

Submission

26/8/11

Essential Services Commission 2011, *2013 Water Price Review – Tariff Issues Paper*, July 2011

The price of water to rural communities for recreation purposes is a major concern right now. The proposed recreational pricing regime is very much distorted in favour of recreational lakes of the region over town facilities such as recreation reserves (football grounds) and golf courses. We could well include bowling greens in this grouping, although we are not as familiar with their situation.

Town recreational reserves are the backbone of rural communities. They are managed by volunteers and provide the opportunity for young people to kick a football, play cricket, throw a ball, and participate in various other team sports and community events such as school sports and the local show.

If we use the local recreation reserve at Murtoa as an example, we see that it is an extremely important asset to the community. In recent years the committee of management there have, with significant community support, bought a school building and moved it onto the recreation reserve as a community building.

It has built a new netball court with lights, cricket practice nets and is at the moment replacing an old dilapidated change room facility with a modern multipurpose building that includes change rooms, a town gymnasium, male and female umpire rooms and an elevated viewing area for activities on the oval. The change rooms convert to an undercover display area for the annual show. An efficient in ground watering system has also been installed.

Community, local and state government support for these projects, backed up by enormous volunteer hours, underwrites the value of the recreation reserve for Murtoa. We believe that this example is replicated across the Wimmera and Mallee.

The recreation reserve has an annual turnover of about \$17,000 including an annual contribution of \$14,000 from the Yarriambiack Shire.

Water use last year – with one of the wettest summers on record – resulted in 9 ML of water used on the oval. Historically the annual water charge would have been around \$900. This price was based on irrigation charges 9 ML @ \$80-100/ML. This year the proposed price is \$7,500 based on \$830/ML. In comparison, recreation lakes are being charged \$45/ML for significantly more water per facility.

A similar situation exists for the local Murtoa Golf Club. It is a winter based sand scrape course that is very popular because it is affordable compared with high water use grass green based courses. Most of its maintenance is provided by volunteers and it has a requirement for water to maintain basic facilities. Historically the Murtoa Golf Club has paid between \$350 and \$700 annually for its water. While it has been offered a transition price for water use over a couple of years, it is also looking at \$830/ML taking its annual water bill to \$2,500 to \$7,000, depending on seasonal conditions.

It is our belief that water to community facilities such as recreational grounds and golf clubs should be offered at a price significantly less than the \$830/ML. While a lot more work needs to be done on an appropriate water tariff for community based facilities, a price in the order of \$300 seems like a good starting point. We also believe that it is reasonable to increase the price as the amount of water use increases above the basic requirements.

“Back of the envelope” figuring goes along this line. GWM water has about 70 towns in its service area with about 40 of them that have a reasonable critical mass. If we say then that there are 50 recreational ovals using 10ML/year – total of 500 ML at \$830/ML giving total revenue of \$415,000. At \$300/ML total revenue would be \$150,000. We understand total rate revenue of GWM Water is around \$40m. The difference in revenue of \$265,000 (\$415,000 - \$150,000) is 0.66% of gross revenue.

This could be made up from either or both of

- A levy on rate payers
- Money generated from water sales (GWM Water have just made 16,000 ML available for sale at a capital cost of around \$2,500/ML)

In summary,

- Community assets such as football ovals and golf courses (and bowling greens) are integral assets to the wellbeing of local rural communities.
- We believe that the viability of these assets are under threat because of proposed water pricing policies
- Current pricing policies for recreational use water are extreme. \$45/ML for lakes and \$830/ML for sporting ovals, etc.
- The reduction of the proposed tariff to around \$300/ML would go a long way towards ensuring local facilities are viable and efficiently use water, while at the same time reducing gross revenue by less than 1% of GWM Water’s annual turnover.
- The lost revenue could be recouped by a levy on all rate payers or by water sales program.

We ask the ESC to recommend that GWM Water as a high priority look at ways to reduce the cost of water to such facilities.

Yours Sincerely

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