Increased cost of utilities review
Office for Recreation and Sport
February 2014
GOVERNMENT ADVISORY SERVICES
Disclaimer

**Inherent Limitations**

This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance have been expressed.

The findings in this report are based on a qualitative study and the reported results reflect a perception of the stakeholders interviewed and surveyed but only to the extent of the sample interviewed and surveyed, being an Office for Recreation and Sport approved representative sample of management and stakeholders. Any projection to the wider management and personnel / stakeholders is subject to the level of bias in the method of sample.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, stakeholders consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

**Third Party Reliance**

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This report has been prepared at the request of the Office for Recreation and Sport in accordance with the terms of KPMG’s engagement letter/contract dated 30 October 2013. Other than our responsibility to Office for Recreation and Sport, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party’s sole responsibility.
# Table of contents

1. **Executive Summary** 2  
   1.1 Background 2  
   1.2 Current state analysis 3  
   1.3 Exemption from rates 4  
   1.4 Themes and issues: a case for change 4  
   1.5 Learnings and suggestions 5  
   1.6 Options for consideration 6  

2. **Introduction** 8  
   2.1 Objectives 8  
   2.2 Scope 8  
   2.3 Methodology 8  
   2.4 Inherent limitations 9  
   2.5 Structure of this report 9  

3. **Background** 10  
   3.1 Office for Recreation and Sport 10  
   3.2 Increase in utility costs 10  
   3.3 Sport and recreation organisations and Local Government 15  

4. **Current state analysis** 17  
   4.1 Sport and recreation organisations survey 18  
   4.2 Local Government survey 30  

5. **Themes and issues: a case for change** 42  
   5.1 Issues 42  

6. **Learnings and suggestions** 45  
   6.1 Energy and water retailers 46  
   6.2 Department of Education and Childhood Development (DECD) 46  
   6.3 Inter jurisdictional analysis 47  
   6.4 ORS 52  
   6.5 Other 53  

7. **Options for consideration** 54  
   7.1 Options 54  

8. **Assessment of options** 64  

9. **Improvement action plan** 65  

Appendix A: Project brief 68  
Appendix B: Stakeholders 71  
Appendix C: 10 year utility costs, 2003-13 72  
Appendix D: Criteria for SA Water sewerage charge discount 73  
Appendix E: Recreation Grounds Rates and Taxes Exemption Act 1981 74  
Appendix F: Opportunities identified at LGRF conference and through consultation 75
1. Executive Summary

This report looks at the impacts higher utility costs are having on the sustainability of community sport and recreation organisations and identifies potential opportunities for further examination by the Government.

The review involved research and consultation with key stakeholders, including a survey of sport and recreation organisations and Local Government. The following information summarises the findings of the review.

1.1 Background

The Office for Recreation and Sport (ORS) plays an important role in ensuring all South Australians have the opportunity to participate in activities by supporting sport and recreation organisations to be sustainable. ORS is the lead agency for ‘target 83’ of the South Australian Strategic Plan:

Increase the proportion of South Australians participating in sport or physical recreation at least once per week to 50% by 2020 (baseline: 2011-12).

The cost of water and electricity for many sport and recreation organisations is affecting their financial sustainability. In reviewing the cost of utilities it was found that the average water price paid by South Australian’s in 2011-12 was $3.96 per kilolitre, the highest in Australia and well above the Australian average of $2.72 per kilolitre. $3.96 per kilolitre of water represents a 197% increase on the price paid for water in 2007-08, five years earlier. The cost of electricity has also risen in recent years; in the five years to the June quarter in 2012, Australia’s retail electricity prices rose by 72%. In addition to the price of utilities increasing it is possible that the costs of utilities has increased for sport and recreation organisations due to increases in usage driven by demand; utility usage levels by facilities were not examined within the context of this review.

The following figure represents the cost increases in the various utilities between 2003-13 (over the last 10 years). The figure presents an average of the quarterly index numbers (as presented in the Australia’s Consumer Price Index’s) for each of the last 10 years, noting that information for 2013 was only available until September 2013.

Utility index numbers, Adelaide, 2003-13

![Utility index numbers, Adelaide, 2003-13](image)

*Average index does not include information from the December 2013 quarter

Source: ABS, 2013. Consumer Price Index, Australia, Sep 2013 (6401.0)
Councils as the primary provider of sporting and playing facilities in the community are also affected by an increase in utility costs. If Councils were to adjust current fee arrangements with sport and recreation organisations in line with the movement of utility prices it is likely that community sport and recreation organisations will pay higher lease and licence fees to have access to the Council owned facilities. It is anticipated that this would be unsustainable for some organisations.

1.2 Current state analysis

A view of the current state of utilities expenditure for sport and recreation organisations and Councils was developed through undertaking a survey to both of these groups. Ninety-two (92) sport and recreation organisations and fifteen (15) Councils participated in the surveys.

The survey findings identified various issues for sport and recreation organisations and Councils.

The survey of sport and recreation organisations found:

- 53% of sport and recreation organisations ranked the increase in cost of utilities as the greatest contributor to increased membership fees over the last decade.
- 93% of respondents have increased their membership fees, however the results show that many of them (at least 56%) have increased their fees by 20% or less - less than Consumer Price Index (CPI) changes over the period (10 years).
- 64% of respondents had exclusive use of their facilities and many organisations are not encouraged by local council to improve their financial position through a particular sharing initiative.
- 46% of survey respondents indicated that they had limited or no understanding of their current utility arrangements and usage, suggesting that there appears to be an opportunity to increase transparency and educate organisations about their current water, electricity and gas arrangements and usage.
- 68% of sport and recreation organisations rely solely on mains water and 76% rely on grid connection only for electricity. The reliance on mains water and electricity underscores the impact of increased utility costs on sport and recreation organisations and also reveals that there are opportunities to explore alternate utility sources.
- Survey responses suggest that the impact of increased utility costs on sport and recreation organisations over the last ten years has been significant and also the impacts have been more acute in the last year – with more respondents indicating a significant impact in the last year. The main impacts include the increase in operational costs and the impact on the provision of services.
- When asked whether respondents receive a discount from their energy provider, the majority (64%) indicated that they did not. It appears that some clubs are not benefitting from a discount currently available and provided to some 36% of sport and recreation organisations.
- Survey results suggest that for many organisations their management of water and electricity could improve.

The survey of Councils found:

- There is inconsistency in the type of arrangements between Councils and sport and recreation organisations. There is also inconsistency in how sport and recreation organisations pay for utilities – some pay the Council, others pay the utility retailer direct.
- Half of the respondent Councils recover less than 20% of utility expenses from sport and recreation organisations.
• The top strategy/initiative that Councils are currently pursuing to manage the issue of increasing utility costs for sport and recreation organisations is a review of lease and licence arrangements. Other popular initiatives include water harvesting and co-location of organisations.

Three of the four case study Councils included in the analysis listed initiatives they consider to be their top priorities to manage the issue of increasing utility costs. Two of the case studies represent the priorities of Councils from the Urban, Urban Fringe and Urban Rural category; one case study represents the priorities of a Provincial Cities Council (these are included in the below table). The last case study being a Rural Council did not list any priority initiatives but did identify that they are currently drafting formal lease arrangements for 60% of their sporting facilities that have no written formal agreement.

<table>
<thead>
<tr>
<th>Council 1 (Urban, Urban Fringe and Urban Rural)</th>
<th>Council 2 (Provincial City)</th>
<th>Council 3 (Urban, Urban Fringe and Urban Rural)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Water harvesting</td>
<td>Lobby the State Government about its water-pricing policies</td>
<td>The roll out of the Councils recycled water network</td>
</tr>
<tr>
<td>2 Review of lease / licence arrangements</td>
<td>Rationalize grassed playing fields</td>
<td>The Council has just concluded a review of lease / licensing in 2013 including fees and charges</td>
</tr>
<tr>
<td>3 Discount / subsidy</td>
<td>Introduce recycled water where possible</td>
<td>Council is upgrading 1-2 irrigation systems per year to sporting reserves and large community passive open spaces</td>
</tr>
<tr>
<td>4 Update user charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Create fairness in terms of leasing and rating arrangements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Invite schools to participate in resource sharing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.3 Exemption from rates

Councils were asked whether they utilise the Recreation Grounds Rates and Taxes Exemption Act. The Act allows Councils to exempt certain clubs and associations from rates, and the application of such exemptions can provide an immediate source of cost relief to sporting organisations.

Only around half of the Council respondents identified that they apply the provisions of the Act. It appears therefore that there is potential for further implementation and possibly education relating to the Act. For example, this could include the inclusion of reference to the Act in the lease/licence templates provided by the LGA, or letters from the relevant Minister to the LGA or directly to Councils.

1.4 Themes and issues: a case for change

The key issues associated with the increased cost of utilities for sport and recreation organisations were not limited to the management of operational costs or the need to replace ageing infrastructure with the implementation of more cost efficient infrastructure and devices. The issues cited by key stakeholders extended to virtually all aspects of a sport and recreation organisation, which included the importance of its relationships and partnership with community, peak sporting bodies, local and state government. Key issues raised by stakeholders included:

2 Categories as defined by the Australian Classification of Local Government (ACLG).
There is an increased cost of utilities;  
- Ageing infrastructure;  
- Poor management of sport and recreation organisations;  
- Declining income of sport and recreation organisations;  
- Lack of understanding of true utility usage and costs;  
- Resistance to co-location;  
- Lack of consistency in lease and licence arrangements;  
- Unrealistic facility standards;  
- Increased expectations of volunteers, participants and members;  
- Partnerships could be improved between all stakeholders;  
- Lack of strategic planning; and  
- Large asset stock.

1.5 Learnings and suggestions

Learnings and suggestions provided by key stakeholders, including energy and water providers and interstate sport and recreation departments, included but where not limited to the following:

- No clubs have taken up Origin Energy’s Affiliated Club Offer, which provides a discount on the ‘standing retail prices’ available, since its introduction in 2013 and only a couple of clubs have expressed interest.
- SA Water noted that there are some potential opportunities for the sector’s issues to be further considered in SA Water’s upcoming review of various concessions (likely to take place in 2014) and in ESCOSA’s current pricing review.
- SA Water’s IPOS scheme is a powerful irrigation planning and turf management tool that is being embraced by some Councils and sport and recreation organisations, and which can reduce water usage and costs.
- Investigations into bulk billing of electricity for sport and recreation organisations in Queensland found that some clubs would be worse off under such an arrangement.
- Most interstate jurisdictions have capital funding programs to address the issue of increased cost of utilities but no funding specific to efficiency measures that were available through the drought period. We note that Victoria and Western Australia do have funding available for artificial turf and sustainable initiatives, respectively. Also, Victoria has a smart water fund that provides for water recycling/harvesting programs however, this is funding provided by the water authority.
- Several jurisdictions require applications for grants to include details of the organisation’s ability to meet ongoing liabilities and future replacement costs e.g. required for grants for capital investments in efficient lighting or artificial turf.
- Other jurisdictions have focussed on the education of sport and recreation organisations and also on improving the partnerships between key stakeholders (state and local government, utility retailers, organisations and community).
- Some jurisdictions are working to co-locate sport and recreation organisations with schools where possible. Similar challenges to those being experienced here in South Australia were noted.
- All jurisdictions provide some level of support for organisational management and operations. Preparation of a range of reference materials and educational resources for organisations was suggested as a low cost way of assisting to reduce operating costs.
• Larger state owned facilities have the potential to implement sustainability and energy monitoring software. South Australian owned sporting facilities are currently developing a cost-recovery schedule but also have an opportunity to: further address utility expenses through the investigation of the use of Glenelg to Adelaide Parklands recycled water project (recycled water opportunities), for example at Santos Stadium in Mile End; the potential opportunity to receive a SA Water sewerage charge discount (Superdrome and Kidman Park); and improve its electricity usage through the installation of metering (swipe cards for various users) and more efficient internal lighting e.g. light sensors.

