon Water (service utility) on the current issues impacting the water sector and potential solutions. Chronic governance issues were identified by an Advisory Group made up of ACT Government agency and Icon water representatives (see [Attachment B](#)) that relate to poorly defined roles and responsibilities across government agencies, inadequate capability and capacity (skills, funding, and information) and poor inter-agency coordination and decision-making on cross-sectoral issues.

A map of current roles and responsibilities was developed as part of the review ([Attachment C](#)). The mapping reflects dispersed and/or overlapping governance arrangements, strategic policy gaps and unagreed stakeholder perspectives on current roles and responsibilities.

Uncertainty over ownership of cross-sectoral issues has contributed to poor collaboration and policy implementation. For example, in the response to the 2018 ACT Auditor General's report on *Acceptance of Stormwater Assets*, an inter-governmental action group was formed and delivered an action plan. Without clarity on the decision-making authority for this issue, the plan has not been taken forward for endorsement or implementation. Similar challenges exist on topics of water security, integrated water management and cross-border planning and supply (Aither 2021, *ACT Governance Review - scoping paper on current issues and potential improvements*). The Review clearly demonstrates that current institutional arrangements and resourcing (capacity and capability) is inadequate to respond to current and emerging strategic risks. Relying on existing resources will not provide improvement in the delivery of current statutory functions or new initiatives.

If left unaddressed, these issues threaten to undermine the ability of the ACT Government to effectively manage the ACT's water resources into the future, with ongoing impacts for all residents of the ACT and surrounding region that use and value the region's water resources. These risks are compounded with the effects of a growing population (within the ACT and the surrounding region) and changing climate. The potential consequences would be a further decline in water quality that impacts human health (e.g., blue green algae and bacterial loads), reduced water security and the inability to respond to increasingly severe droughts, increased frequency of extreme rainfall events

and heightened flood risk (NARClIM 1.5). See Section 5 Risk Management and [Attachment E](#) for the Wellbeing Impact Assessment.

### Why now?

Governance issues remain outstanding because no one agency has the authority, mandate and, importantly, the resourcing to drive the necessary reforms. Previous attempts have been made to address poor cross-sectoral coordination through the cross-agency Director-Generals Water Group and Senior Executives Water Group. These groups were established to respond to the Millennium Drought and ceased once the drought ended.

Stakeholders' insights provided through the water governance review offer that an unclear mandate, unclear processes for elevating and resolving issues and inadequate capacity to service the workflow diluted the effectiveness of both executive groups. Broader governance, strategic direction, decision-making responsibility and capacity (resourcing) issues will need to be addressed before any cross-sectoral coordination group can be effective.

## 2. Options analysis

A structured process was used to identify and prioritise current water governance issues and develop a solution set (priority reform agenda) with input from the Advisory Group ([Attachment B](#)). Four different governance models were explored to deliver the package of priority reform activities. The need to centralise core responsibilities, to be led from a single entity (Office of Water), was identified as critical to resolve the systemic issues impacting the water sector.

Consideration of different governance models implemented in the ACT and other jurisdictions has guided the necessary functions and characteristics being proposed for the ACT Office of Water. Other governance models that informed the options comparison presented at Table 1 include: a coordinating role as performed by ACT Office for Climate Action; an independent statutory authority such as the Office for the Commissioner for Sustainability and the Environment; and a water agency that centralises all regulatory and operational responsibilities e.g., New South Wales Office for Water. The proposed model for the ACT Office of Water (option 3, Table 2) is considered a proportionate response to effectively address the critical problems identified.

Detailed assessment of the water reform activities and the proposed governance model for the Office of Water is documented in the ACT Water Governance Review, Stage Two report - *Final Reform Options and Implementation Guidance* (Aither 2022).

Resourcing options considered in developing the proposal include phased funding (to 2026) and the transference of budget with water management functions from agencies to the Office of Water.

The proposed Office of Water and associated package of priority reform activities will be considered by Cabinet on 13 July 2022 (22/159).

2.1 Options comparison – water governance

Table 1.

	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
	<b>No new funding allocation</b>	<b>Medium cost (\$3,278,000 net)</b>	<b>Optimal cost (\$6,119,000 net)</b>	<b>Maximum cost (\$13,078,000 net)</b>
<b>Role of Office</b>	<b>No office</b>	<b>Office as assurance/facilitator only</b>	<b>Office as policy lead, responsible for priority governance reforms</b>	<b>New central water agency</b>
<b>Funding phasing</b>	Annual	Funding for four years.	Funding for four years.	Ongoing funding.
<b>Approach</b>	Some minor reforms* led without an Office of Water by existing agencies. Establish a new cross-agency coordination forum to resolve critical issues.	Office undertakes targeted assurance reviews over four years, as directed by the Minister. Office is located within EPSDD. Office coordinates minor reforms* but is not responsible for implementation of reforms – reforms remain within the responsibility of existing agencies.	Head of the Office of Water (HoOW) to lead the Office. Office is located within EPSDD. Office leads all priority governance reforms and reports to the Minister on implementation of reforms. Office centralises all water policy and planning functions, including some functions currently with Environment Protection Authority (EPA). Office undertakes assurance reviews as directed by the Minister, e.g., implementation of Water Strategy.	Office of Water established as a new central water agency (not within EPSDD), with direct accountability and reporting to the Minister for Water. Head of Office established as a CEO type position with increased delegated decision-making from the Minister e.g., issuing of entitlements. As with Option 3, but with additional operational, program delivery, service delivery (Inner North Reticulation Network) and regulatory responsibilities.
<b>Outcomes</b>	Minor reforms would lead to improved inter-agency coordination and information sharing. Limited improvement in environment conditions and water management.	Minor reforms would lead to improved inter-agency coordination and information sharing. Limited improvement in water management. Responds to some implementation risks.	All priority governance reforms, and policy initiatives progressed. Significant improvement in water security and environmental condition. Effective response to strategic issues such as climate change and water security.	All priority governance reforms, and policy initiatives progressed. Significant improvement in water security and environmental condition. Effective response to strategic issues such as climate change and water security.

