



UNCLASSIFIED

MEETING BRIEF

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

**Tracking No.:** 22/106554

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

**Date of meeting:** Thursday, 1 September 2022

**Subject:** ACT Government Response to the Non-potable Water Review

- DDG, Environment, Water and Emissions Reduction 30/8/22

**Purpose of the meeting**

The Community Clubs Ministerial Advisory Council (CCMAC), chaired by Minister Rattenbury and Minister Cheyne, will discuss the ACT Government’s response to the Non-potable Water Review at the upcoming CCMAC meeting on 1 September.

**Recommendations**

That you:

1. **Note** the information in this brief for your meeting with CCMAC; and **Noted / Please Discuss**
2. **Note** the talking points at Attachment A. **Noted / Please Discuss**

Shane Rattenbury MLA ...../...../.....

Minister’s Office Feedback

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<b>Purpose of the meeting:</b>	Community Clubs Ministerial Advisory Council standard meeting
<b>Attendees:</b>	<ul style="list-style-type: none"> <li>• Mr Shane Rattenbury MLA, Minister for Gaming (Chair)</li> <li>• Ms Tara Cheyne MLA, Minister for Business and Better Regulation (Deputy Chair)</li> <li>• Executive Branch Manager, Civil and Regulatory Law Branch, Legislation, Policy and Programs Division, Justice and Community Safety Directorate (JACS) (Senior executive from JACS)</li> <li>• Ms Yu-Lan Chan, Chief Executive Officer (CEO), ACT Gambling and Racing Commission (Senior executive or Board member representing the ACT Gambling and Racing Commission)</li> <li>• Mr Athol Chalmers, Chair, Canberra Community Clubs (CEO or Board member representing Canberra Community Clubs)</li> <li>• Ms Kim Marshall, President, ClubsACT (CEO or Board member representing ClubsACT)</li> <li>• Ms Lyndal Ryan, Secretary, United Workers Union (Secretary or nominated representative from the United Workers Union)</li> <li>• Ms Wendy Sandeman, Financial Counsellor, Care Inc. Financial Counselling Service and Consumer Law Centre of the ACT (Representative: Gambling harm reduction organisation or expert)</li> <li>• Mr Jeremy Halcrow, Founder and Co-chair, Canberra Gambling Reform Alliance (Representative: Gambling harm reduction organisation or expert)</li> <li>• Ms Kate Seselja, Founder, the Hope Project and person with lived experience of gambling harm (Representative: Gambling harm reduction organisation or expert)</li> <li>• Mr Geoff McKay, President, Canberra Bowling Club (Representative: Community clubs)</li> <li>• Ms Mary Collier, President, Canberra Irish Club (Representative: Community clubs)</li> <li>• Mr Garrett Purtill, President of Canberra Labor Club (Representative: Community clubs)</li> <li>• Mr Thomas Stevens, Director, Youth Coalition of the ACT (Representative: Young people)</li> </ul>
<b>Directorate representative in attendance:</b>	The Liquor, Racing and Gaming team in Justice and Community Safety is the secretariat for the Council
<b>Who will meet you (include mobile):</b>	You have access to the building. Directorate staff will meet you in the Conference Room.

<b>Day / date:</b>	1 September 2022
<b>Time:</b>	2:00pm-4:00pm
<b>Venue:</b>	220 London Circuit CIVIC, Level 5 Conference Rooms
<b>Transport arrangements:</b>	Nil.
<b>Where to park:</b>	Nil.
<b>Catering:</b>	Nil.
<b>Background:</b>	<p>The Community Clubs Ministerial Advisory Council (CCMAC) was formed in May 2021 and is comprised of 14 members, including the Minister for Gaming, Mr Shane Rattenbury MLA, and the Minister for Business and Better Regulation, Ms Tara Cheyne MLA.</p> <p>CCMAC's terms of reference provide that the CCMAC is a non-statutory body, established to perform an advisory role for the ACT Government, with the purpose of building a long-term, sustainable clubs sector in the ACT.</p> <p>CCMAC is one of 10 initiatives under the Parliamentary and Governing Agreement for the 10th Legislative Assembly (PAGA) to reduce harm from gaming while supporting sustainable clubs.</p> <p>Currently the CCMAC meets every six weeks.</p>
<b>Discussion:</b>	<p>The Environment Planning and Sustainable Development Directorate (EPSDD) is preparing the ACT Government Response to the Non-potable Water Review. This has cost implications for community clubs and other non-potable water licensees. Draft policy positions will be reviewed by Expenditure Review Committee ahead of public consultation in early 2023.</p> <p>See <a href="#">Attachment A</a>.</p> <p><i>See related brief 22/107147 for more information.</i></p>
<b>Consultation Internal:</b>	Nil.
<b>Cross directorate:</b>	ACT Treasury
<b>External:</b>	ACT-Monaro District Golf Association 4 August 2022. EPSDD provided a high-level update of the status and indicative timeline for the Response to the Non-potable Water Review.
<b>Media implications:</b>	<p>Cost impacts to golf clubs from water abstraction fees have previously attracted media interest.</p> <p>See talking points at <a href="#">Attachment A</a>.</p>