### 1.6 Options for consideration

Options for consideration by the Government to address the impact of increasing utility costs, as identified through this review, are listed below.

1. The ORS could support the LGA in investigating opportunities to develop a number of best practice lease and licence policies / templates to be used and implemented by Councils.

2. A program of supporting resources to improve management and financial sustainability of sporting and recreation organisations.

3. Investment in and sharing of innovation and technology.

4. Recognising the community benefit of sport and recreation facilities through a utilities rebate for sport and recreation organisations.

5. Additional funding provided to ORS for infrastructure grant program specific to the management of utility costs.

6. Ensure application of SA Water sewerage charge discount.

7. Better promotion of retail electricity price discount offers to clubs.

8. Collaborate with SA Water on IPOS data and management.


10. Audit and planning for sport and recreation facilities.

11. Better plans for climate change including the learnings from the drought.

12. Further refinement of the ORS grant funding model.

13. Additional ORS resourcing

The options can broadly be grouped into five potential approaches.

<table>
<thead>
<tr>
<th>Approach</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce the cost of utilities</td>
<td>4, 6, 7</td>
</tr>
<tr>
<td>Reduce the usage of utilities (improved efficiency)</td>
<td>3, 5, 8</td>
</tr>
<tr>
<td>Consolidate the number of facilities (maximise the utilisation of facilities)</td>
<td>10</td>
</tr>
<tr>
<td>Increase revenues for sport and recreation organisation</td>
<td>9</td>
</tr>
<tr>
<td>Management</td>
<td>1, 2, 11, 12, 13</td>
</tr>
</tbody>
</table>

In assessing the options we note that not all of the above-mentioned options will have an immediate impact. Moreover, some of these options should be looked to be implemented over the longer-term as they address broader sustainability issues of these organisations. Principles which guided the assessment of options and which could be used to further guide on-going decision making include:
1. Ensure sport and recreation organisations make a fair and reasonable contribution to utility costs, reflecting the direct benefits their members receive in participating in activities.

2. Recognise the broader community (social, economic and environmental benefits) of sport and recreation clubs in contributing to healthy and vibrant communities.

3. Contribute to (or at least support) the future sustainability of the sport and recreation sector.

4. Contribute to the efficient and effective management of sport and recreation facilities and their efficient use of utilities and services.

5. Ensure that the standard of sport and recreation facilities meet communities’ requirements in the future.

6. Ensure that community and sport and recreation facilities (where possible) are developed as multi-use sites.

7. Contribute to open and transparent communication and foster collaboration and partnerships between relevant stakeholders.
2. Introduction

This section of the report outlines the objectives, scope and methodology of the project. It also discusses some of the inherent limitations of the analysis undertaken.

2.1 Objectives

The purpose of this engagement was to examine the impact that higher utility costs are having on the sustainability of community sport and recreation organisations and present potential opportunities, for further examination by the Government, which address the impact of increased costs of utilities for community sport and recreation organisations.

2.2 Scope

In October 2013, KPMG was engaged to conduct a review of the impact of higher utility costs on sport and recreation organisations. The scope of the project included the following:

- research and consultation with key stakeholders into the impact increased utility costs are having on clubs and associations;
- analysis of information gathered through research and consultation and a survey of Councils and clubs and associations; and
- preparation of a report that provides options for consideration by the Government.

The specific objectives and scope of the review, as detailed in Appendix A to this report were agreed with ORS.

2.3 Methodology

A three-phase approach was agreed between the ORS and KPMG for conduct of the project:

Phase 1: Research and consultation. This phase included the following activities:

- Project initiation;
- Document review and research;
- Survey development and deployment; and
- Stakeholder consultation.

Details of stakeholders interviewed and surveyed as a part of the process are included in Appendix B.

Phase 2: Analysis and assessment. This phase included:

- Synthesis and analysis of information;
- Opportunity identification; and
- Workshop with the ORS project reference group.

Phase 3: Draft and final report.
2.4 Inherent limitations

The surveys were provided to a sample of Councils and sport and recreation organisations and therefore findings are limited by the sample size and are representative only.

130 sport and recreation organisations were provided the opportunity to participate in the survey, of which 92 responses were received.

A representative sample of 24 metropolitan and regional Councils were invited to participate in the survey, of which 15 responses were received.

Councils and sport and recreation organisations agreed to participate at the request of ORS.

KPMG has not verified the accuracy of the information provided by the survey recipients or the stakeholder’s interviews.

2.5 Structure of this report

The remainder of this report is based on the following structure and content:

- **Background**: describes and illustrates the increase in utility costs in South Australia and further explains the drivers of this review
- **Current state analysis** – details the results from the surveys to sports and recreation organisations and to Local Government
- **Themes and issues: a case for change** – provides key issues that relate to the increased cost of utilities for sport and recreation organisations
- **Learnings and suggestions** – presents potential learnings and suggestions as provided by key stakeholders, including energy and water retailers and interstate sport and recreation Departments
- **Identification of options**: provides an overview of the potential options to address the impact of increased cost of utilities for sport and recreation organisations
- **Assessment of options**: provides an assessment of the identified options against the evaluation criteria that has been developed
- **Appendices**: the report contains detailed information on a number of topics in the appendices.

3. Background

This section provides an overview of the key drivers for this review. It examines the role of ORS; the trend of utility costs in South Australia; and provides information of the pertinent arrangements between Councils and sport and recreation organisations.

### Key findings

1. There has been substantial utility price increases experienced by South Australian consumers over the past few years.

2. ABS data suggests that an increased proportion of total Local Government expenditure has shifted towards sport and recreation over the last decade, as represented by an increase in the proportion of ‘recreation and culture’ and ‘housing and community amenities’ expenditure incurred by local government.

### 3.1 Office for Recreation and Sport

The Sport and Recreation sector encompasses an extremely broad range of organisations in various stages of maturity, ranging from survival, to sustainability, to growth. The cost of water and power for many of these organisations makes up a substantial amount of their costs and subsequently affects their ability to provide services, and their longer-term development.

As the lead agency for the Government’s policy on sport and active recreation, the ORS has sought to review the impact higher utility costs are having on the sustainability of community sport and recreation organisations.

The ORS plays an important role in ensuring all South Australians have the opportunity to participate in these activities by supporting sport and recreation organisations to be sustainable, ensuring that high quality facilities and playing grounds are available, and making certain that our elite athletes are given every chance to succeed and aspire.\(^3\)

ORS is the lead agency for “target 83” of the South Australian Strategic Plan:

> Increase the proportion of South Australians participating in sport or physical recreation at least once per week to 50% by 2020 (baseline: 2011-12).\(^4\)

Sport and recreation also supports the South Australian Health Strategic Plan targets around healthy weight, healthy South Australians and psychological wellbeing. This review ultimately supports the achievement of these strategies as high cost structures have the potential to affect membership fees and ultimately the sustainability of sport and recreation organisations, both of which could result in a reduction of South Australian’s able to participate in sport and recreation and in turn affect South Australian communities and their health.

### 3.2 Increase in utility costs

South Australian utility costs have increased above the level of the typical Consumer Price Index (CPI) increases in recent years. The following information presents the increased costs for water and for electricity and gas experienced in South Australia in the last decade. Indicative cost structures for the various utilities over a 10-year period can be found in Appendix C.

#### 3.2.1 Cost of water

Whilst sport and recreation facilities throughout SA are able to source water from alternative water sources (recycled, bore, storm water retention, rain water) where the necessary capital

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\(^3\) Office for Recreation and Sport, 2013. Strategic plan 2013-2015

resources and access exist, it is likely that the large majority of water consumed is still being sourced from SA Water – mains potable water.

The overall cost of water services sourced from SA Water is made up of water costs (water supply charge and water use charge) and sewerage costs. An outline of the current (2013-14) charges for these cost components are outlined in the following table.\textsuperscript{5} The charges listed within the table are indicative of charges relevant to sport and recreation organisations. We also note that a discount sewerage charge is available to sport and recreation facilities which are on land that is owned by Council; the discounted sewerage charges are based on the number of water closets (toilets) on the property or standard sewer rate for the property (based on its capital value), whichever is the lowest.\textsuperscript{6} Appendix D provides examples of the discount.

<table>
<thead>
<tr>
<th>Water supply charge</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential water supply charge ($ per quarter)</td>
<td>68.70</td>
</tr>
<tr>
<td>Commercial water supply charge ($ per quarter)</td>
<td>68.70+\textsuperscript{7}</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water use charge</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential water use charge ($ per kilolitre)</td>
<td></td>
</tr>
<tr>
<td>- 0 – 30 kL</td>
<td>2.26</td>
</tr>
<tr>
<td>- 30 – 130 kL</td>
<td>3.23</td>
</tr>
<tr>
<td>- 130 kL</td>
<td>3.49</td>
</tr>
<tr>
<td>Commercial water use charge ($ per kL)</td>
<td>3.23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sewerage charge\textsuperscript{8}</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential sewerage charge (cents per $1,000 of property value per quarter)</td>
<td></td>
</tr>
<tr>
<td>- metropolitan</td>
<td>31.53</td>
</tr>
<tr>
<td>- country</td>
<td>41.53</td>
</tr>
<tr>
<td>Commercial sewerage charge (cents per $1,000 of property value per quarter)</td>
<td></td>
</tr>
<tr>
<td>- metropolitan</td>
<td>34.80</td>
</tr>
<tr>
<td>- country</td>
<td>48.43</td>
</tr>
</tbody>
</table>

The above-mentioned 2013-14 water charges are likely to represent some of the highest charges in the nation. The ABS found that in 2011-12 the average water price paid by South Australian

\textsuperscript{5} For more information on these charges see <http://www.sawater.com.au/SAWater/YourHome/YourAccountBillPaymentCharges/Pricing+Information.htm>

\textsuperscript{6} SA Water, consultation with Manager Local Government Liaison.

\textsuperscript{7} The commercial water supply charge is the greater of $68.70 or a charge based on the capital value of the property.

\textsuperscript{8} The minimum sewerage charge is $85.35 per quarter.
households was $3.96/kL\(^9\), the highest in Australia and well above the Australian average of $2.72/kL.\(^{10}\)

In recent years the South Australian Government has made a significant investment in a desalination plant and network security infrastructure to ensure South Australia’s water security for the future. The following table and associated figure demonstrate the increase in water costs in South Australia between 2007-08 and 2012-13. Table 2 represents the increase in the total water and sewerage bill for a South Australian household consuming 190 kL of water per annum. Figure 1 illustrates the total annual water and sewerage bill illustrated in Table 2, the price per kilolitre of water in 2007-08 ($1.16 per kilolitre) and 2012-13 ($3.35 per kilolitre) the latter of which represents an approximate increase of 197 percent on the water component of the bill. The upward trend in household water bills is indicative of the trend experienced by many sport and recreation organisations in recent years.