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			Improved public confidence and trust in government.	Improved public confidence and trust in government.
<b>Benefits</b>	<p>Managed within existing budgets. No organisational change. This option represents the status quo.</p> <p>Limited benefits.</p>	<p>Provides opportunity to undertake targeted assurance reviews.</p> <p>Coordination forum is established to support cross agency communication and collaboration.</p> <p>Supports implementation of existing water functions.</p>	<p>Implementing the reforms in full, filling strategic policy gaps and aligning/centralising most policy and planning functions would lead to improved wellbeing benefits (see <a href="#">Attachment E</a>).</p> <p>Effective mitigation for strategic risks – policy gaps and policy implementation issues.</p> <p>Single point of reference for public and industry on water matters.</p> <p>Minimises workforce disruption through focusing improvements on policy and planning functions.</p> <p>Delivery of new initiatives – Water Information Hub, Ngunnawal Water Initiative, Long term water security and climate adaptation planning, refresh of the ACT Water Strategy.</p>	<p>Implementing reforms in full would resolve outstanding governance issues and outcomes for the sector.</p> <p>Effective mitigation for strategic risks. Strong alignment between policy, planning, regulation and program delivery.</p> <p>Single point of reference for public and industry on water matters.</p> <p>Delivery of new initiatives – Water Information Hub, Ngunnawal Water Initiative, Long term water security and climate adaptation planning, refresh of the ACT Water Strategy.</p>
<b>Disadvantages</b>	<p>This option only proposes that minor improvements are undertaken (e.g., information sharing, clarifying existing responsibilities).</p> <p>Does not address the significant and systemic governance issues identified across the sector.</p> <p>Strategic risks remain unmitigated.</p> <p>Does not deliver on the Water Information Hub, water security and climate change planning and only limited delivery of the Ngunnawal Water Initiative.</p>	<p>This option only proposes that minor improvements are undertaken (e.g., information sharing, clarifying existing responsibilities).</p> <p>Does not address the significant and systemic governance issues identified across the sector.</p> <p>Strategic risks remain unmitigated.</p> <p>Does not deliver Water Information Hub, no new information generation to support water security-climate change adaptation planning, limited</p>	<p>More expensive than Options 1 and 2.</p> <p>Requires some disruption to the institutional arrangements to realign responsibilities.</p>	<p>New agency structure does not allow for separation of policy and regulation/compliance (an important element of good governance).</p> <p>Highest cost option.</p> <p>Requiring major machinery of government change with significant disruption to workforce/water sector. Slow to establish in practice.</p>

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		advancement of Ngunnawal Water Initiative.		
<b>Timescale</b>	Annual. Activities to be conducted in one year (subject to budget). Benefits to be incurred over decades, or potentially undetectable, as the improvements to governance arrangements are minor.	Costs incurred over four years. Benefits to be incurred over decades as the improvements to governance arrangements are minor. Some reform to policy and program delivery would improve outcomes for lakes and rivers (see <a href="#">Attachment E</a> ).	Costs incurred over four years. Benefits incurred over a shorter time span than Option 1 and 2 due to the resourcing and institutional arrangements to drive reforms. Enables better policy and program delivery and ultimately outcomes for lakes and rivers (see <a href="#">Attachment E</a> ).	Costs ongoing if established as permanent new agency. Benefits incurred as for Option 3.
<b>Major Risks</b>	This option relies on existing level of resourcing dispersed across multiple agencies. Inadequate capacity and capability have been identified as a key constraint in the sector. Without additional resourcing the proposed minor reforms are unlikely to be prioritised/implemented by existing agencies. A coordination forum will have limited effectiveness until other governance issues are resolved. High reputational risk of no change in water management.	While the Office would coordinate and report on reform implementation, implementation remains the responsibility of existing agencies and are unlikely to be progressed under existing resourcing limitations. New policy development (e.g., integrated water planning, Ngunnawal Ngadjung Water Initiative) not funded, would be subject to future funding. Integrated water plan is limited in scope and cannot be supported by quantitative analysis. Does not support a diversification of water supply for climate adaptation.	Delivering a reform and policy agenda sets high public expectations for significant improvement in administration and short-term water management outcomes. The proposed reform agenda provides a proportionate risk treatment to the strategic risks identified through the Governance Review and other reviews.	Does not allow for structural separation of water resource management, regulation and service delivery (consistent with the 2004 <i>Intergovernmental Agreement on a National Water Initiative</i> ).
<b>Evaluation/ Wellbeing</b>	Any improvement in water governance arrangements will contribute to improved outcomes for river and lake health and aquatic ecosystems. Options 3 and 4 (where the reform agenda is implemented in full) will support measurable improvements in wellbeing outcomes than compared with Options 1 and 2 (where only partial reforms are pursued).			

\*Minor reforms would include:

1. Better specifying existing roles and responsibilities through inter-agency agreements and performance measures
2. Building capacity and capability of staff through learning and development
3. Reviewing information sharing arrangements between agencies and the public

### 3. Proposed Solution

Resolving the extensive and entrenched issues identified requires a package of reform activities that redefines the future direction for the water sector, provides leadership and builds capability for developing innovative solutions.

The fragmented nature of water management (e.g., policy, planning, regulation, resources) has contributed significantly to the chronic problems plaguing the water sector. To resolve these issues, the establishment of an Office of Water was identified as essential to improving water management, provided the Office is enabled to coordinate the centralisation of policy and planning functions, has authority to drive improvement and is adequately resourced to act (Option 3, Table 2).

The Office would initially be funded for four years with its continuation subject to an independent review in the third year (2025).

#### The Office for Water

The preferred model for delivering ACT water governance reforms is to establish an Office of Water that leads the implementation of all priority (foundational) governance reforms. This model would adopt all water policy and planning functions from across EPSDD, plus relevant functions from other agencies subject to review and further consultation with the sector. Functions that may be transferred from other agencies relate to cross-border policy and regional water planning, water service planning, and water allocation and trade, water accounting and reporting, for example (see section below on Proposed Structure of Water).

Water related responsibilities not transferred to the Office of Water (e.g. service delivery, regulation, relevant activities such as development planning) could be managed through a consultative forum, to be developed during the establishment phase of the Office.

The core aim of an Office of Water is to enable ACT Government agencies that are working on elements of water management and policy to more holistically:

- clarify (or reset) the vision, objectives and goals for the sector;
- tackle discrete and more immediate issues and governance reforms such as roles, responsibilities and accountabilities;
- coordinate on cross-cutting issues, foster collaboration and help reach decisions that reflect a more coordinated and integrated approach;
- investigate and resolve deeper issues of governance and structure; and
- communicate with the public on ACT water resource management issues.

The Office would be located within EPSDD, with responsibility to:

- lead policy and planning for the ACT water sector, including regulatory setting (e.g., setting environmental authorisations for water quality issues);
- implement the full package of governance reforms (see [Attachment B](#));
- undertake monitoring and reporting to government on the implementation of governance reform priorities, water plans, policies and strategies;
- provide the primary point of engagement with ACT community on water sector issues; and
- undertake assurance reviews in line with an annual assurance work program agreed by the Minister for Water.

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Priority foundational reform activities to be delivered by the Office is provided in [Attachment B](#). In addition to these reform activities, the Office of Water would deliver the following:

- Refresh of the ACT Water Strategy 20214-44: Striking the Balance.
- Develop and implement a Ngunnawal Ngadjung Water initiative.
- Develop a long-term Integrated Water Management Plan for water security and climate adaptation.
- Establish a Water Information Hub.

The package of deliverables that contribute to and align with the Wellbeing domain of Environment and Climate are set out in [Attachment E](#).

This model was assessed as providing the most effective and efficient means by which to implement the reform priorities identified through the Water Governance Review.

### Head of the Office of Water

It is proposed that the Office is led by a departmentally appointed Head of Office of Water (HoOW), reporting to the Deputy Director-General (Environment, Water and Emissions Reduction) and the Minister for Water. This position will be absorbed within EPSDD's current budget.

Changes to Administrative Arrangements are likely to be required to align relevant responsibilities of the Office of Water under the Minister for Water. Reviewing Administrative Arrangements to better align with core water policy, planning, operational and regulatory functions is proposed as a priority reform item ([Attachment B](#)). In the interim, a delegation instrument may be used to define initial responsibilities assigned to the HoOW.

### Proposed structure of the Office of Water

It is proposed that the Office could be structured along four themes, as shown in the table below. The *Existing FTE* figures in the table below are estimates only, approximated across the four years (22/23 to 25/26). They are subject to further consultation.