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## TALKING POINTS FOR NON-POTABLE WATER REVIEW – GOVERNMENT RESPONSE

### NON-POTABLE WATER REVIEW PROCESS

- In the current Parliamentary and Governing Agreement, we outlined our commitment to ensuring clubs continue to support the community while reducing harm from gaming. One of the initiatives to achieve this goal is to conduct a review into water costs for high-intensity club users of non-potable water to support clubs maintaining operations.
- In 2021, ACT Treasury undertook the Non-potable Water Review to examine the costs related to non-potable water use across the Territory.
- In line with the terms of reference, the Review focused on the non-potable water costs for high-intensity club users and did not cover broader water policy matters. High-intensity club users are those that extract more than 3,000,000 litres per year (3 ML); a volume slightly more than an Olympic sized swimming pool.
- Non-potable water includes untreated water pumped out of rivers, lakes, ponds, groundwater or sourced from recycled water networks. Golf clubs are key users of this water as they irrigate land.
- The Review considered the appropriateness of the current pricing framework in the ACT, the current pricing concessions and whether any adjustments could be made.
- The Review was published on the ACT Government Your Say website in December 2021.
- The Review provided some key recommendations including:
  - Adjusting ground and surface water charges to better aligned with the fixed and variable costs;
  - Reforming assistance measures to make them simpler and more transparent and equitable; and
  - 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.
- The Government has committed to developing a response to the Treasury Review. The response will include policy options that will be open to public consultation.

## **WATER FEES INCREASING FOR GOLF CLUBS**

- While the work to respond to the Treasury Review continues, under the current fee determination, ACT golf clubs are facing a price-step increase in fees for water use.
- Due to a range of concessions, ACT golf clubs have been paying significantly reduced water fees over the past 10 years for non-potable water.
- From 1 January 2022, the Market Equity Scheme will continue to provide golf clubs a 50% reduction on the full non-potable water abstraction charge, to approach parity with nearby NSW golf courses. All other concessions ceased at the end of 2021. The application of any future financial support is the subject of the Government's response to the Review.
- The average yearly cost per golf club under the current fees is expected to increase, however this increase will depend on the volume of water used.

## **GOVERNMENT RESPONSE TO THE NON-POTABLE WATER REVIEW**

- While the current fee determination addresses components of the Review, further policy is required in response to the recommendations and to address the apparent inequities between non-potable water users.
- A package of policy options are currently being developed to inform the Government response to the Review and address concerns raised by water users. Policy options will be forward looking, encourage diversification of water supply and promote water efficiency.
- Policy options are being developed in consideration of the responses received during public consultation on the Treasury Review.
- Guiding our options development is the 'user pays' principle, such that costs are not cross subsidised by other water users. Water pricing must promote economically efficient and sustainable use of our water resources. And, any financial assistance must be transparent, efficient in process, equitable and in the public interest.
- The preference is to find the right balance with price setting, that provides affordable water, incentivises water use efficiency and avoids the necessity for broad-based concessional arrangements.
- The Review recommends that if concessions were to be available, they should be targeted to exceptional circumstances, short-term and based on demonstrated need. We are examining how this could be applied.
- Water fees, specifically the Water Abstraction Charge is set to reflect the cost of water management and the scarcity value of the resource to promote water efficiency. This non-potable water charge is undergoing review to provide assurance that the current price is appropriately set.

## **PUBLIC CONSULTATION**

- Public consultation will provide visibility of non-potable water pricing options in the Government's response to the Non-potable Water Review, and golf clubs will be consulted to understand each club's unique circumstances and impacts.

- The government had committed to undertake public consultation on Government response to the Non-potable Water Review from July – August 2022, however for a range of reasons this has not been possible.
- While we have recently undertaken some preliminary discussion with Golf NSW and ACT-Monaro District Golf Association on the process to prepare the Government's response to the Non-potable Water Review, the government is aiming to seek broader feedback through an open public consultation process by early 2023.
- The government is continuing to work towards scheduled implementation date of 1 July 2023.

## **CLOSING**

- As we develop the policy options to respond to the Treasury Review, we will aim to improve the affordability of water supply, build sustainable and adaptable water supplies under drying climate and promote water conservation and efficiency.
- The Treasury Review raises long standing issues around the use of non-potable water and our policy response will need to address the cross-subsidisation of water costs and ensure any Government assistance is transparent and efficient in process.
- I look forward to consulting with you further on the draft policy options at the earliest opportunity.