Table 2: Representative total household water bill - same consumption - excluded rebate and River Murray Levy, 2007-08 to 2012-13

<table>
<thead>
<tr>
<th>$ per annum</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual water bill based on 190kL</td>
<td>296</td>
<td>339</td>
<td>386</td>
<td>470</td>
<td>659</td>
<td>825</td>
</tr>
<tr>
<td>Typical residential sewerage charges</td>
<td>424</td>
<td>434</td>
<td>444</td>
<td>457</td>
<td>479</td>
<td>495</td>
</tr>
<tr>
<td><strong>Total annual water and sewerage bill</strong></td>
<td><strong>719</strong></td>
<td><strong>773</strong></td>
<td><strong>830</strong></td>
<td><strong>927</strong></td>
<td><strong>1138</strong></td>
<td><strong>1,320</strong></td>
</tr>
<tr>
<td><strong>Annual movement</strong></td>
<td><strong>8%</strong></td>
<td><strong>7%</strong></td>
<td><strong>12%</strong></td>
<td><strong>23%</strong></td>
<td><strong>23%</strong></td>
<td><strong>16%</strong></td>
</tr>
<tr>
<td><strong>Movement since 2007-08</strong></td>
<td><strong>8%</strong></td>
<td><strong>15%</strong></td>
<td><strong>29%</strong></td>
<td><strong>58%</strong></td>
<td><strong>84%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: SA Water

Figure 1: Representative total annual household water and sewerage bill - same consumption, 2007-08 to 2012-13

Sources: SA Water and The Advertiser, April 2013. Councils vote at Local Government Association to lobby State Government for cheaper water bills.

The largest increases in water costs have been experienced in the most recent financial years (2011-12 and 2012-13). In a news release at the beginning of the 2012-13 financial year, the South Australian Premier, Jay Weatherill acknowledged the substantial price increases experienced by

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\(^9\) $3.96/kL reflects both the standing charge and the water usage charge

consumers over the past few years and stated that “when the Government announced a 26 percent increase to average water prices last year we said we expected there would be a similar price increase this year.”\textsuperscript{11} The annual movement in prices in 2012-13 for a representative household was approximately 16 percent (see Table 2 above).

It is anticipated that the pricing path set by Government over the past few years will mean that the water prices from 2013-14 onwards are expected to be more in line with inflation.\textsuperscript{12} We note that from 2013-14 the Essential Services Commission of South Australia (ESCOSA) will be the independent regulator for the water industry, and responsible for the economic regulation of water and sewerage prices from that time on.

The cost of other/alternate sources of water that sport and recreation organisations may be accessing are difficult to price as they are owned and operated by individual Councils or organisations, and not yet subject to the same level of regulation as SA Water. We note that the price for alternative water sources may increase in the future with the implementation of the National Water Initiative\textsuperscript{13} pricing principles, where currently these water sources may be priced at cheaper rates than those offered by SA Water.

### 3.2.2 Cost of electricity and gas

The cost of electricity and gas has also risen in recent years. According to the ABS, in the five (5) years to the June quarter in 2012, Australia’s retail electricity prices rose by 72%, while the price of gas and other household fuels rose by 45\%.\textsuperscript{14}

The following figures illustrate the cost of electricity and gas and other household fuels for Adelaide households over the last five years, as represented in the ABS Consumer Price Index. The capital city index shown in the figures represents price movements over time for the city, in this case Adelaide, and are a statistical measure of change in the representative group; the reference period in both figures is 2011-12 and is equal to 100.00. The demonstrated upward trend in household electricity and gas costs is indicative of the trend likely to have been experienced by many sport and recreation organisations in recent years.


\textsuperscript{13} National Water Initiative pricing principles issues by the National Water Commission.

Figure 2: Cost of electricity, Adelaide household, Sept 2008-13

Source: ABS, 2013. Consumer Price Index, Australia, Sep 2013 (6401.0, Table 11: CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City)
Note: Results amplified by the use of the scale not starting at zero

Figure 3: Cost of gas and other household fuels, Adelaide household, Sept 2008-13

Source: ABS, 2013. Consumer Price Index, Australia, Sep 2013 (6401.0, Table 11: CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City)
Note: Results amplified by the use of the scale not starting at zero
3.3 Sport and recreation organisations and Local Government

The above-mentioned information demonstrates that the cost of water and power for consumers in South Australia has increased substantially in recent times. More importantly, for many sport and recreation organisations water and power make up a substantial amount of their total costs which impacts on their sustainability and ongoing development.

Councils as the primary provider of sporting and playing facilities in the community are also affected by an increase in utilities costs for sport and recreation organisations. Evidence of this was demonstrated earlier this year when Councils voted in favour of lobbying the State Government to reduce costs for watering sporting grounds and open spaces. Following on from this vote, we note that at the time of preparing this report, we understand that the Local Government Association (LGA) was developing a report which is investigating water prices in respect of public open spaces. (This is slightly broader than the purpose of this report which is focussing on sport and recreational facilities.)

The following figure highlights the fact that expenditure in ‘recreation and culture’ and ‘housing and community amenities’ over the last decade (2001-02 to 2011-12) has represented a significant proportion of Council’s total spend. Table 3 evidences the fact that the proportion of total council expenditure has increased in the last decade for both ‘recreation and culture’ and ‘housing and community amenities’. Hence, ABS data suggests that an increasing proportion of total Local Government expenditure has shifted to sport and recreation over the last decade, as represented by an increase in the proportion of ‘recreation and culture’ and ‘housing and community amenities’ expenditure.

*Figure 4: SA Local Government expenses by purpose, 2001-02 & 2011-12*

Source: ABS, Government Finance Statistics, Australia 2010-11 & 2011-12 (5112.0)
Table 3: Proportion of total Local Government expenditure, 2001-02 & 2011-12

<table>
<thead>
<tr>
<th>Council expense by purpose</th>
<th>2001-02</th>
<th>2011-12</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport and communications</td>
<td>23%</td>
<td>23%</td>
<td>0%</td>
</tr>
<tr>
<td>General public services</td>
<td>17%</td>
<td>7%</td>
<td>-9%</td>
</tr>
<tr>
<td>Other</td>
<td>17%</td>
<td>5%</td>
<td>-11%</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>15%</td>
<td>22%</td>
<td>6%</td>
</tr>
<tr>
<td>Housing and community amenities</td>
<td>14%</td>
<td>24%</td>
<td>10%</td>
</tr>
<tr>
<td>Other economic affairs</td>
<td>4%</td>
<td>3%</td>
<td>-1%</td>
</tr>
<tr>
<td>Social security and welfare</td>
<td>3%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Public debt transactions</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Health</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Public order and safety</td>
<td>1%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Mining, manufacturing and construction</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Fuel and energy</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS, Government Finance Statistics, Australia 2010-11 & 2011-12 (5112.0)

Lease and licence arrangements between Councils and sport and recreation organisations typically detail how the Council or the organisation using the facilities will pay relevant utility costs. Councils reviewing their lease and licence arrangements and policies are looking to take into account the cost increases around utilities. A recent review undertaken by ORS found that there is currently no consistency across Councils regarding water arrangements with clubs, with each Council managing their own policies. An aspect of this engagement was to confirm to what degree utility costs are being passed on by Councils to sport and recreation organisations as compared to what costs Councils have absorbed on the organisations’ behalf.

We understand that if a Council is to adjust its current arrangements with sport and recreation organisations in line with the movement of utility prices it is likely that community sport and recreation organisations will pay higher leases and licence fees to have access to the Council owned facilities. It is anticipated that this may be unsustainable for some organisations.
4. Current state analysis

This section presents the findings from two surveys undertaken as a part of this review (one survey to sport and recreation organisations and the other to Local Government). It consequently provides an overview of the current situation for many sport and recreation organisations and describes some of the strategies being applied by Councils to address the impact of increased cost of utilities on sport and recreation organisations.

### Key findings

#### Survey to sport and recreation organisations

1. Over half (53%) of the sport and recreation organisations ranked the increase in cost of utilities as the greatest contributor to increased membership fees for their organisation over the last decade.

2. Survey results suggest that the vast majority of organisations (93%) have increased their membership fees, however the results show that many of them (at least 56%) have increased their fees by 20 percent or less, which is less than the corresponding Consumer Price Index (CPI) over the same period.

3. The survey revealed that 64% of respondents had exclusive use of their facilities and that many organisations were not encouraged by local council to improve the organisation’s financial position through a particular sharing initiative.

4. 46 percent of survey respondents indicated that they had limited or no understanding of their current utility arrangements and usage, suggesting that there appears to be an opportunity to increase transparency of utility arrangements and educate sport and recreation organisations further about their current water, electricity and gas arrangements and usage.

5. The majority of sport and recreation organisations rely solely on mains water (68%) and electricity (76%). The reliance on mains water and electricity further supports the impact of increased utility costs have on sport and recreation organisations and also reveals that there is still opportunities for organisations to further explore alternate utility sources.

6. Based on the total current annual cost for utilities sport and recreation organisations were able to provide in the survey, it appears that sport and recreation organisations as a whole spend more on water than they do on electricity. The figures suggest that water costs are approximately 62% more than electricity costs on average.

7. Survey responses suggest that the impact of increased utility costs on sport and recreation organisations over the last ten years has been significant and also that the impacts have been more acute in the last year – with more respondents indicating a significant impact in the last year. The main impacts include the increase in operational costs and the impact on the provision of services.

8. When asked whether the organisation receives a discount from its energy provider, the majority of respondents (64 percent) indicated that they were not. It appears that some clubs are not benefitting from some form of discount currently provided to some 36 percent of sport and recreation organisations.

9. Survey results suggest that for many organisations their management of water and electricity could improve.

#### Survey to Councils

10. There is some inconsistency in the type of arrangements between Councils and sport and...
recreation organisations. There is also inconsistency in how sport and recreation organisations pay for utilities – some pay council, others pay the utility retailer direct.

11. Half of the respondent Councils recover less than 20 percent of utility expenses from sport and recreation organisations, others do recover up to 100 percent of total utility expenses.

12. The top strategy/initiative that Councils are currently pursuing to manage the issue of increasing utility costs for sport and recreation organisations is a review of lease and licence arrangements. Other popular initiatives include water harvesting and co-location of organisations.

13. Many lease and licence reviews have recently been undertaken by surveyed Councils and many more are scheduled for the next twelve months – there is potentially an opportunity to learn from those that have undertaken a recent review.

4.1 Sport and recreation organisations survey

4.1.1 Sample group profile

South Australia has approximately four thousand sport and recreation organisations. As a part of this review a survey was developed and provided to 130 sport and recreation organisations, of which 92 responses were received. The following figures provide details of the sample group / respondents. All references that could identify individual respondents have been removed from the following analysis to ensure anonymity.

The highest represented groups in the survey were AFL, soccer and lawn bowls (Figure 5); these three groups made up approximately 40% of respondents. The majority of organisations surveyed have greater than 100 members and the main facility used by the majority of respondents was an outdoor-grassed area (Figure 6 and Figure 7).

Figure 5: Main activity of the sport and recreation organisation

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16 As advised by the Office for Recreation and Sport

17 Note that figures illustrating the survey results present the number of responses received for the survey question, represented by ‘n’ in the figure heading. Where the n>92 the respondents have been able to select more than one response. Where n<92, not all participating organisations provided a response to the survey question.
Figure 6: Membership levels of the organisations

![Membership levels of the organisations](image)

Figure 7: Main type of facility used by the sport and recreation organisation

![Main type of facility used by the organisation](image)
4.1.2 Sport and recreation membership

The majority of organisations (60%) surveyed had experienced an increase in membership in the last 10 years (Figure 8).

Figure 8: Change in membership numbers in the last 10 years

Over the last 10 years clubs have experienced a shift in revenue sources. As a proportion of total revenue it was noted that more revenue is sourced from grants and membership fees and less from sponsorship (Figure 9). There is therefore likely to be a greater dependence on these two sources of income for sport and recreation organisations compared to a decade ago.

Figure 9: Shift in the proportion of total revenue generated from grants, membership fees, sponsorship and other over the last 10 years

Figure 10, illustrates the estimated percentage increase in membership fees over the last 10 years for the surveyed organisations. It shows that the vast majority of organisations (93%) have increased their membership fees, however it also shows that the majority of them (at least 56%) have increased their fees by 20 percent or less which is less than the corresponding Consumer Price Index (CPI) adjustment for the period (by comparison, All Groups CPI Index Points for Australia in December 2003 was 79.5 and in December 2013 it was 104.8, a 32% increase).