THEME	Total FTEs	Existing FTEs	New FTEs	Potential responsibilities for team
1. Inter-governmental Water Policy and Governance Reform	3	3	0	Implementing governance reforms, assurance and policy evaluation, cross border supply, National Reporting, National Water Initiative, Murray-Darling Basin (MDB) Authority requirements, Council of Australian Governments requirements, catchment coordination. <i>*Some FTEs could be transferred from EPSDD/CMTEDD - subject to further consultation</i>
2. Urban Water Policy and Planning	4	1	3	ACT Water Strategy, Integrated Water Management Plan, Water Sensitive Urban Design, integrated wastewater planning Lakes and Ponds Plan of Management, Sub-catchment water planning, flood risk planning, delivery of water trading, water accounting and reporting. <i>* FTEs to be transferred from within EPSDD - subject to further consultation</i>
3. Environment and Culture	2	2	0	Environmental flows, Long-term Watering Plan (MDB), water quality, cultural water.

## CABINET

				<i>*FTEs could be transferred from within EPSDD</i>
4. Water Information	3	1	2	Development of information hub, data management, modelling, monitoring, evaluation and reporting of water quality and quantity. <i>* FTE to be transferred from within EPSDD</i>

FTE	FY 22/23	23/24	24/25	25/26
Existing positions (EPSDD, and positions transferred from other agencies - TBC)	3	7	7	7
Head of Water executive position – EPSDD to offset	1	1	1	1
New FTEs	5	5	5	5
<b>TOTAL</b>	<b>9</b>	<b>13</b>	<b>13</b>	<b>13</b>

### Out of Scope

The Office will not assume responsibilities for:

- operational and program delivery e.g., Natural Resource Management activities, Waterwatch, Healthy Waterways, asset maintenance) - these will remain within the relevant functional area within the relevant agency;
- compliance activities for example compliance for water take, monitoring of water quality - these will remain the responsibility of the EPA who will report on compliance activities to the Office and Government;
- service provision - this will remain with Icon Water and Transport Canberra and City Services Directorate (TCCS); and
- dam safety - this will remain with the Utilities Technical Regulator (UTR).

### Coordination Forum

A cross-government senior-executive coordination forum would be established to provide advice to the HoOW - see Section 5 Governance. Resolving the purpose and nature of this forum would be an early deliverable for the Office.

### Intended outcome and beneficiaries

Good governance is essential for supporting a resilient and water-secure city; for ACT residents to access secure water supply and to enjoy the amenity values provided by the ACT's rivers and lakes.

The proposal aligns with the Wellbeing domain of Environment and Climate. The intended outcomes and beneficiaries are described in detail in [Attachment E](#).

The Investment Logic Map provided at [Attachment D](#) illustrates the benefits and deliverables from the proposed package of reforms. The Office of Water and the package of reforms aims to improve the effectiveness of policy and program delivery, provide integrated water supply and wastewater management and improve public confidence in the ACT Government's water management. The proposed governance arrangements provide a proportionate response to the current and emerging

strategic risks associated with climate change and the pressure of population growth on the long-term security of the ACT's water resources.

The Office would provide a single point of contact for the public on water sector issues and improve public transparency and accountability for water management.

### Delivery

Delivery timeframes are set out at [Attachment A](#). The proposal is a stand-alone proposal.

A separate business case has been developed to strengthen the capacity of the Environmental Protection Authority (EPA) to deliver its regulatory responsibilities. The regulatory responsibilities of the EPA will remain separated from the policy and planning responsibilities proposed for the Office of Water. The EPA and Office of Water business cases are complementary but distinctly separate in their resourcing requirements.

EPSDD would lead the initial establishment of the Office. In the six months from July – December 2022 (subject to Cabinet approval), EPSDD would recruit the Head of Office of Water (HoOW), progress required administrative changes to establish the Office including the delegation instruments, and initiate recruitment for the Office.

The proposed resourcing for this Business Case has been costed to deliver:

- existing water management functions and responsibilities that are proposed to be centralised in the Office of Water, where inadequate capacity and capability (resourcing) have been identified as negatively impacting implementation of Government policy and programs (refer to Section 1 – Problem Statement).
- new initiatives and governance reform package listed in Section 3. Activities include development of a web-based water information platform, generating new hydrological information to support climate change adaptation and integrated water planning, improved evaluation and reporting of policy and program delivery, engagement with the Ngunnawal community on the co-design and participation in implementation of the Ngunnawal Ngadjung Water Initiative (e.g. defining cultural flows, building community capability, and securing water entitlements and developing a business framework for economic development).

### Source of funding

Revenue from the Water Abstraction Charge (WAC) could be used towards funding the new Office. The WAC is charged to recover catchment management costs and environmental costs associated with water extraction.

The ACCC annual Water Monitoring Report (2019, 2020) and the ACT Commissioner for Sustainability and Environment (2018) highlight a disjuncture between WAC revenue and expenditure on water management activities in previous years. EPSDD's 2022 report to the ACCC indicates an \$18.8 million difference between WAC revenue and relevant expenditure on water resource management.

The issues identified through the ACT Water Governance Review highlight that the level of resourcing for some years has been insufficient to support effective water management. The transfer of existing staff resourcing assumed in the proposed budget through remains insufficient to deliver current policies and proposed new initiatives without new funding.

This business case represents an increase in the base funding to support the water resource management outcomes intended by the WAC, and consistent with the National Water Initiative

Water Pricing Principles. Funding to establish the Office of Water, implement reforms and new initiatives could be legitimately assigned to revenue raised through the WAC.

## 4. Policy alignment

This proposal responds to an executive reform order in the *Parliamentary and Governing Agreement for the 10<sup>th</sup> Australian Capital Territory Legislative Assembly* to 'consider the best administrative arrangements to manage new water programs and provide a holistic and coordinated approach to water programs and policy'.

The proposal also responds to a 2019 resolution passed by the ACT Legislative Assembly on water security, which called upon the ACT Government and Icon Water to:

- continue to implement and promote the ACT Water Strategy 2014-44: Striking the Balance;
- hold consultations with water stakeholders and experts; and
- ensure climate change projections are considered in long-term planning and decision-making regarding water use and restrictions.

## 5. Implementation, governance, risk management

### Implementation

The timeline for key deliverables is provided at [Attachment A](#).

Creating the required authorising environment for the Office would require amendments to the Administrative Arrangements to align responsibilities with the Minister for Water, new/revised inter-agency agreement (Memorandum of Understanding or similar) and delegation instruments. Timely establishment of the Office would benefit from dedicated resourcing within the first 6 months.

The Office would be hosted within EPSDD to maintain close alignment between policy, planning, program delivery (Healthy Waterways) and science (Conservation Research). The new Office would use the existing corporate and administrative support systems (HR, ICT, finance etc).

An organisational strategic plan, annual work plan and performance framework would guide the early establishment and on-going operation of the Office to deliver the reform priorities and key deliverables.

There are two key milestones for the Office:

1. At the end of the second year (2024) – review of the effectiveness of priority foundational activities to determine whether further reforms are necessary. For example, amendments to the *Water Resources Act 2007*.
2. At the end of third year (2025) - a mid-term review on the effectiveness of the Office of Water.

