

**To:** Minister for Water, Energy and Emissions  
Reduction

Tracking No.: 22/46209

**From:** Executive Group Manager, Environment, Heritage and Water

**Date of meeting:** Wednesday, 18 May 2022

**Subject:** Golf NSW – discussion on non-potable water review

- DDG, Environment, Water and Emissions Reduction 11/05/2022

**Purpose of the meeting**

Meeting requested by Golf NSW to discuss concerns regarding non-potable water pricing, subsidies and overall cost of water, and practical solutions to address these issues.

**Recommendations**

That you **note** the possible discussion topics for your meeting with Golf NSW at Attachment A.

**Noted / Please Discuss**

Shane Rattenbury MLA

18/5/22

Minister's Office Feedback

Signatory Name: Ian Walker

Phone: 6205 9027

Action Officer: Ryan Breen

Phone: 6207 8268

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<p><b>Purpose of the meeting:</b></p>	<p>Meeting requested by Golf NSW to discuss concerns regarding non-potable water pricing, subsidies and overall cost of water, and practical solutions to address these issues.</p> <p>Background information on the key discussion items raised in Golf NSW's submission on the Non-potable Water Review is at <u>Attachment A</u> below.</p>
<p><b>Attendees:</b></p>	<p style="text-align: center; color: red; font-size: 24pt;"><b>Personal information</b></p>
<p><b>Directorate representative in attendance:</b></p>	<p style="text-align: center; color: red; font-size: 24pt;"><b>Personal information</b></p>
<p><b>Day / date:</b></p>	<p>Wednesday 18 May 2022</p>
<p><b>Time:</b></p>	<p>3.45pm - 5.15pm</p>
<p><b>Venue:</b></p>	<p>Microsoft Teams – virtual meeting</p>
<p><b>Background:</b></p>	<p>On 9 February 2022 the Minister for Sport and Recreation received correspondence from Golf NSW seeking a meeting to discuss outstanding issues following the Non-potable Water Review. The correspondence included Golf NSW's submission to the Review.</p> <p>On 13 March you responded to Golf NSW inviting a discussion (ref. 22/14732).</p> <p>The issues that have previously been raised directly with you by Belconnen Magpies Golf Club are also being raised by Golf NSW.</p> <p>Correspondence was received from the Belconnen Golf Club on the 8 and 23 Feb. 2022. You met with Paul Netting, CEO, of the Belconnen Golf Club on the 21 Feb. 2022. An information brief and correspondence is at file reference 22/15305.</p> <p><u>Policy position</u></p> <p>The recommendations of the Non-potable Water Review will be presented to Government for consideration in October 2022. This extended date will allow for consultation with clubs and other water users on the proposed measures in response to the Review.</p>
<p><b>Discussion:</b></p>	<p>ACT Treasury commenced the Non-potable Water Review (the Review) on 1 March 2021. The Review report was publicly released on 17 December 2021.</p> <p>Issues likely to be raised by Golf NSW during the meeting include:</p> <ul style="list-style-type: none"> <li>• Extension of pricing concession and financial assistance</li> <li>• Inequity in water pricing between ACT and NSW due to the Water Abstraction Charge</li> <li>• Disparity in water pricing between ACT water users, specifically Belconnen Magpies Golf Club.</li> </ul>

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	<p>Golf Clubs NSW are <i>seeking a fair, equitable and consistent solution which does not leave any club in a worse financial position.</i></p> <p>Further information on these issues and policy position are provided below in <u>Attachment A</u>.</p> <p>Proposed Talking Points are provided in <u>Attachment B</u>.</p>
<b>Consultation Internal:</b>	Nil.
<b>Cross directorate:</b>	Nil – Recommendations within the Non-potable Water Report represent ACT Treasury’s position.
<b>External:</b>	Nil.
<b>Media implications:</b>	Nil.

## Items to be discussed

### 1.1 Topic: Financial assistance

The Infrastructure Offset Scheme ceased in December 2020. The cost subsidy through the Market Equity Scheme is on-going. A temporary rebate was introduced by Government for high intensity water users (clubs) during the Review that covered 100% of the Water Abstraction Charge. The rebate ceased on 31 December 2021.

Golf NSW will seek a continuation of financial assistance until the Government has finalised its response.