Just over half (53%) of the sport and recreation organisations ranked the increase in cost of utilities as the greatest contributor to increased membership fees for their organisation over the last decade (Figure 11). In combination with this finding, approximately 40 percent of the organisations thought that the cost of utilities was the most important consideration in setting membership fees. We also note that unpaid membership fees were the lowest ranked consideration (Figure 12).

Figure 10: Increase in individual membership fees over the last 10 years

![Increase in membership fees over the last 10 years](image)

Figure 11: Greatest contributors to an increase in membership fees over the last 10 years

![Greatest contributors to increased membership fees over the last 10 years](image)
4.1.3 Facility sharing

The survey revealed that 64% of respondents had exclusive use of their facilities and that approximately 40% of the total respondents (36 of 92 respondents) indicated that they were not currently encouraged by local council to improve the organisation’s financial position through a particular sharing initiative (Figure 13 and Figure 14). The average number of hours each organisation used their facilities each week was 27 hours (Table 4).

Figure 13: Number of organisations with exclusive use of facilities
Figure 14: Council encouraged activities to improve the organisations financial position

Note: The number of responses received for this survey question (112), represented by ‘n’ in the above figure heading is greater than the number of survey respondents (92) due to respondents being able to select more than one response.

Table 4: Average hours facilities are used per week by survey respondents

<table>
<thead>
<tr>
<th>Facility use</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours</td>
<td>2,413 hrs per week</td>
</tr>
<tr>
<td>Number of respondents</td>
<td>89</td>
</tr>
<tr>
<td>Average hours facilities used per week by each organisation</td>
<td>27 hrs per week</td>
</tr>
<tr>
<td>Minimum usage</td>
<td>1.5 hrs per week</td>
</tr>
<tr>
<td>Maximum usage</td>
<td>115 hrs per week</td>
</tr>
</tbody>
</table>

4.1.4 Utility costs

Various water and electricity cost arrangements exist between Councils and sport and recreation organisations. Figure 15 below shows that whilst the vast majority of organisations (79%) pay for their total electricity costs without assistance, less than half (47%) of the organisations surveyed pay for the full cost of their water usage, with approximately 30 percent of the organisations receiving some level of subsidy from Council for their water cost.
There appears to be an opportunity to increase transparency of utility arrangements and educate sport and recreation organisations further about their current water, electricity and gas arrangements and usage; 46 percent of survey respondents indicated that they only somewhat understood or did not understand well their current utility arrangements and usage, see Figure 16.

The majority of sport and recreation organisations rely solely on mains water (68%) and electricity (76%), see Figure 17. Alternate water sources used by sport and recreation organisations include bore water (13% of organisations), recycled water (10% of organisations), and rainwater (9% of organisations). The reliance on mains water and electricity further supports the impact increased utility costs have on sport and recreation organisations and also reveals that there is significant
potential for organisations to explore the use of alternate utility sources where practical. Figure 18 shows the most common water and energy providers.

*Figure 17: Water and electricity sources used*

**Figure 18: Water and electricity providers contracted**

Based on the total current annual cost for utilities sport and recreation organisations were able to provide as a part of the survey, it appears that sport and recreation organisations as a whole spend more on water than they do on electricity; the average current annual cost for water was $10,612 compared to an average of $6,562 for electricity.

*Table 5: Average utility costs of survey respondents*

<table>
<thead>
<tr>
<th></th>
<th>Water</th>
<th>Electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>$541,195</td>
<td>$419,956</td>
</tr>
<tr>
<td>Number of respondents</td>
<td>51</td>
<td>64</td>
</tr>
<tr>
<td>Average utility cost</td>
<td>$10,612</td>
<td>$6,562</td>
</tr>
</tbody>
</table>

Survey responses suggest that the impact of increased utility costs on sport and recreation organisations over the last ten years has been significant and also that the impacts have been more acute in the last year – with more respondents indicating a significant impact in the last year. Figure 19 illustrates that:

- in the last year a significant impact was experienced by 44 percent of organisations and a significant or considerable impact was experienced by 76 percent of organisations;
- over the 5 years a significant or considerable impact was experienced by 78 percent of organisations; and
- over the last decade a significant or considerable impact was experienced by 58 percent of organisations.
Organisations report that the increasing costs of utilities is impacting significantly on the provision of services but to a much lesser degree on membership numbers. We noted above that the membership fees have on average, not increased with CPI, and this may be one contributing factor in the stability of membership numbers.

4.1.5 Discounts on utilities

When asked whether the organisation receives a discount from its energy provider, the majority of respondents (64 percent) indicated that they were not receiving such a discount, see Figure 21. It appears that some clubs are not benefitting from some form of discount currently provided to some (36 percent) of sport and recreation organisations.
4.1.6 Sport and recreation organisation management

Survey results suggest that whilst the bulk of sport and recreation organisations have excellent or good financial management (88 percent), less considered themselves to have excellent or good management of water (64 percent) and electricity (59 percent). It appears that for many organisations their management of water and electricity could improve.

We note that many organisations had management plans in place specifically for water and energy however, the most common plans being strategic/business plans and plans for facility improvements (Figure 23).

Figure 22: Organisations self-assessment of current management
4.1.7 Impact of drought

Drought can have many direct impacts on sport and recreation organisations. Potential impacts include, but are not limited to:

- Reduced irrigation of dedicated sportsground;
- Increased evaporation requiring more water for existing turf or open water facilities;
- Reduced playing surface quality;
- Damage to facilities such as tennis courts and cricket pitches; and
- Forced, permanent or temporary closure of facilities.

The impacts can also extend beyond the drought period where a sport and recreation organisation may be required to address the damage the drought has created e.g. spend additional money on turf rehabilitation to achieve an acceptable condition.

When survey participants were asked about the impact the drought conditions experienced in the last 10 years had on their organisation, participants indicated that where there was an impact, the main impact (as reported by 49 percent of participants19) was on operational expenditure requirements, see Figure 24. Organisations reported a much smaller impact on revenue, capital expenditure requirements and membership numbers. We note that approximately 39 participants reported that they were not affected by drought conditions.

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19 Based on 49 participants
Other issues raised in the survey include:

- utility costs represent a large part of sport and recreation organisations operating costs. A few respondents mentioned that some organisations have closed as a direct result of increasing water costs and that they believed that others will follow if no action is taken (particularly small organisations);
- several organisations mentioned that facility standards required of grounds is further impacting organisations ability to adapt to increasing cost of utilities;
- several organisations suggested that increasing membership prices would impact on membership numbers, particularly where the sport involves pensioners;
- several organisations noted that there is a significant reliance on volunteers to manage costs and raise revenue; and
- many organisations are conscious of the utility costs and have in place, or plan to implement efficiency measures where possible.
4.2 Local Government survey

4.2.1 Sample group profile

South Australia has 74 Local Governments, including the six Aboriginal/Outback Communities. As part of this review a survey was developed and provided to a sample of 24 Councils, of which 15 responses were received. The following figures provide details of the sample group / respondents. All references that could identify individual respondents have been removed from the following analysis for anonymity.

The most represented Council category, as defined by the Australian Classification of Local Government (ACLG) categories, in the survey was the Urban, Urban Fringe and Urban Rural category, with 10 responses. Responses from all other ACLG categories were also received. A breakdown of the responses by group are shown in the below table.

<table>
<thead>
<tr>
<th>Invited</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban, Urban fringe and Urban rural</td>
<td>10</td>
</tr>
<tr>
<td>Provincial cities</td>
<td>5</td>
</tr>
<tr>
<td>Rural – Large and very large</td>
<td>4</td>
</tr>
<tr>
<td>Rural – Small and medium</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
</tr>
</tbody>
</table>

The average number of Council owned facilities for the fifteen respondents was 29; seven respondents had 25 or less facilities, eight had more than 25 facilities, see Figure 25. The average number of sport and recreation organisations using a Council’s sport and recreation facilities was 58; Figure 26 provides a detailed breakdown.

Figure 25: Number of Council owned facilities in Council area

Note that figures illustrating the survey results present the number of responses received for the survey question, represented by ‘n’ in the figure heading. Where the n>15 the respondents have been able to select more than one response. Where n<15, not all participating organisations provided a response to the survey question.
4.2.2 Lease and licence arrangements

Lease and licence arrangements typically detail how relevant utility costs will be billed and paid between the organisation and the Council. Survey responses suggest that lease and licence arrangements are the most common type of arrangements in use between Councils and sport and recreation organisations. Responses suggest that the average term of these arrangements are typically 5 years, however longer term arrangements were noted.

Whilst lease and licence arrangements were the most common agreements in use we note that four of the fourteen councils used ‘informal agreements’ or had ‘no agreements’ in place with sport and recreation organisations. Furthermore, three Councils also use ‘other’ arrangements.

One Council indicated that 60 percent of their arrangements were informal and they were currently in the process of drafting new lease agreements to address this matter.

Other arrangements included ‘management agreements’ and ‘regular user agreements’.

When asked about the consistency of lease and licence agreements within Councils, responses suggest that the arrangements are typically consistently applied or are mostly consistent (Figure 27). We note some Councils inconsistency has arisen from historical leases/licence arrangements that committed the Council to long-term agreements e.g. twenty years. We also note that whilst agreements may be somewhat consistent within Councils, agreements are quite varied between Councils, as the following sections will reveal.

![Figure 26: Sport and recreation organisations using Council facilities](image-url)
4.2.3 Utility costs

The survey results suggest that there is currently little consistency across Councils regarding utility arrangements with clubs. Differences include how sport and recreation organisations pay for utilities and the level of financial assistance they receive from Councils towards their utility costs.

Sport and recreation organisations pay their utility cost either through lease/licence agreements; direct to the retailer or by some other form. The following figure represents the arrangements used by the surveyed Councils.

Figure 28: How Council’s have organisations pay for utilities

Figure 29 below suggest that Councils that participated in this survey typically don’t offer a subsidy to the sport and recreation organisations for utilities. However, we note that when asked about the percentage of utility expenses recovered from sport and recreation organisations only two of fourteen Councils recovered one-hundred percent of utility expenses (Figure 30).

Figure 29, shows that water charges are more typically subsidised than are electricity costs. Councils typically cited the fact that the organisation was providing a community benefit as the
reason for a water subsidy. Two Councils indicated that they offered sport and recreation organisations an electricity subsidy. These Councils have negotiated a discount with its electricity supplier. One of the Councils noted that the organised discount has had very poor pick up by organisations – only 3 organisations registering interest.

*Figure 29: Councils offering utility subsidies*

![Figure 29: Councils offering utility subsidies](image)

Figure 30 illustrates that currently half of respondent Councils recover less than 20 percent of utility expenses from sport and recreation organisations, however this does also show that others do recover up to 100 percent of total utility expenses. This split of recovery rates between Councils was reflected in Councils response to ‘what are stakeholders’ expectations of Council in regard to sport and recreation organisations’ utility expenses?’ Some Council’s suggested that stakeholders expected Council to pay for sport and recreation utility expenses while others felt their stakeholders expected that operational costs such as utility cost will be met by the occupier/user of the facility.

*Figure 30: Percentage of utility expenses recovered from sport and recreation organisations*

![Figure 30: Percentage of utility expenses recovered from sport and recreation organisations](image)

Councils noted the challenges that sport and recreation organisations are currently facing as a result of increasing cost of utilities. One Council reported that ‘It has had a significant impact on sporting club’s short and long term sustainability. Clubs have been unable to keep pace with increased costs of water as traditional “main source” income streams such as through the sale of alcohol have generally declined substantially over the same period due to the impact of drink driving laws and the increased costs of alcohol. Clubs are seeking alternative streams of income, having to identify alternative models of management and identify operational efficiencies in order to reduce expenses. This is occurring within an industry which has a large stock of ageing infrastructure, access to a limited and often declining level of volunteer resources, is required to achieve increasing levels of compliance, and is competing within a growing market of leisure time
options driven by “in-home” technology and entertainment, and the reduced levels of “free-time” and disposable income.’