### Governance

The HoOW will report to the Minister for Water.

A coordination forum would be established to provide strategic advice on cross-cutting issues and policy development. The terms of reference for the forum and its establishment will be delivered by the Office within the first six months of operation. Representation may be comprised of senior executives from EPSDD, Chief Minister, Treasury and Economic Development Directorate (CMTEDD), EPA, TCCS, Icon Water and other representatives as deemed appropriate.

### Risk management

The key risks associated with the proposal include:

- Capability and capacity to deliver reforms - ensuring the Office has adequate resourcing and can access the skills and capability required to deliver the reform and policy agenda effectively in the time scheduled.
- Leadership – recruiting the right person to lead the Office with appropriate leadership experience and dedicated capacity to focus on the water reforms.
- Stakeholder management – ensuring the sector has stakeholder support to the proposed changes/reform agenda.

These risks would be managed through strong business planning, a collaborative cross-agency approach to change management (initiated with the water governance review), establishment of an Office with a culture of leadership and innovation, and an appropriate level of financial resourcing.

There are greater risks to the wellbeing of the ACT community by **not** undertaking the reforms as proposed i.e., options 1 or 2. Unaddressed governance issues, especially when facing compounding pressures of climate change and population growth, will have detrimental effects on the long-term management of the ACT water resources. The materialisation of this risk is evident under current arrangements. The proposed reforms aim to provide an effective treatment that is proportionate to the major/catastrophic risk to the environment and water security (quantity, quality and affordability) under the status quo (option 1).

There is reputational risk in the continuation of unresolved issues, that could erode public confidence in the ability of the Government to manage water resources effectively.

## 6. Performance measures and evaluation

The Investment Logic Map ([Attachment D](#)) describes the relationship between funded interventions, expected benefits and performance indicators that could be used to measure the intended wellbeing outcomes.

A mid-term review of the Office's operation would be conducted by an independent reviewer using an evaluation framework that aligns with the wellbeing impacts and delivery of key reforms. The evaluation framework would be developed in the first six months of the Office's establishment.

The ACT Water Strategy is proposed to be reviewed during the first year of the Office's function. The Strategy sets targets for delivering outcomes for the water sector. The Office would report annually against strengthened performance measures and targets in the Strategy. Setting annual measures of performance would be drawn from the National Performance Report (Bureau of Meteorology) and an Annual Implementation Plan for the Office.

## 7. Inter-agency collaboration and stakeholder input to proposal

This is an EPSDD proposal. However, there are cross-agency implications because some policy responsibilities currently residing in other agencies (CMTEDD, EPA) are proposed to be brought into the new Office of Water.

The Water Governance Review formed the basis for the package of reforms proposed within this business case. The Review involved an Advisory Group consisting of all agencies and Icon Water with responsibility for water management (CMTEDD, TCCS/Roads ACT, EPA, Emergency Services Agency (ESA)). The priority package of reform activities and model for the Office of Water was developed with extensive collaboration through the Advisory Group.

The costings and wellbeing analysis was developed by the EPSDD Water Policy team, with review by EPSDD Communications and Business Support teams (costings) and the CMTEDD Wellbeing Team (Wellbeing Impact Assessment).

The Dhawura Ngunnawal Caring for Country Committee have been consulted on proposed reforms and approach to establishing the Office of Water. They agree the need for improvement and are keen to continue discussions with the ACT Government on how the Office can support stronger participation of Ngunnawal people in water planning and management.

EPSDD Water Policy team will ensure the ACT and Region Catchment Management Coordination Group will be kept informed of progress in establishing the Office of Water and implementing the reform agenda.

## 8. Communications and engagement

There will be further stakeholder engagement and consultation in delivering this proposal. A full communication and stakeholder engagement strategy is proposed to be developed within the first three months of the Office being established, in consultation with the Minister's Office.

Early communications will focus on raising awareness about the new Office, its role and promoting the benefits for water management in the ACT and surrounding region. Targeted public consultation and communications products will be developed as key policies are progressed (e.g., the revised Water Strategy, Ngunnawal Ngadjung Water Initiative, Integrated Water Management Plan and review of Environmental Flow Guidelines).

The Office will be the first point of contact for the public on water information. A new online Water Information Hub is proposed to be built and hosted by the Office. The Information Hub would provide improved public access to all aspects water information within the ACT (including quality, flood, overland flow, water sensitive urban design, groundwater, bores, monitoring sites, compliance etc). By assembling hydrometric and monitoring information from across government in one place the Information Hub will also support improved technical capacity across government and evidenced-based policy and planning.

The Office will communicate with a wide range of stakeholders involved in water management including but not limited to:

- ACT Government Directorates (ESPDD, TCCS, CMTEDD, ACT Health, ESA)
- Utility providers - Icon Water and Queanbeyan-Palerang Regional Council
- ACT statutory positions (Environment Protection Authority, ACT Conservator of Flora and Fauna)
- New South Wales (NSW) Government (NSW Office of Water; NSW Department of Primary Industries and Energy; NSW Environment Protection Authority)
- Murray Darling Basin Authority
- Commonwealth Government (Department of Agriculture Water and the Environment; National Capital Authority)
- ACT and Region Catchment Management Coordination Group (statutory forum under the *Water Resources Act 2007*)
- Non-Government Organisations (e.g., Ginninderra, Molonglo and Southern ACT Catchment Groups; Waterwatch; Upper Murrumbidgee Catchment Network)
- Academic institutions – Australian National University, University of Canberra
- Exiting ACT water licensees
- General public, through occasional use of 'Your Say' site for public consultation on key policy development.

## 9. Detailed costs

### Cost estimates

Detailed cost estimates are at Attachment F.

## Part B: Business Case Authorisations

### Capital Works and Plant & Equipment Authorisations (sign-offs essential)

<b>Authorisation</b>	<b>Name, position, signature and date</b>
1. Functional brief/output specifications at [...] are sufficiently progressed in order to go to market under the delivery model selected and within the procurement timeline outlined in the business case.	(IFR/MPC representative) *
2. The benefits/needs analysis is based on evidence.	(Treasury representative) *
3. The delivery model selected is appropriate for the project risk profile and value.	(IFR/MPC representative) *

\*This signature does not represent support for the proposal as a spending proposition.