### 1.2 Policy Position

- The Government is scheduled consider its formal response to the Review on 26 October 2022.
- There are no new financial assistance measures currently available to Clubs. Financial assistance measures will require new budget approval.
- The Review recommends continuing to provide targeted short-term financial support in exceptional circumstances and for demonstrated need.

### 1.3 Suggested Talking Points

- I appreciate that clubs would have liked certainty in the direction of improvements before June 2022 and the new financial year.
- Government will be considering its formal response in late October 2022. This extended date allows for consultation with clubs and other water users on the proposed measures.
- Pricing must be equitable, transparent and simple to administer. Current concessions and subsidies do not meet this principle - this is evident from the Review.
- Our preference is to find the right balance with the price setting to avoid the necessity for broad-based concessions and subsidies. If financial assistance was to be available in future, this should be targeted to exceptional circumstances, short-term and based on demonstrated need.

### 2.1 Topic: Water Abstraction Charge

The Water Abstraction Charge (WAC) is a cost applied only in the ACT. This creates a price differentiation between ACT and NSW clubs.

Golf NSW is proposing price setting that has a greater fixed cost component and is applied based on the licenced volume (allocation) to reflect the indicative usage by each club. The WAC would be reduced or cease.

### 2.2 Policy Position

- The WAC is set to reflect the cost of water management and the scarcity value of the resource to promote water efficiency. This is consistent with the National Water Reform pricing principles.

- The WAC results in variable cost based on the volume of water used.
- The Review recommends adjusting water charges to increase the fixed costs and reduce the variable WAC. This is recommendation will be considered further.

### 2.3 Suggested Talking Points

- We believe the WAC has its place in water pricing as a variable cost. The cost paid is directly proportional to the volume of water use.
- We are still considering the recommendations of the Review on whether the variable cost (WAC) is the best mechanism for cost reflective pricing. The Review proposes an increase in fixed charges and reduction in the variable (WAC) charge.
- Question: Would the variable WAC be more acceptable to communities and clubs if the benefits from the revenue collected was more evident and accessible to support on-ground activities?

### 3.1 Topic: Belconnen Magpies Golf Club and recycled water use

Golf NSW recognises recycled water as an important resource for diversifying water supply and reducing reliance on climate dependent surface water run-off. The cost of accessing recycled water is raised as a barrier to increased adoption of recycled water.

The disparity between the water price paid by Belconnen Magpies Golf Club and other non-potable water users is likely to be raised in discussion.

### 3.2 Policy Position

- Icon Water's pricing is based on the principle of cost recovery. The pricing is reviewed by the Independent Competition and Regulation Commission (ICRC) to ensure costs are based on prudent and efficient expenditure.
- Recycled water is a secure water product that is not comparable to low reliability stormwater run-off. The higher reliability and treated water will attract a higher cost.
- Optimising the use of recycled water is a part of the Territory's future water security. Water pricing has a role to play in promoting a behavioural change towards greater adoption of alternative water sources.

### 3.3 Suggested Talking Points

- The ACT Government does not interfere in price setting generally or for the benefit of an individual enterprise. Price setting is independently reviewed by the ICRC.
- The ACT Government does have a role in promoting the adoption of alternative water sources to support the Territory's water security. Promoting increased demand for alternative water sources requires affordability to promotes investment.
- Community Service Obligations have a role in supporting affordability of alternative water sources in a manner that is equitable and objective based i.e. integrated water planning – as a short-term measure. This is being considered further as part of the Government's response.

**BACKGROUND:**

- The ACT Treasury commenced the Non-potable Water review on 1 March 2021. The Review was supported by advice from the Independent Competition and Regulation Commission.
- On 17 December 2021, the A/g Chief Minister (Minister Berry) agreed to the public release of the Report.
- The Treasury's Review recommends the Government consider the following key findings:
  - Adjusting ground and surface water charges to better align with the fixed and variable costs. This could be achieved through increasing licensing fees to ensure that all users contribute equally to cover the fixed costs and reducing the variable non-potable WAC.
  - Reforming assistance measures to make them simpler and more transparent and equitable.
  - Continuing to provide targeted short-term support to some sporting clubs in exceptional circumstances such as extreme or prolonged dry weather to reflect the social benefits of community clubs. Assistance should be targeted towards clubs that have no other option than to use significant quantities of recycled or potable water for irrigation purposes.
  - Reviewing the application of National Water Initiative (NWI) pricing principles, that suggest full cost recovery for stormwater costs, in the forthcoming review of Inner North Reticulation Network stormwater prices.