Some of the ways in which Councils are looking to address the issue of increasing costs of utilities are detailed in the following figure. It shows that the top strategy that Councils are pursuing is a review of lease and license arrangements followed by water harvesting and co-location initiatives. ‘Other’ strategies to manage costs included:

- Councils sport and recreation capital works fund; and
- Continuing to assist organisations by providing:
  - $8,000 annual financial contribution
  - $7,500 turf maintenance contribution
  - no lease or license fees
  - payment for their insurance (1) public & products liability insurance, (2) associations’ liability insurance, (3) volunteers’ liability insurance, (4) building insurance, (5) hall hirer’s insurance; and
  - payment for their (1) Emergency Services Levy, (2) legal fees to prepare agreements, (3) Crown Land fees to lodge agreements and (4) regular gutter cleaning of all buildings.

We note that one Council suggested that it had not yet considered any strategies to address the issue.

Figure 31: Top initiative Councils are pursuing or considering to manage utility costs for organisations

We note that a review of lease and license arrangements are likely to happen as a matter of course for some Councils. Moreover, they could involve consideration of various factors (i.e. the review is not limited to a change in cost recovery); and that in undertaking a review of lease and license arrangements there may be no changes made to the utilities cost recovery arrangements.

The following figure shows that many lease and license reviews have recently been undertaken by the surveyed Councils, and that many more are scheduled for the next twelve months. There is potentially an opportunity to learn from those that have undertaken a recent review to assist those looking to undertake reviews in the near future.
4.2.4 Strategies

The survey revealed some of the approaches Councils have adopted to address the issue of increased costs of utilities for sport and recreation organisations. Below we present some of the strategies that the Councils felt could occur. This is followed by four case studies which outline the approach taken by four of the participating Councils.

The following is a list of Council strategies the respondents felt could be undertaken by Council alone or in collaboration with sport and recreation organisations:

- review lease and licence policies, including fees and charges – consider further reducing lease/licence fees to organisations that qualify for discounts e.g. those with juniors, gender participation, multi cultural, shared use etc;
- consideration of other agreements e.g. consider use of long-term hire agreements in place of lease/licence agreements for small organisations;
- undertake further Master Planning for sites - Asset Management;
- consider different governance models of sport and recreation facilities e.g. Sportsville model;
- assist in the financial management of organisations and provide long-term viability through hub development;
- establish clear and reasonable service level expectations based on asset hierarchy and cost recovery;
- organisations are audited for water and energy use and supported to achieve improved efficiencies;

21 Sportsvilles are partnership initiatives to bring sports clubs in one location together, sharing ideas, resources, knowledge and skills, and boosting sports participation. They are currently used in New Zealand. Further information can be found at <http://www.sportnz.org.nz/en-nz/communities-and-clubs/Active-Communities/Sportsville-conference-2012/>

22 We note that the ORS supports the development of Community Sports Hubs to encourage multi-use and sustainable community sporting facilities and precincts. A Community Sports Hub is a local, regional or state level centre of sport and active recreation activities that optimises the shared use of location and facilities to meet the needs of the communities it serves. It is also a catalyst to build and bring communities together by delivering services that meet the needs of the community and serve other purposes such as providing a safe meeting place and hosting the delivery of community programs that develop community capacity and connectivity.
• consider further investment in utility efficiency measures e.g. installation of artificial turf, irrigation improvements to reduce water usage, alternative means of supply such as solar panel installation;

• Aquifer Storage and Recovery (ASR) schemes need to be more affordable compared to the delivery costs of mains water; the environmental benefit of ASR schemes are huge;

• review grants programs to determine whether contributions to utility costs may be provided; and

• improve communication, collaboration and awareness.

4.2.5 Case studies

Four case studies representing Council strategies in the area of utilities cost management are presented below. The case studies further highlight the varied approaches, priorities and strategies of Councils to managing this issue. In summary:

Case study 1 presents an ‘Urban, Urban Fringe and Urban Rural’ Council which over the last 18 months has had open and frank conversations with the majority of its sport and recreation organisations as it develops new lease and license arrangements. To assist organisations address the cost of utilities the Council has recently passed a motion to accept the cost of water, above the level of water costs it pays for watering open spaces, in return for an increased license fee. The council is also developing a structure where-by organisations are incentivized to reduce the license fee if certain Key Performance Indicators (KPI’s) are met.

Case study 2 presents a Provincial City Council which recently undertook a review of its lease and license arrangements as a direct result of the increased cost of utilities. The review found that the costs were making the watering of ovals etc. close to unsustainable and forcing Council to consider rationalizations against the wishes of the sporting community. The review resulted in a Sport and Recreation Strategy which outlines the priorities of the Council. Priorities included ‘create fairness in terms of leasing and rating arrangements’ and ‘invite schools to participate in resource sharing’.

Case study 3 presents an ‘Urban, Urban Fringe and Urban Rural’ Council which is significantly subsidizing the costs (approximately 95%) for sport and recreation organisations. The Council has recently developed a new fee policy which is outlined in the case. The case study also illustrates that the Council has made a decision to invest in solar panels for all of its sport and recreation facilities.

Case study 4 presents a Rural – Large and Very Large Council. The case study demonstrates that the Council has written formal agreements for less than half of Council owned sporting facilities and that the Council is subsequently drafting lease agreements for the 60% of its sporting facilities that have no written agreement. It also shows that sport and recreation organisations in this rural Council are required to pay the full cost of utility expenses however have effectively no lease fee to the Council i.e. $10.00 per annum.
Case study 1 – Urban, Urban Fringe and Urban Rural

Our first case study focuses on a Council that has invested a significant amount of time over the last 18 months discussing the impact of increased utilities with affected sport and recreation organisations and also reviewing its own arrangements. Discussions have involved education around lease/license arrangements and also open and transparent discussion about a club’s capacity to pay through sharing the club’s true financial position.

The Council currently has sport and recreation organisations pay for utility expenses except for the irrigation of the sporting grounds by mains water.

The Council has recently passed a motion to accept the cost of water, above the level of water costs it pays for watering open spaces, in return for an increased licence fee (which for one club was suggested to still only be approximately half of the current water costs). The Council is also developing a structure where-by sport and recreation organisations are incentivized to reduce the license fee (by up-to 50 percent) if certain Key Performance Indicators (KPI’s) are met. We understand that these KPI’s are still being developed but in summary the shared cost model offers the provision of subsidies based on a high level of community service provision (i.e. participant numbers) and sustainable club management (i.e. co-location).

The Council has developed this approach with the knowledge that sport and recreation organisation achieve social/community outcomes and that the financial impact of the rising costs of water on sporting clubs is impacting on clubs’ short and long term sustainability.

In addition to this approach to water costs the Council also supports access to alternative energy through its funding for solar systems and offer of energy audits and support.

The Council considered the following three initiatives to be its top priorities to further manage the issue of increasing utility costs.

1. Water harvesting - This council has natural water systems which provide an opportunity to harvest storm water for re-use for the irrigation of sporting surfaces and public open space.
2. Review of lease / license arrangements.
3. Discount / subsidy.

In addition to these strategies the Council is reviewing its club development program services with the aim to deliver a higher level of support in the areas of club management and volunteer management. The program would primarily target sport and active recreation club lessees of council facilities. The Council sees an opportunity to focus on increasing the awareness of Council services in regards to water and energy efficiencies through this program.
Case study 2 – Provincial city

This Council acknowledges that electricity costs are contributing to concerns about sustainability for sport and recreation organisations, however as a result of the increases in water costs, this Council recently undertook a major review of its licence arrangements with sport and recreation organisations through its Sport and Recreation Committee. Licensees were paying a license fee but the cost of water was not a part of the calculation.

Leases were largely not considered as a part of the review as these arrangements required payment direct to SA Water. However, during the review Council received a legal opinion that all leases must be rated (if Recreation Grounds Rates & Taxes Exemption Act is not applicable). It used this opinion to change lease fees to a rate. This was seen as a fair way to charge for leases.

The Council felt that it should aim for fairness across all sports regarding costs; Council has a role in co-ordination and in establishing high level facilities and should strive to make the best use of sport & recreation facilities and to apportion costs fairly.

The review found that in a 5 year period the cost of water up to 120 kL’s per annum rose by 240%; 120 - 520 kL’s per annum rose by 150%; and more that 520 kL’s per annum rose by 126%. It was felt that the costs were making the watering of ovals etc. close to unsustainable and forcing Council to consider rationalisation against the wishes of the sporting community.

The review also found that the Council as a result of various circumstances, including historical arrangements and an amalgamation of three Councils, had varied and inconsistent licence arrangements with sport and recreation organisations. Some licences required Council to take responsibility for all water costs and maintenance whilst others put all the responsibility on the organisation. The review also found that licence fees had not kept pace with the increase price of water.

A new Sport & Recreation Strategy was adopted in December 2012 as a result of the review. Its priorities include:

1. Lobby the State Government about its water-pricing policies;
2. Rationalize grassed playing fields;
3. Introduce recycled water where possible – we note that the Council has recently commenced using recycled water which has been applied to only a couple of sports grounds;
4. Update user charges;
5. Create fairness in terms of leasing and rating arrangements; and
6. Invite schools to participate in resource sharing.

The Council also supports the access of alternative energy by encouraging organisations to apply to Council’s community assistance fund.
Case study 3 – Urban, Urban Fringe and Urban Rural

This Council considered the following three initiatives to be its top strategies to managing the issue of increasing utility costs:

1. The roll out its recycled water network - all sporting reserves that can be connected are now connected to this system;
2. Council has just concluded a review of lease/licensing in 2013 including fees and charges. Council now subsidises the cost of buildings and reserves by about 95%; and
3. Council is upgrading 1-2 irrigation systems per year to sporting reserves and large community passive open spaces.

In its strategic documents this Council has moved towards reducing the consumption of both energy and water across all of its assets. This includes connecting all of its sports reserves to recycled water for irrigation purposes and the installation of solar Photovoltaic (PV) arrays to all community recreation facilities (including community centres). Moreover, through its policy deliberations and budget allocations the Council has made a position that it can assist in lowering the costs of participation for sport and recreation organisations by absorbing some of the costs of utilities. It is anticipated that these savings are passed onto club members to reduce barriers to participation in sport and recreation.

The Council utilises lease agreements for organisations that have usage over buildings and licence agreements for organisations that use a sports field. This may mean that one organisation has both a lease and licence agreement.

Regarding electricity and gas costs, the Council’s sport and recreation organisations have their own accounts and are 100% responsible for these costs. The Council noted that the costs for organisations have been escalating at a rate far exceeding CPI and that this combined with the fact that sport and recreation organisations are growing and Councils cannot afford to construct new facilities means that organisations extend hours of use for practice and games into the night, and most clubs now have substantial sports lighting installations. The increasing electricity costs have made the operation of these lights unaffordable for some clubs. To address this where building upgrades are being undertaken, the Council is installing energy efficient appliances (such as heat pump water heaters) or switching to dual energy supply to utilise gas for instantaneous hot water to avoid the costs of storage heating. The Council in its 2012/13 budget has also allocated $550,000 for the installation of solar panels to all sport and community buildings; the Council is providing a minimum 2.5kW system to all relevant buildings. With solar panel installation only just starting to occur it is difficult to determine whether this initiative will result in a reduction of costs for all sport and recreation organisations; there has been no preliminary financial investigations into the effectiveness of the solar panels ability to reduce costs.