### ICT reviews (sign-offs essential)

<b>Responsible area</b>	<b>Name, position, signature and date</b>
1. Business system owner	
2. Budget Assessment Sub Committee	

ATTACHMENT A – TIMELINE FOR IMPLEMENTATION OF KEY DELIVERABLES

Key deliverables

<b>Delivery components</b>	<b>Outputs/ deliverables</b>	<b>Key deliverables timeframe</b>	<b>Point of assessment (of deliverables)</b>
Establish the Office	Head of Office of Water (HoOW) recruited	3 months	6 months from establishment of Office
	Recruitment new FTEs	3 months	
	Communications and engagement strategy developed	3 months	
	Program evaluation plan in place that links to wellbeing impact measures.	6 months	
Implement governance reforms	1. Review and adjust Administrative Arrangements to better align with core water, planning, operational and regulatory functions	6 months	3-year mid-term review/ program evaluation
	2. New inter-agency protocols and procedures for resolving cross-cutting issues are in place	6 months	
	3. Recommendations report on how to improve monitoring/reporting approach for reforms and Water Strategy	1 year	
	4. Accountability – WAC is accounted for in annual reporting	2 years	
	5. New protocols for information sharing arrangements between agencies/Icon is in place	1 year	
	6. New guidelines in place regarding information sharing arrangements with public	1 year	
New policy and asset development	1. Water Strategy has been reviewed and updated	1 year	
	2. Integrated Water Management Plan developed	2 years (begin development after Water Strategy revised)	
	3. Ngunnawal Ngadjung Water Initiative developed	1 year	
	4. Ngunnawal Ngadjung Water Initiative implemented	4 years	
	5. Water Information Hub established	2 years	
Conduct assurance reviews	Annual assurance work program	Years 1 - 4	

Excerpt from Governance Review Advisory Group workshop 4 draft paper

# 1. What are the key issues to respond to?

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Governance issues were diagnosed against an assessment framework based on the OECD principles on water governance (Appendix A). The issues were tested with the Advisory Group to identify the key issues to respond to. These include the need to address:

- lack of clarity of roles, responsibilities, and accountabilities
- ineffective coordination, and
- inadequate or misaligned capability and capacity (skills, financial and information).

The clarity and coherence of the ACT policy and legislative framework for water management in relation to the vision and objectives in the ACT Water Strategy was also identified as a potential area for reform. However, feedback from the Advisory Group was that this should be considered in the context of the other governance issues raised, and so it is not addressed as a standalone issue in this paper.

A short description of issues and impacts is provided below.

## 1.1. Roles, responsibilities and accountability

Water sector roles and responsibilities are poorly defined and/or misunderstood (for example, in relation to progressing policy and responses to regional water security, or regional water service augmentation). There are also examples where current administrative arrangements distribute accountability for outcomes across multiple ministers and agencies (such as for oversight of environmental protection, catchment management, and water quality). This makes it difficult to coordinate strategic or holistic responses to issues due to the number of entities involved. This leads to:

- lack of clarity about core outcomes and activities
- duplication/ fragmentation of roles and responsibilities
- gaps in roles and responsibilities (not performed)
- difficulty assuring performance/ outcomes / managing risks
- poor visibility across outcomes/ shared outcomes
- ineffective decision-making and coordination
- difficulty implementing strategic responses
- insufficient/ misaligned capability and capacity.

## 1.2. Coordination and decision making

Ineffective inter-agency coordination and decision-making on shared issues/ outcome areas. There is no defined approach across the ACT water sector for raising issues, coordinating decision making and responses, or addressing trade-offs when it comes to multi-stakeholder issues and integrated water management. This also extends to inter-jurisdictional decision making. This leads to:

- imperfect information / narrow stakeholder perspectives in decision making
- inefficient decision making / lack of consensus
- delayed / stalled progress on implementing key actions in the ACT Water Strategy and other shared issues
- a breakdown in communication to internal and external stakeholders as to how these issues are being considered and resolved.

### 1.3. Capability and capacity

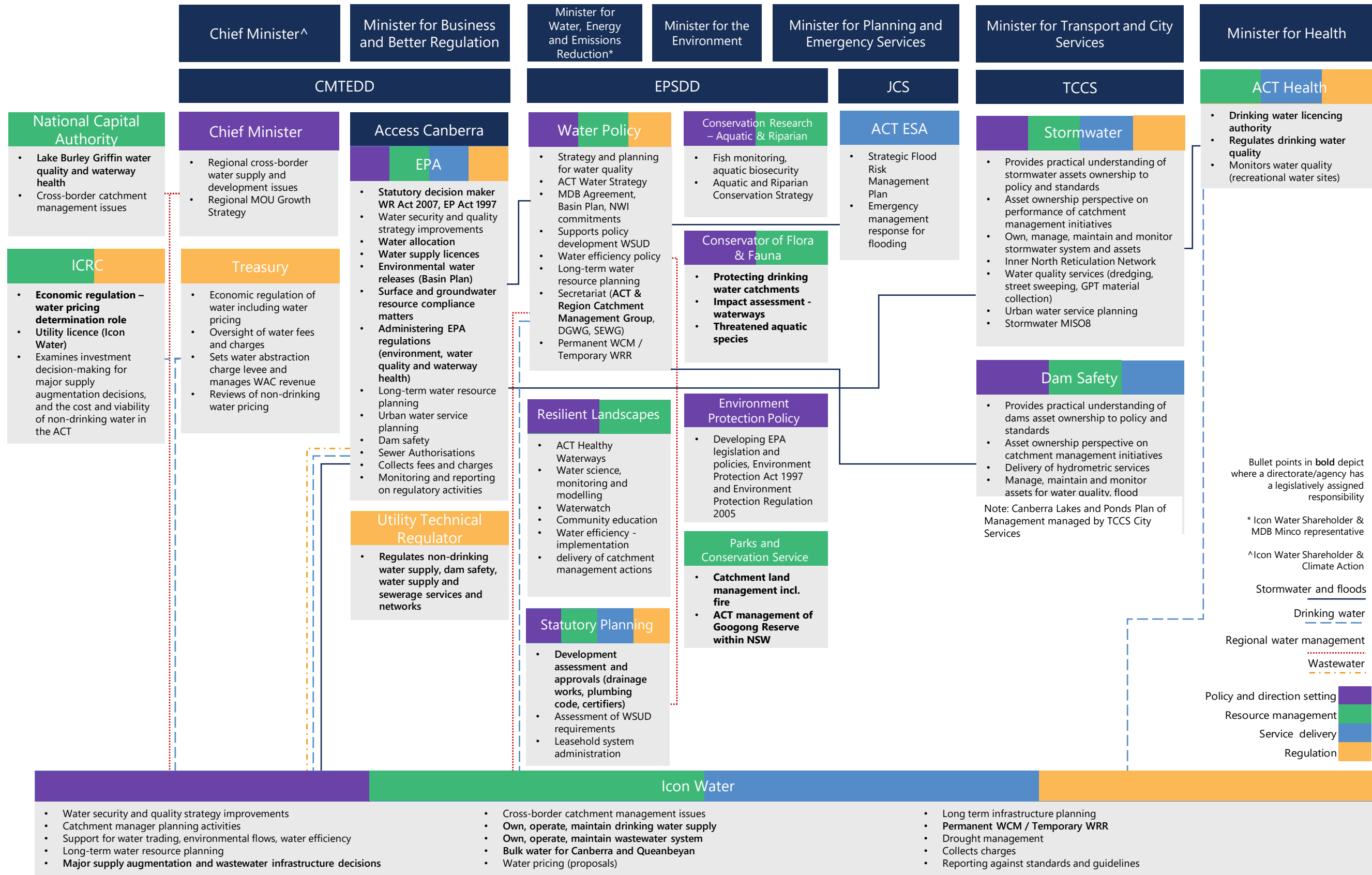
There is inadequate or misaligned capability and capacity (in terms of the quantity and quality of human, financial, and information resources) to implement roles and responsibilities across the sector and deliver on key outcomes and activities within the ACT Water Strategy and cross cutting initiatives. This is hindered by unclear and fragmented roles, responsibilities and accountabilities. This leads to:

- gaps in key skill sets to support policy development and decision making
- reduced ability to attract and retain suitably qualified staff
- lack of sharing of resources and information, and availability of information for decision making
- funding allocation and prioritisation that does not appropriately support desired outcomes
- poor retention of institutional knowledge in the medium to long-term
- duplication of some monitoring and reporting (cost)
- gaps in some monitoring and reporting.