Regarding water costs, the Council has a fee policy, detailed below. It recovers 5 percent of an average cost for reserve maintenance including water i.e. clubs pay 5 percent of a projected maintenance cost for turf which includes an allowance for water. We note that this Council was also an early adopter of ASR and that the majority of its sporting reserves are connected to an ASR system and this water is currently cheaper than mains potable water by approximately 60c per kL.

The Council’s revised Club Fee Policy was implemented in October 2013 so it is too early to determine the effectiveness of the policy for sport and recreation organisations in their management of costs however it is noted that significant consultation was undertaken in developing the policy. The new fee policy for sport and recreation organisations is to charge for facilities as follows:

- A percentage (0.3%) of building replacement value (value capped for five years and lease and...
license fees will increase annually by CPI only;

- A percentage (5%) of the averaged reserve maintenance cost (currently $27,500 per hectare per year – as determined by IPOS)
- 50% discount for ‘junior only’ clubs
- The application of additional charges may be applied for the following:
  - Tennis/netball courts will be set at $218 per court;
  - Area fees;
  - Clubs that have poker machines;
  - Provision of premium standard sports field maintenance;
  - Council maintaining a turf wicket; and
  - When special conditions apply.

Case study 4 – Rural – Large and Very Large

This Rural Council notes that the cost of water has significantly impacted on sporting organisations finances and in some cases on the condition of grassed playing surfaces.

The Council does not maintain sport and recreation facilities. It also requires that the sport and recreation organisations be responsible for all utility (water and electricity) charges. However, while organisations maintain the facilities and pay for utility costs, the lease agreements with sport and recreation organisations are all based on minimal lease fees i.e. $10.00 per annum.

We note that the Council is currently drafting lease agreements for the 60% of its sporting facilities that have no written agreement but currently has no priority areas that the Council must focus on in order to manage the issue of increasing utility costs for organisations.

Rural specific issues identified include the relative lack of ability to share facilities in a regional area with other organisations and also the declining populations in regional areas impacting on the organisations ability to generate revenue from membership fees.

The Council considers applications from sport and recreation organisations for assistance with their utility costs in its annual sport and recreation facilities management grants program.

4.2.6 Recreation Ground Rates and Taxes Exemption Act

The South Australian Recreation Grounds Rates and Taxes Exemption Act 1981 (the Act) is an Act to exempt certain land used for sport and recreation from rates and taxes. Details of the Act can be found in Appendix E. In summary, the Act when applied results in eligible land being exempt from payment of rates and taxes imposed by or under the Acts of Parliament, except for charges imposed for water or service provided. The Act when applied obviously has the potential to decrease costs for eligible sport and recreation organisations and therefore potentially relieve some of the pressure that utility costs have created.

Councils were asked whether or not they utilize the Recreation Grounds Rates and Taxes Exemption Act. Just over half of the survey respondents suggested that they do use the Act (Figure 33). Moreover, previous work undertaken by the ORS which involved the interviewing of twelve Councils found that only one Council kept a register as a part of its Community Lands Register.
It appears that there is the potential for further implementation or education relating to the Act, to the benefit of sport and recreation organisations. This may include the inclusion of reference to the Act in the lease/license templates provided by the LGA.

One of the Councils implementing the Act is doing so having included the relevant references to the Act in its lease/license agreements templates. This Council explained that the Act is somewhat ambiguous and some additional rules that the Council applies to the Act include:

- The grounds must be available to the Community at all times i.e. available to the community when there are no scheduled events (noting the some property must be closed at times to prevent theft or vandalism); and
- The club rooms must be open and welcome.

These additional rules applied by this Council mean that those organisations who want exclusive use of land are not eligible for the exemption under the Act.

We note it is unusual for Local Government to set guidelines around the interpretation of legislation especially where it may constrain the intended application of the legislation. This underscores the importance of educating the Councils around the proper application of the legislation.

*Figure 33: Councils utilising recreation grounds rates and taxes exemption act*
5. Themes and issues: a case for change

In addition to undertaking surveys of both sport and recreation organisations and Local Government, KPMG undertook to seek feedback of the pertinent issues from a workshop at the Local Government Recreation Forum and from various consultations with key stakeholders (Appendix B). This section provides a summary of the key themes/topics and issues that relate to the increased cost of utilities for sport and recreation organisations.

### Key findings

1. Areas of key issues as raised by stakeholders include:
   - There is an increased cost of utilities;
   - Ageing infrastructure;
   - Poor management of sport and recreation organisations;
   - Declining income of sport and recreation organisations;
   - Lack of understanding of true utility usage and costs;
   - Resistance to co-location;
   - Lack of consistency in lease and licence arrangements;
   - Unrealistic facility standards;
   - Increased expectations of volunteers;
   - Partnerships could be improved;
   - Regional challenges;
   - Lack of strategic planning; and
   - Large asset stock.

#### 5.1 Issues

The following table presents a summary of the key issues as raised by stakeholders in the review. The issues have been grouped by topic and together present a case for change.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Issues</th>
</tr>
</thead>
</table>
| Increased utility costs | • Of the various utility costs water is the main issue for sport and recreation organisations.  
                             • Utility costs have increased despite consumption being less i.e. increase water costs for organisations are as a result of price increase not increased consumption. SA Water note that Council water usage has reduced in recent times and that sport and recreation organisations currently only use approximately 2% of mains water.  
                             • The price of alternative water sources may increase in the future with Council’s requirement to comply with the National Water Initiative (NWI) pricing principles. This may further impact on sport and recreation organisations. |
<p>| Ageing               | • Sub-standard assets are contributing to high costs e.g. leaking pipes and                                                                 |
|                      |                                                                                                                                         |</p>
<table>
<thead>
<tr>
<th>Topic</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>infrastructure</strong></td>
<td>inefficient irrigation systems.</td>
</tr>
<tr>
<td></td>
<td>• Organisations (and Councils) can’t afford to invest in water/solar saving infrastructure. This results in many clubs relying on mains water and mains electricity only.</td>
</tr>
<tr>
<td><strong>Poor management of sport and recreation organisations</strong></td>
<td>• Governance arrangements are impacting on management of sport and recreation organisations.</td>
</tr>
<tr>
<td></td>
<td>• Poor management and misguided priorities of organisations is impacting on the organisations ability to address the real issues e.g. organisations are paying players before utility expenses and/or council expenses.</td>
</tr>
<tr>
<td></td>
<td>• Organisations are not taking responsibility for utility costs e.g. leaving the lights on.</td>
</tr>
<tr>
<td></td>
<td>• Organisations lack the appropriate skills and knowledge for management; there is also a lack of training for management.</td>
</tr>
<tr>
<td><strong>Declining income of sport and recreation organisations</strong></td>
<td>• Some organisations are suffering from reduced membership.</td>
</tr>
<tr>
<td></td>
<td>• There is reduced sponsorship dollars on offer to sport and recreation organisations.</td>
</tr>
<tr>
<td><strong>Lack of understanding of true utility usage and costs</strong></td>
<td>• Organisations don’t understand the energy usage of their appliances.</td>
</tr>
<tr>
<td></td>
<td>• There is a lack of records of actual utility usage by organisations and Councils. There is also a lack of clarity around the true cost of utilities, particularly if contained within a lease/licence agreement that subsidises utility costs (i.e. sport and recreation organisation don’t ever see the utility bill or see that they receive a discount on the SA Water sewerage charge); a lack of understanding about who is responsible for utility costs; and occasional misrepresentations by local media.</td>
</tr>
<tr>
<td><strong>Resistance to co-location</strong></td>
<td>• There is reluctance by organisations to share facilities. In regional area’s each town wants have their own facilities and each sport wants separate facilities.</td>
</tr>
<tr>
<td><strong>Lack of consistency in lease and licence arrangements</strong></td>
<td>• There is a lack of consistency of lease and licence agreements within Councils and across Councils. This can potentially raise the issue of inequitable arrangements for organisations.</td>
</tr>
<tr>
<td></td>
<td>• There exists different arrangements between Council and organisations due to: access to and price of various water sources; the number of participants; and socio-economics factors.</td>
</tr>
<tr>
<td></td>
<td>• The culture of elected members and football clubs can dictate agreements.</td>
</tr>
<tr>
<td><strong>Unrealistic standards</strong></td>
<td>• Australian standards and sporting code standards, particularly around lighting are difficult to achieve and contribute to the increase in utility costs.</td>
</tr>
<tr>
<td><strong>Volunteers</strong></td>
<td>• Volunteers in sport and recreation are becoming increasingly difficult to find and now some need to be paid. There are also insurance requirements.</td>
</tr>
<tr>
<td></td>
<td>• Ever increasing responsibilities are falling to volunteers.</td>
</tr>
<tr>
<td>Topic</td>
<td>Issues</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Partnerships</td>
<td>• Clubs do not recognise Council as a major supporting partner. Clubs can feel like they have no say in council direction.</td>
</tr>
<tr>
<td></td>
<td>• There is a lack of trust between clubs and local and state government.</td>
</tr>
<tr>
<td></td>
<td>• There needs to be greater accountability/responsibility taken by clubs and local council for utility use, maintenance and the need to share facilities.</td>
</tr>
<tr>
<td>Regional</td>
<td>• Co-location is a challenge.</td>
</tr>
<tr>
<td>challenges</td>
<td>• Reduced membership.</td>
</tr>
<tr>
<td>Lack of</td>
<td>• There appears to be no strategic planning for water at a Council level.</td>
</tr>
<tr>
<td>strategic</td>
<td>• Sport and recreation organisations don’t have enough buying power to receive a discount.</td>
</tr>
<tr>
<td>planning</td>
<td></td>
</tr>
<tr>
<td>Asset stock</td>
<td>• Councils have a large number of sport and recreation assets to manage. The asset stock includes too many small organisations.</td>
</tr>
</tbody>
</table>
6. Learnings and suggestions

This section presents potential learnings and suggestions from key stakeholders, including: energy and water providers; Department for Education and Child Development (DECD) and from interstate sport and recreation Departments. The section also presents the opportunities specific to the State Government owned facilities (Superdrome, Santos stadium and Kidman Park).

Key findings

1. No clubs have taken up Origin Energy’s Affiliated Club Offer (the arrangement offer’s 20% off Origin’s market rate for the energy rate component of charges) since it was offered at the start of 2013 and only a couple of clubs have expressed interest. There is potentially an opportunity to better promote this offer and for clubs to be paying less for the energy rate component of charges.

2. SA Water noted that there are some potential opportunities for sport and recreation organisations issues to be further considered, including in:
   - SA Water’s upcoming review of various concessions, likely to take place in 2014; and;
   - ESCOSA’s current pricing review.

3. SA Water’s IPOS scheme is a powerful tool that is being embraced by some sport and recreation organisation’s however there is potentially an opportunity for additional benefits to be derived from the initiative for sport and recreation organisations and Councils.

4. Increasing utility costs were generally recognised as being an issue for sport and recreation organisations in other jurisdictions but was not always identified as being the major issue currently.

5. Various arrangements between Local Government and organisations also exist in the other jurisdictions and subsequently the level of cost recovery for utility costs by Local Government varies.

6. Investigations into bulk billing for sport and recreation organisations in Qld found that some clubs would be worse off under such an arrangement.

7. Most interstate jurisdictions have capital funding programs to address the issue of increased cost of utilities but no funding specific to efficiency measures that were available through the drought period. We note that Victoria and Western Australia do have funding available for artificial turf and sustainable initiatives, respectively. Also, Victoria has a smart water fund that provides for water recycling/harvesting programs however, this is funding provided by the water authority.