<b>PRIORITY FOUNDATIONAL REFORMS</b>	<i>Roles, responsibilities and accountabilities</i>	1. Review and adjust Administrative Arrangements to better align with core water policy, planning, operational and regulatory functions	<p>This is a foundational activity to support other governance reforms, including reviewing and matching capability to core water management roles and responsibilities.</p> <p>This would involve reviewing current Administrative Arrangements and documentation of roles and functions at the agency level for all agencies with water sector responsibilities, and recommending any structural changes required through adjustments to administrative arrangements.</p>
	<i>Coordination</i>	2. Establish a process for decision and policy making for cross-cutting water sector issues	The Office would establish an agreed process between relevant water sector entities for progressing and resolving water cross-cutting water sector issues, including guidance on when consultation and collaboration between agencies should occur, and thresholds for escalating issues for resolution.
	<i>Capacity and capability</i>	3. Review and update arrangements for monitoring, evaluating, and reporting governance reform agenda and outcomes of water strategies	This activity would streamline current agency and entity reporting processes, and provide a consolidated monitoring, evaluating and reporting (MER) framework to assess the implementation of water plans, policies and strategies.
		4. Improve accountability and transparency for current funding arrangements	<p>The reform would support governance arrangements for the allocation of resources to align with priority capacity and capability requirements.</p> <p>This activity would involve mapping existing funding streams and allocations to agencies and establishing monitoring and reporting on funding for water management activities.</p>
		5. Review and strengthen information-sharing arrangements between water sector entities	<p>Access to information is essential for building and retaining corporate knowledge in the longer-term, and supporting agency staff to deliver against their roles and responsibilities. This would identify blockages in information sharing, and the type, format, and frequency of information required to support implementation of water management activities, and recommend agreements and procedures to improve information sharing.</p> <p>This activity should occur after activity 1 (review of Administrative Arrangements).</p>
		6. Review current arrangements for collecting, managing and sharing water information with the public	This activity is integral to enhancing public trust and promoting accountability in management of the ACT’s water resources, and a foundational step for establishing

			the Office as the point of contact for the ACT community on water information. The review would inform the scoping of a web-based 'Water Information Hub'.
<b>SECONDARY REFORMS</b>	<i>Roles, responsibilities and accountabilities</i>	7. End-to-end regulatory review of core water management legislation	<p>Review of all ACT water legislation to consider whether it is achieving its purpose and whether it supports effective governance or legislative amendments are required.</p> <p>This is not a priority. The Advisory Group agreed that, in general, current water legislation was fit for purpose and that gains could be made in improving the administration and implementation of legislation before an end-to-end review was required.</p> <p>Legislative review could be undertaken as a standalone activity in 3-5 years' time following the implementation of other governance reforms.</p>
	<i>Coordination</i>	8. Establish a new senior water executive forum for coordination on specific issues, for example to progress inter-jurisdictional coordination	The priority reform activity 2 provides for the Office to establish a fit-for-purpose process for improved coordination and decision-making. The nature of any new forum or governance structure will be determined based on the outcome of reform activity 2 and subject to the priority activity.
	<i>Capacity and capability</i>	9. Review capability on as needs basis to identify gaps and match capability to core water management roles and responsibilities	A full sector capability assessment is not warranted at this point in time, however, the process of delineating roles of responsibilities may lead to the identification of capability gaps.
		10. Build capability and capacity through learning and development	Targeted activities to address gaps can identified through other reform activities, including monitoring and reporting on implementation of water plans, policies and strategies.
		11. Investigate and implement sustainable funding mechanisms (strategic financial planning for the sector)	<p>This activity could follow priority reform activity 4 (improved accountability and transparency for current funding arrangements), and explore options to address funding gaps for policies, programs and services.</p> <p>Involves developing an understanding the short, medium and long-term investment needs for the sector, reviewing the funding mechanisms available to both optimise the allocation of existing funding and identify new options and mechansims.</p>

Note these are the views expressed by stakeholders and are NOT validated against Administrative Arrangements or legislation