8. Several jurisdictions require applications for grants to also detail the organisations ability to meet on-going liabilities and future replacement costs.

9. Other jurisdictions have focussed on education of sport and recreation organisations and also on improving the partnerships between key stakeholders (state and local government, utility retailers, organisations and community).

10. Other jurisdictions are working to co-locate sport and recreation organisations with schools where possible. Similar challenges to what is being experienced here in South Australia were noted.

11. All jurisdictions provide some level of support for organisational management and operations. Preparation of a range of reference materials and educational resources for organisations was suggested as a low cost way of assisting to reduce operating costs – WA have developed a significant amount of resources that could be built on.
6.1 Energy and water retailers

6.1.1 Origin Energy

We note that energy retailers are able to provide bulk billing discounts to large facilities but for smaller facilities these benefits are unable to be achieved by a single operator. The LGA has negotiated for a better electricity deal for sport and recreation organisation through the Affiliated Club Offer.

Affiliated Club’s for the purpose of this arrangement means not for profit clubs, community sporting or social groups which consume less than 160MWh per annum and are endorsed by a Participating Council. Also, the address to which electricity is to be supplied must be owned or leased by the Affiliated Club and within the Participating Council’s boundary.

The arrangement offer’s 20% off Origin’s market rate for the energy rate component of charges i.e. a discount on the energy usage charge, but not the network charge.

No clubs have taken up Origin’s Affiliated Club Offer since it was offered at the start of 2013 and only a couple of clubs have expressed interest. The reason(s) for the lack of interest are unclear at this point; one stakeholder suggested that it may be due to a lack of resources within sport and recreation organisations i.e. the sport and recreation organisations not having the resources and time to undertake the investigation into whether the offer is going to be more advantageous to them and also the undertaking of the endorsement/application procedures required by the offer, which can entail communication with the relevant Council, the LGA and Origin Energy. There is potentially an opportunity to better promote and coordinate this offer.

6.1.2 SA Water

SA Water suggested that the price of water is expected to track with CPI during the current regulatory period (3 years). They also indicated that water usage by Councils halved from 8 Gigalitres (GL) before the drought to 4GL’s following the drought, but since the conclusion of the drought Council usage has starting to increase again, potentially due to re-instating watering of various areas.

SA Water noted that there are some potential opportunities for sport and recreation organisations issues to be further considered, including in:

- SA Water’s upcoming review of various concessions, likely to take place in 2014; and
- ESCOSA’s current pricing review.

SA Water also discussed the Code of Practice for Irrigation Public Open Space (IPOS) which it undertakes. IPOS provides a template which can be used by open space managers to ensure the planning, management and reporting of water consumption is based on sound principles. The IPOS scheme is a powerful tool that is being embraced by some sport and recreation organisations however there is potentially an opportunity for additional benefits to be derived from the initiative. This includes having not just the grounds-keepers at the regular meetings held under the IPOS scheme but also having Council and sport and recreation decision makers. The other potential opportunity is around the increased utilisation of the data already accumulated as a part of the initiative for the benefit of the sport and recreation organisations.

6.2 Department of Education and Childhood Development (DECD)

It appears that schools have similar issues to sport and recreation organisations. Water costs are a key issue and often schools don’t have necessary funding to meet IPOS Code of Practice. Also, similar to Councils, DECD is looking to rationalise green space for each school and revegetate unnecessary green space with more water tolerant species.
Also important to note as it relates to the co-location of Schools and Sport and recreation organisations is that Department of Premier and Cabinet (DPC) are driving the change necessary for shared facilities with sport and recreation organisations.

6.3 Inter jurisdictional analysis

6.3.1 Background

There are differences that exist between jurisdictions and the following provides an overview of these differences, some of which were raised in consultation with the interstate sport and recreation organisations. We first provide an overview of water and then electricity.

Water

Rainfall, price and water restrictions influence the use of water across the states and territories. The following figure illustrates water consumption for each state and shows that it has decreased in most states and territories between 2008-09 and 2010-11, including SA which reduced consumption by over 10%. 23

Figure 34: Total water consumption by States and Territories

Source: ABS, 2013. Information paper: Towards the Australian Environmental-Economic Accounts

The following figure shows that the average price paid per kilolitre of water in Australia has risen steadily from $1.83 to $2.44, a 33% increase between 2008-09 and 2010-11. Table 7 shows the average household price for water for each jurisdiction in 2011-12 and shows that South Australia paid the highest average household price of water of all the jurisdictions.

---

Figure 35: Average household price for water in Australia – Urban distributed water

![Graph showing average household price for water in Australia from 2008-09 to 2011-12](source: ABS, 2013. Account, Australia, 2011-12. 4610.0. Monetary tables)

Table 7: Average household price of water, 2011-12 ($ per kL)

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>Qld</th>
<th>ACT</th>
<th>VIC</th>
<th>Australian average</th>
<th>NSW</th>
<th>Tas</th>
<th>WA</th>
<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.96</td>
<td>2.95</td>
<td>2.86</td>
<td>2.78</td>
<td>2.72</td>
<td>2.69</td>
<td>2.14</td>
<td>1.97</td>
<td>1.65</td>
</tr>
</tbody>
</table>

Source: ABS, 2013. Water Account Australia

Electricity

Similar to water, retail electricity prices vary across the capital cities. The below figure shows the cost of electricity for each capital city between 2007 and 2012 and illustrates that Adelaide in recent times has had one of the highest costs for electricity.

Figure 36: Cost of electricity, by capital city, 2007-12


6.3.2 General observations

The following general observations were noted as a part of consulting with representatives from the various interstate sport and recreation Departments:

- Climate differences between jurisdictions will obviously affect the issues for sport and recreation organisations:
All other states noted that they suffered from drought previously but currently this is not an issue;

For some states the focus has changed to mitigating and managing the effects of other natural disasters such as flooding (QLD);

The hotter climate in some areas has implications on the use of some water management approaches e.g. extreme temperatures preclude the use of artificial turf (WA).

Every jurisdiction differs slightly in their issues:

- Water and electricity costs are an issue in QLD. As a result of cost pressures a survey of 450 clubs plus consultation and focus groups have been undertaken. It found that the key challenge was more around electricity than water;
- Anecdotal evidence suggests utility prices are making it difficult for clubs in NSW;
- Water was the major issue in the ACT. Electricity costs are not sighted as a major issue in the ACT;
- Unclear if utility costs are an issue in VIC currently but certainly water is a large cost driver for sport;
- Over the last 24 months there hasn’t been a lot of expressed concern over increasing utility prices in WA despite increases of up to 30% for electricity; the Department do suspect it is an issue though.

Councils recovery of utility costs varied in each jurisdiction:

- It was suggested that clubs are generally paying the full cost of utilities in QLD and passing the costs onto members. Clubs are cautious about the messaging in passing on costs i.e. stating that there has been an increase in the overall cost of operations rather than focussing solely on the increase in cost of utilities;
- Full cost recovery is not achieved in ACT (Councils aspire to 20% cost recovery);
- WA suspect the full charge of utilities are being passed on by the majority of councils to sport and recreation organisations, but not all, and that in some cases council rates and charges to residents is subsidising these costs.

Investment into installation of artificial turf often met with comments about the need to thoroughly consider its long-term appropriateness and on-going investment requirements – care and replacement.

### 6.3.3 Possible lessons for South Australia

The following table summarises the key learnings and suggestions as mentioned by interstate sport and recreation Departments.

<table>
<thead>
<tr>
<th>Interstate learnings and suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>QLD</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Investigations into bulk billing for sport and recreation organisations found that some clubs would be worse off under such an arrangement.</td>
</tr>
<tr>
<td>Bigger than utility costs is the issues around ownership and governance when there is an opportunity to share facilities with School’s.</td>
</tr>
<tr>
<td>Previous grants include: water infrastructure grant, active plan (during the drought) and solar grants.</td>
</tr>
</tbody>
</table>
### Interstate learnings and suggestions

- Infrastructure investment/programs include the major and minor programs. This program prioritises organisations that are using sustainability practices. The application process considers organisations ability to cover on-going costs. The Department also provides efficiency guidance and advice to organisations.

- Future initiatives:
  - Might look at a pilot around synthetic turf in the future as now there is one synthetic turf that is capable of meeting the needs of various codes (football).
  - Ensure governance and management is a focus – future planning of facilities and clubs – work with state organisations.
  - Research supports multi-purpose facilities and suggests that you get ‘better bang for your buck’. What the facility looks like needs further consideration especially around: construction, use, car parking, minimum requirements such as lux levels in lights etc.

### NSW

- Department provides guidance on sharing of facilities with schools.
- Artificial turf has been used in bowling clubs in recent times but is unlikely to receive funding in the next 18 months.
- Grants: money is available for capital programs (not targeted to sustainability in utilities) but can only be used to build or retain large capitalised infrastructure and can’t be used for on-going costs or maintenance of clubs.
- A future opportunity is to implement sustainability management training to Councils and clubs to boost environmental and business performance. A similar initiative is currently run by Department of Environment in NSW.

### ACT

- During the drought, work was undertaken into alternative water sources, synthetic turf, irrigation infrastructure and practices, and rationalizing assets (decreasing number of sports grounds).
- Grants have been provided to golf clubs to source alternative water sources (e.g. lakes, ponds, rivers).
- Grants have been provided to lawn bowls clubs for synthetic turf. These grants reviewed the clubs business model and fees/charges so that some certainty could be achieved as to whether the club could pay for future electricity and replacements.
- Grants for non-potable solutions have been available e.g. installation of water tanks.
- Grants for installation of lighting are available. These grants consider business’s ability to pay for higher electricity costs.
- Annual grant allocation: Grant money is used to ‘add to’ the club but also increase the clubs sustainability.
- Work continues to be done to facilitate sharing of ovals with schools. This can be difficult as a result of the schools managing their own money. The model seems to work better with private schools.
- Currently schools in the ACT receive a 50% concession on water (Sport and recreation do not receive a concession) – this may be something that is further pursued by DECD here in SA.
Interstate learnings and suggestions

VIC

- Turf investments have been a focus of the last few years e.g. artificial or grass replacement to summer grass. Previously had a specific funding (Drought program and Synthetic turf funding). Now is funded through facility funding program (energy sustainability is one of the criteria).
- Smart water fund provides funding for water recycling/harvesting programs.