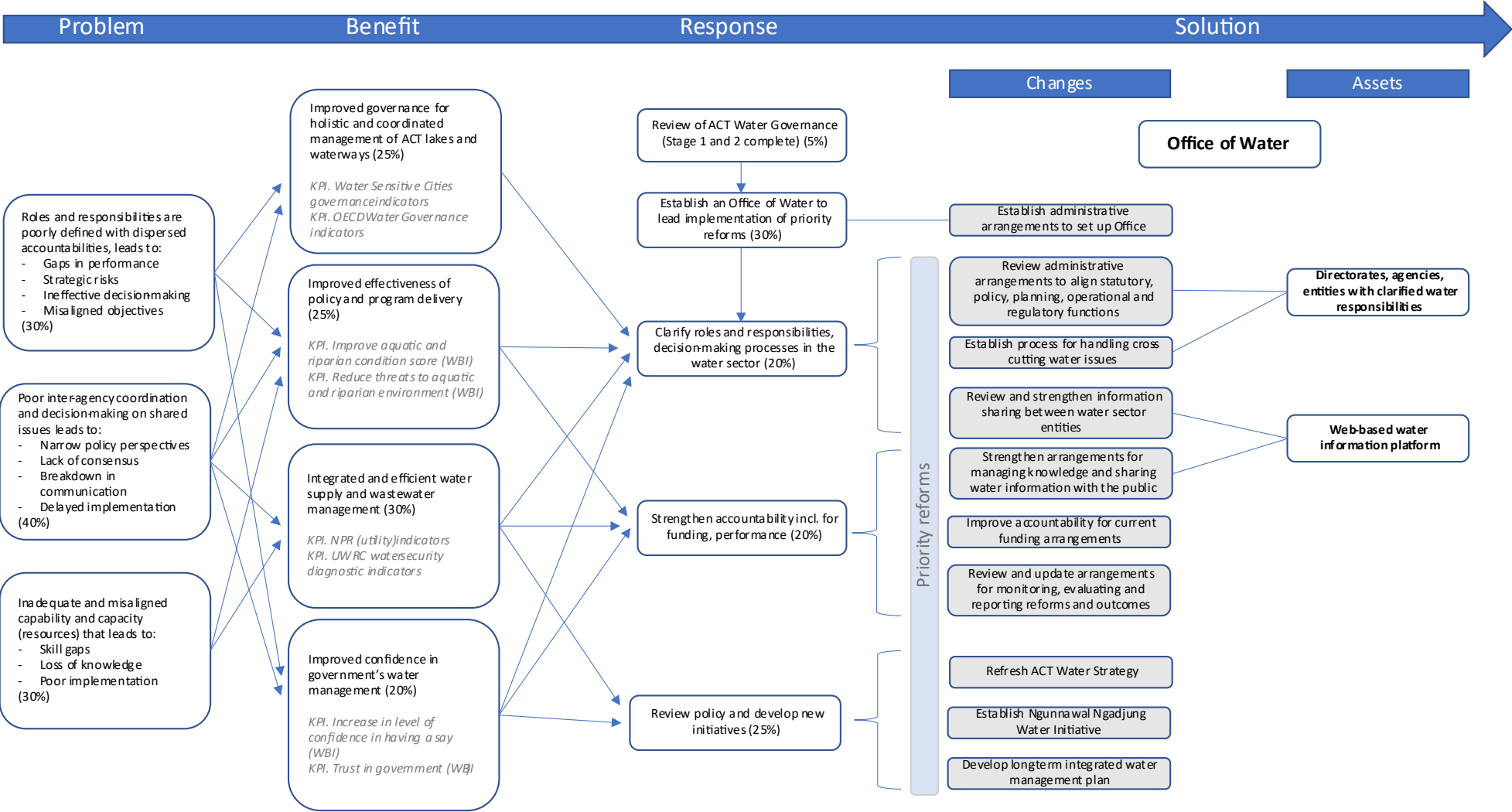


Table 1. Early evaluation framework planning and possible indicators

Investment benefit (from Investment Logic Map)	Estimated timeframe for benefits to start	How will success be measured? Possible KPIs/indicators	How will data be collected?	When will data be collected?
<b>Improved confidence in government's water management</b>	1 year	More informed public on water issues (New measure)	Number of people accessing water information	<u>Baseline</u> - historical requests to EPA / water policy inbox <u>Change</u> – web hits on Water Information Hub, info requests of Office at 1 year, 2 years
	2 years	Increased level of confidence in having a say on water issues (New measure based on WBI 'increase in having a say and being heard')	Survey through yoursay or similar	<u>Baseline</u> - survey <u>Change</u> - survey at 1 year, 2 years
	2 years	Increased trust in government to manage water issues (New measure, based on WBI 'trust in government')	Survey through yoursay or similar	<u>Baseline</u> – survey <u>Change</u> – survey at 2 years, 3 years
	1 years	Increased participation of Ngunnawal people in water (New measure)	Consultation with Dhawura Ngunnawal Caring for Country Committee	<u>Baseline</u> – consultation as part of the Governance Review <u>Change</u> –consultation at 1 year, 2 years
<b>Improved governance for holistic and coordinated management of ACT Lakes and Waterways</b>	2 years	Improved water governance (New measure using <a href="#">OECD (2018) Water Governance Indicator Framework</a> )	Multi-stakeholder self-assessment workshop	<u>Baseline</u> – stakeholder workshop in first six months using OECD framework <u>Change</u> – workshop at 3 years
		More water sensitive city (New measure using <a href="#">water sensitive cities index</a> – good water governance indicator)	Multi-stakeholder self-assessment workshop	<u>Baseline</u> - Water Sensitive Cities 2018 Benchmark report (ACT) <u>Change</u> – workshop at 3 years

ATTACHMENT D – INVESTMENT LOGIC MAP, EARLY EVALUATION FRAMEWORK

<p><b>Integrated and efficient water supply and wastewater management</b></p>	<p>3 years</p>	<p>More integrated water supply and wastewater management (New measure on quantity of recycled wastewater supplied to customers and/or number of customers)</p> <p>Additional measures could be developed using <a href="#">Water Security Definition Diagnostic Indicators</a>, and/or <a href="#">National Performance Reporting Framework (NPR) Indicators</a></p>	<p>Icon Water reports annually on quantity recycled water supplied through NPR Framework.</p>	<p><u>Baseline</u> – 2021/22 measure <u>Change</u> – measure in years 2, 3,4</p>
<p><b>Improved effectiveness of policy and program delivery</b></p>	<p>5 years - decades</p>	<p>Healthier aquatic environment in ACT rivers and lakes (WBI measure - increase in aquatic and riparian condition score)</p>	<p>Timing and method for collecting against this measure TBC with CMTEDD Wellbeing Team</p>	<p><u>Baseline</u> – 2021/22 score <u>Change</u> – score in year 3</p>
		<p>(WBI measure – reduce threats to aquatic and riparian environment)</p>	<p>Timing and method for collecting against this measure TBC with CMTEDD Wellbeing Team</p>	<p><u>Baseline</u> – 2021/22 score <u>Change</u> – score in year 3</p>

# WELLBEING IMPACT ASSESSMENT

Office of Water	EPSDD	Wellbeing Impact 1
<p><b>Purpose of proposal</b></p> <p>This proposal seeks to establish a new Office of Water located within Environment, Planning and Sustainable Development Directorate (EPSDD). The Office will lead the implementation of a package of reforms to improve water management in the ACT and drive strategic policy development. Improved governance is necessary to support a more efficient, effective and coordinated approach to water management in the ACT and region, and to equip the ACT Government to respond to the challenges posed to water security by a growing population and a changing climate.</p>		
<p><b>Impact description</b></p> <p>Holistic water management is essential for supporting a resilient and water secure city: for ACT residents to continue to access affordable, clean drinking water and to enjoy the many values (aesthetic, recreational, tourism, sporting, cultural and ecological) provided by the ACT's rivers and lakes.</p> <p>The proposal will have a major positive impact through increased public confidence in the ACT Government's effective management of water resources, with benefits for the environment (aquatic and riverine health) and community (social health and cultural connection) through more effective program delivery and implementation. Improving water governance will provide a water sector that is resilient and responsive to climate change and population growth.</p> <p>Improving public access to water information, as proposed, provides improved transparency and accountability of Government and opportunity for community participation in water resource management. This will contribute to a community that is better informed on water issues and increased trust in Government.</p> <p>The proposal will have a positive impact on the wellbeing of Aboriginal and Torres Strait Islander Peoples through the development and delivery of a new 'Ngunnawal Ngadjung Water Initiative'. The Initiative aims to support increased participation of Ngunnawal people in water management and promote their stronger access to water for cultural use and economic opportunities.</p>		
<p><b>Who is affected?</b></p> <p>This proposal will contribute to improved wellbeing for all residents of Canberra and the surrounding region related to:</p> <ul style="list-style-type: none"> <li>• the use of ACT's lakes and waterways for water consumption, recreation, cultural and aesthetic purposes;</li> <li>• economic investment in urban development and industry; and</li> <li>• a climate resilient and water secure city.</li> </ul> <p>The wellbeing of some elements of the community will benefit more from the proposal, specifically:</p> <ul style="list-style-type: none"> <li>• Ngunnawal people who will have increased opportunities for participation in water management and water access (through development of a Ngunnawal Ngadjung Water Initiative led by the Office);</li> <li>• ACT residents seeking a climate resilient, water secure city;</li> <li>• environmental advocates and recreational enthusiasts concerned for the health of ACT lakes and waterways; and</li> <li>• water utilities and industry seeking confidence to invest in new water infrastructure.</li> </ul>		
<p><b>Wellbeing domain</b> <span style="float: right;">Environment and climate</span></p> <p>The primary wellbeing domains impacted by this proposal are <b>environment and climate</b> and <b>governance and institutions</b>. However, because of the integral value of water to the ACT community there are also secondary impacts on the domains of health, economy and social connection.</p>		

# WELLBEING IMPACT ASSESSMENT

## Timeframe

**Table 1.**

Benefit	Timeframe for impact
Greater participation of Ngunnawal people in water management	1 year
Stronger ACT water governance arrangements in place	1-3 years
More informed public about how ACT water resources are managed	1-5 years
Increased trust by public in institutions/ACT Government's water management	3-5 years
ACT residents have access to cleaner lakes and waterways	5 years - decades
Improved outcomes for aquatic health of lakes and waterways	5 years -decades
Increased long term water security / security of supply	5 years - decades

## Evidence base and data

### What do we know now?

Scientific monitoring of catchment condition and water quality, and reviews of policy and policy implementation highlight significant issues resulting from the current governance arrangements intended to support the management of ACT waterways and water resources. Together they present a strong case for reform.

The ACT Whole of Government Climate Change Risk Assessment identifies several water-related issues as priority climate change risks for the ACT:

- water storage impacts and reduction of drinking water supply
- reduction in water quality affecting freshwater ecosystems
- reducing stability of alpine and subalpine environments.

The risk assessment notes that these risks have multiple interdependencies with other risks across other social, economy, built environment, natural environment, and governance domains. (ACT Government/AECOM Findings Webinar. Feb 2022).

Icon Water (2021). Report on the Survey of the ACT Drinking Water Catchment 2019-21) presents analysis of the change in inflows into the ACT 's water storages over the last 20 years. This analysis indicates that climate impacts on our water resources are occurring now, decades earlier and more pronounced than in the climate modelling used for the adaptation risk assessment. In addition to the reduction in water availability, the resultant effect of the changing climate is also evident in the declining water quality, increased temperatures and more frequent extreme weather events.

The Catchment Health Indicator Program (CHIP) collects data across the upper Murrumbidgee catchment. Over the period 2019-2020, approximately 59% of reaches across the upper Murrumbidgee catchment fell into the fair or poor range. For the 15 reaches of Ginninderra Creek catchment, where over 42% of ACT residents live, only one reach was classified in 'good' condition, with the remaining classified as fair (12) and poor (2). (CHIP reports 2019-2020)

The Office of the Commissioner for Sustainability and the Environment (OCSE) is concluding a review into the effectiveness of the ACT Government's management of Canberra's urban lakes and waterways. The final report is due in May 2022, however, early findings highlight many systemic problems impacting ACT waterways and resulting in high turbidity, algal blooms, untreated stormwater impacts, and poor policy implementation (e.g., water sensitive urban design) (Alluvium 2021, ACT Waterways Policy Review).

The EPSDD led a review into water governance in 2020-21 which identified multiple, broad-ranging governance issues impacting the ACT water sector. If left unaddressed, these issues threaten to undermine the ability of the ACT government to effectively manage the ACT's water resources into the future. Issues relate to poorly defined roles and responsibilities across different agencies, inadequate capability and capacity of agency staff and poor cross-sectoral coordination. The review also highlighted key policy gaps, for example in long-term water planning for water security.

A long-term integrated water management plan (IWMP) is proposed to ensure we are a climate resilient and water secure city into the future. The ACT's population is projected to increase to 700,000 people by 2058 that will place greater pressure on the available water resources. Managing these multiple pressures relies on effective governance structures.

# WELLBEING IMPACT ASSESSMENT

In June 2020 an expert stakeholder water security workshop was held in response to a 2019 ACT Legislative Assembly resolution on water security. The workshop underscored the need to develop a long-term plan for water security, and participants acknowledged that a more holistic governance structure was needed to manage the region's future water security.

Through the EPSDD led water governance review, the Dhawura Ngunnawal Caring for Country Committee shared their perspectives on some of the barriers preventing stronger and more meaningful participation of Ngunnawal people in setting the vision for the sector and participating in water management decisions. They are encouraged by the direction and scale of proposed changes and are keen to continue the conversation with the ACT Government on how the Office and Ngunnawal Ngadjung Water Initiative can help remove these barriers.

## What do we need to know?

The data needed to measure wellbeing impact is set out in the section below on 'accountability and evaluation'. The proposal includes a workplan to identify what new data and modelling is needed to monitor and evaluate water quality outcomes.

## Accountability and evaluation – how will we know this proposal has been successful?

The reviews and investigations described above provide a strong basis for institutional reform. It is proposed that a formal, independent review of the delivery of the proposal (Office of Water) occurs in year three of the Office's establishment. This review would assess:

- successful establishment of the Office
- delivery of reform agenda
- delivery of policy initiatives (e.g., Ngunnawal Ngadjung Water Initiative, refreshed Water Strategy, a long-term Integrated Water Management Plan for water security)
- delivery of the Water Information Hub asset
- early indications that the reforms and new policy development is translating to benefits in the wellbeing domains of environment and climate, and governance and institutions.

An early-stage evaluation plan is being developed by the Water Policy team, including indicators to better understand changes to governance, public awareness on water issues, public confidence in having a say on water issues, and riparian/aquatic outcomes.

An evaluation framework would be developed within the first six months of the Office's establishment to form the basis of the mid-term review and set out the performance metrics for annual reporting. Annual reporting could relate to the National Performance Reporting indicators and the revised ACT Water Strategy.

## Key relationships

Water sector representatives have provided input to the development of the proposed Office of Water and package of priority reform activities through the EPSDD water governance review. Agencies included in the Review Advisory Group include:

- CMTEDD (Chief Minister, Treasury, Utilities Technical Regulator)
- Access Canberra (EPA)
- TCCS (City Operations and Roads ACT)
- Icon Water

These stakeholders broadly agree on the nature and extent of issues around water governance in the ACT, the need for urgent major reforms and the merits of establishing an Office of Water to deliver the improvements.

ACT Health and Emergency Services Association (ESA) have been consulted on the review and are supportive of the approach.

The Dhawura Ngunnawal Caring for Country Committee have been consulted on the proposed approach and wish to continue regular conversations with the EPSDD as the proposal progresses.

Consultation with additional external stakeholders would occur subject to budget and Cabinet approval, including:

- ACT and Region Catchment Management Coordination Group (CMCG);
- Independent Competition and Regulatory Commission;
- National Capital Authority;
- Interested community groups/public.

Public consultation will occur in line with a communications strategy to be developed within the first six months of the Office's operation. Key messages and high-level approach to communications is described further in the business case (section 8 Communications).

## EPSDD Business Case Costing Template - Summary

Business Case No:	E14
Business Case Name:	Office of Water
Output Class	02 Environment
Funding: Ongoing or non-ongoing?	Non-ongoing - subject to mid-term review in 2025
Cross Directorate Impact (pick from the drop-down list)	
Has a component of DSGC? (Yes/No)	No

Financial Impact Summary	2022-23	2023-24	2024-25	2025-26	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Capital Impact</b>					
Capital (staff and supplier)	-	-	-	-	-
<b>Expense Impacts (a)</b>					
Expenses (staff and supplier)	1,381	1,556	1,646	1,536	6,119
Expenses - Depreciation/Amortisation	-	-	-	-	-
<b>Revenue/Savings/Offsets Impacts</b>					
Revenue	-	-	-	-	-
Savings	-	-	-	-	-
Offsets (b)	-	-	-	-	-

Staffing Impact	2022-23	2023-24	2024-25	2025-26	Total
					\$'000
FTE	5.0	5.0	5.0	5.0	
Capital staffing costs (\$'000)	-	-	-	-	-
Recurrent staffing costs (\$'000)	743	756	771	786	3,056

The information contained in this table should feed into the Business Case Financial Impacts Summary table.



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