WA

- Have recently undertaken a preliminary impact assessment via consultation with local governments to assess if there is a need for further research or action. To date, advice is that Local Governments have been bearing the cost increases however some are reaching a tipping point where on-flow impacts may occur.
- A range of publications are produced to guide asset planning and forecasting life cycle costing for facilities.
- Within its Community Sporting and Recreation Facilities Fund (CSRFF) program it offers Development bonuses to applicants to drive decisions that enable lower life-cycle costs through the use of higher cost initial components whether that is air-conditioning systems, water supply, solar power / heating etc, ground source heat pumps and or geothermal heating. In addition, a Sustainable Initiatives component was introduced to the CSRFF program to drive water and energy efficiency upgrades to existing facility stock. One of the aims of CSRFF is to encourage consideration of life cycle cost when planning new or to upgrade sport and recreation infrastructure with the aim of reducing ongoing operating costs. Through the CSRFF:
  - Funding of sustainable initiative projects such as reticulation of playing fields with recycled water/ grey water; lighting capable of being on at varying lux capacities (i.e. training standard and match standard), hydro zoning of playing fields, geothermal heating of swimming pools.
  - Providing a development bonus above the normal 33.3% CSRFF grant entitling an applicant to up to 50% for incorporating sustainable and ‘green’ initiatives into their project.
  - Funding of synthetics-playing fields/ bowling green’s / tennis courts- where it is the appropriate solution.
  - Encourage applicants to understand the costs of their facility development through undertaking feasibility studies and life cycle costs that reflect the cost of operating, maintaining and ultimately replacing the asset.
  - Drought prevention related projects- grey water reuse, construction of dams that service playing fields, synthetic fields, hydro zoning.
- State funding for synthetic turf: A natural surface is not the first priority for the Department but the minister is interested in synthetic turf and there are some examples of the implementation of synthetic turf, particularly for bowl’s clubs. The department have a synthetic turf decision-making guide in place.
- The Sustainability Program targets State Sporting Associations involved in the management of facilities by encouraging the implementation of energy and water reduction strategies.
- Supports sport and recreation clubs and associations to improve their governance and operations to mitigate the impact of cost increases.
Interstate learnings and suggestions

- Have partnered with Greensense to deliver a range of support to State Sporting Associations to enable them to track and reduce their environmental footprint.\(^24\)
- Consideration will be given to the value of bulk contract negotiation between entities and utilities providers rather than the current individual nature of some contracting.
- Greater emphasis needs to be applied to long term strategic planning, linking financial and resources planning to aid and guide a consistent governance structure over the medium to longer term. This is critical to ensure that organisational stability, efficiency and productivity is not radically changed when new boards/governance structures come to power.
- Has undertaken water modelling to support more efficient water usage.
- Water corporation support for alternative water sources – the department is working more collaborative with the water authority in developing the northern corridor and in regional areas to increase the usage as WWTP water and other recycled water as a source of water for playing fields and parklands. The water corporation sees the social benefit of doing this where as once it would only consider the profitability of such investments. Water corporation is more ‘on page’ as a result of work of Department, research (through Curtin uni), and the Urban Development Institute of Australia (UDIA); they now understand the importance of how these strategies maintain strong communities. Obtaining the support of the Health department is also critical to this.
- Future actions that could be undertaken by WA include:
  - Modelling to support further State Government subsidies for clubs.
  - Improve Town/Facility Planning.

6.4 ORS

The ORS currently manage three State Government owned sporting facilities: Superdrome, Santos Stadium and Kidman Park.

The ORS has recognised the costs utility expenses are adding to the management of these facilities and have recently undertaken to:

- Develop a cost-recovery schedule for all ORS managed venues; and
- Investigate the use of the Glenelg to Adelaide Parklands recycled water project (GAP) for Santos Stadium.

Other potential opportunities for these facilities include:

- Investigating the opportunity to receive a discount on SA Water sewerage charge for the Superdrome and Kidman Park (currently only receive for Santos Stadium);
- The installation of electricity metering (swipe card for various users) and light sensors at both Superdrome and Santos Stadium;
- The installation of different lights for other user groups (including futsal) at Superdrome – currently only track lights are available for all users; and
- The use of an electricity efficiency organisation.

6.5 Other

A list of potential options as identified at the Local Government Recreation Forum and from interviews with other key stakeholders is presented in Appendix F.
7. Options for consideration

In this section we present the options for consideration by the Government. We have identified 13 options; for each option a justification is provided as well as an outline of the options strengths and weaknesses. The options include the following.

1. The ORS could support the LGA in investigating opportunities to develop a number of best practice lease and licence policies / templates to be used and implemented by Councils.
2. Program of initiatives to improve management and financial sustainability of sporting and recreation organisations.
3. Investment in and sharing of innovation and technology.
4. Recognising the community benefit of sport and recreation facilities through a utilities rebate for sport and recreation organisations.
5. Additional funding provided to ORS for infrastructure grant program specific to the management of utility costs.
6. Ensure application of SA Water sewerage charge discount.
7. Better promotion of retail electricity price discount offers to clubs.
8. Collaborate with SA Water on IPOS data and management.
10. Audit and planning for sport and recreation facilities.
11. Better plans for climate change including the learnings from the drought.
12. Further refinement of the ORS grant funding model.
13. Additional ORS resourcing

7.1 Options

1. The ORS could support the LGA in investigating opportunities to develop a number of best practice lease and licence policies / templates to be used and implemented by Councils.

Justification of the option

Survey findings demonstrated that there are currently many different lease and licence policies in place by Councils. Terms were found to be varied between agreements and it was also found that some Councils currently only have informal arrangements with sport and recreation organisations. In developing a number of best practice lease and licence policies/templates a greater level of consistency and potentially transparency could be achieved. Moreover, a situation where more appropriate consideration is given to all key aspects of an arrangement between a Council and a sport and recreation organisation would be undertaken.

With many Councils looking to review their lease and licence arrangements in the near future this initiative should be undertaken in the near-term as to best benefit those undertaking reviews and also assist in managing the issues associated with the increase cost of utilities that currently exist.

Strength and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
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</thead>
<tbody>
<tr>
<td>Development of best practice policies and templates could improve many commercial arrangements and ensure that appropriate consideration is given to key aspects (including utility costs) of an</td>
</tr>
</tbody>
</table>
### Strengths

- A program of supporting resources targeting various sporting club management opportunities could make a substantial impact on some clubs and associations. An initial program around access to information and education could be provided at relatively low cost.

- Case studies and other reference material may be more easily understood by sporting and recreational clubs if presented in a manner targeted to sports and recreational clubs.

- Guidelines may standardise information presentation, making the assessment of applications more transparent and efficient.

- Development of an information portal will facilitate other information flows that are consistent with ORS objectives so the ORS has greater

### Weaknesses

- Preparation of best practice lease and licence policies will require regular updating to ensure its relevance to Councils and sport and recreation organisations.

## 2. A program of supporting resources to improve management and financial sustainability of sporting and recreation organisations

### Justification of the option

It is recognised that many of the clubs and associations that run sports and recreational activities and facilities are run by volunteers. To assist these volunteers who are relatively time poor, the ORS could develop and communicate guidelines, models, best practice examples and benchmarks to assist local councils along with sport and recreation organisations in their approach to:

- Facility management;
- Financial management;
- Asset management;
- Water and electricity management, procurement options, and usage;
- Turf management (including turf type decision making assessment);
- Facility/utility audits;
- Facility consolidation; and
- Co-location / Community Sports Hubs.

Further, the ORS could facilitate communication of, and participation in the STARCLUB Club Development Program and the work of IPOS, as a way to identify more efficient use of resources.

This initiative could be driven centrally by ORS, with a view to progressively addressing the issues raised in this review. Including, for example: uptake of the Recreation Grounds Rates and Taxes Exemptions Act, greater awareness of retail price discounts available, SA Water sewerage charge discounts, participation in SA Water IPOS, and other opportunities.

### Strength and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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</thead>
<tbody>
<tr>
<td>A program of supporting resources targeting various sporting club management opportunities could make a substantial impact on some clubs and associations. An initial program around access to information and education could be provided at relatively low cost.</td>
<td>Preparation of best practice lease and licence policies will require regular updating to ensure its relevance to Councils and sport and recreation organisations.</td>
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<td>Case studies and other reference material may be more easily understood by sporting and recreational clubs if presented in a manner targeted to sports and recreational clubs.</td>
<td></td>
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<tr>
<td>Guidelines may standardise information presentation, making the assessment of applications more transparent and efficient.</td>
<td></td>
</tr>
<tr>
<td>Development of an information portal will facilitate other information flows that are consistent with ORS objectives so the ORS has greater</td>
<td></td>
</tr>
</tbody>
</table>
3. Investment in and sharing of innovation and technology

Justification of the option

The expenditures in water and electricity utilities are heavily influenced by technology. Innovation in irrigation techniques, the use of different turf, new equipment and the use of different products such as recycled water will impact on water utility costs in the future.

Similarly, the use of solar photovoltaic’s, electricity storage, LED lighting, variable lighting, and the use of more appropriate area lighting will have impacts on electricity utility costs in the future. For example, the use of LED lighting may reduce operating costs through more efficient lighting, and additional cost savings may be introduced through the introduction of variable (fit for purpose) lux lighting levels. As technologies change, the ORS is in a position to investigate potential solutions and share information through case studies so that other organisations can consider investments that save operating costs in the longer term.

These technologies should be explored where possible so that investigations can be exploited across the industry. We note that this could be pursued as an initiative or stream of work under Option 1.

To further support this initiative the ORS could consider setting aside facility funding to support any innovative ideas. There is an opportunity for the ORS to approach organisations and 100 percent fund and trial innovative ideas. In doing this the ORS becomes more proactive in the management of utility costs for sport and recreation organisations.

Strength and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small investment in new technologies can be exploited across a broader user base.</td>
<td>ORS may need to fund the communication portals that share the news of new technologies.</td>
</tr>
<tr>
<td>Clubs and organisations with volunteers may have access to skills and experience that identify new technologies applied from other industries, that can then be trialled and shared with other organisations.</td>
<td></td>
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</table>

4. Recognising the community benefit of sport and recreation facilities through a utilities rebate for sport and recreation organisations

Justification of the option

We are aware that the LGA is researching the broader economic and social benefits of participation in sport and community sporting facilities.

This research could form the basis of a submission for some State-based financial support for sport and recreational facility water utility funding. This is not to seek an alternative tariff through SA Water, but to identify a level of assistance that might be provided to the sport and recreational clubs and association (supported by Local Government) to reduce the burden of water utility costs.
The ORS may be able to offer some support to the LGA submission.

**Strength and Weaknesses**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>If successful, a rebate might relieve the cost burden associated with</td>
<td>The identification and quantification of benefits can be complex.</td>
</tr>
<tr>
<td>irrigation.</td>
<td>There is limited budget capacity for new initiatives.</td>
</tr>
</tbody>
</table>

5. **Additional funding provided to ORS for infrastructure grant program specific to the management of utility costs**

This review has highlighted the negative impacts increased cost of utilities is having on sport and recreation organisations. In particular, it has identified that ageing infrastructure or less than optimal assets are seen as a major contributing factor to organisations ability to manage utility costs. The Government could give consideration to funding an ORS managed grant program which would allow for the ORS to distribute funding that specifically addressed organisations ability to more effectively manage increased utility costs through the upgrade or addition of infrastructure assets. Funding could subsequently be used for, but not limited to, the following:

- Installation of artificial turf;
- Solar panels, water tanks, building design (use of natural light, green star minimum standard), timer lights, a switch to change lighting between training and competition, water saving shower heads, improved irrigation, recycled water, management of grey water, use of summer turf, use of LED lights; and
- Other infrastructure that improves utility usage and/or decreases long-term utility costs.

We note that Sport SA recently lobbied for a return of the $3.5 million funding for the ORS Community Recreation and Sports Facilities Program.\(^25\) The grant cut was announced in 2013 and takes full effect by 2015/16. Should re-instatement of the grant occur a proportion of the funding could be set aside for a facilities program that directly addressed utility costs. We also note that further investigation into the benefits of additional funding specifically for the installation of artificial turf is warranted.

Any investment that improves efficiency, or reduces costs will pay dividends in the future with reduced utilities costs. Applications for any grant funding should quantify the utilities costs going forward including savings or even increases in costs following the implantations of the project subject to the grant.

**Strength and Weaknesses**

<table>
<thead>
<tr>
<th>Strengths</th>
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</thead>
<tbody>
<tr>
<td>ORS are proficient in grant management and are most appropriately placed</td>
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<tr>
<td>to direct the effective use of funding.</td>
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<tr>
<td>Will allow for more substantial capital investments (e.g. installation of</td>
</tr>
<tr>
<td>artificial turf) that would otherwise not have occurred due to limited</td>
</tr>
<tr>
<td>grant funding.</td>
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<tr>
<td>Upgrades or additions would have a direct impact on the management of</td>
</tr>
<tr>
<td>utility costs.</td>
</tr>
</tbody>
</table>

6. Ensure application of SA Water sewerage charge discount

Stakeholder consultations identified that there are two rates available for the wastewater services for sport and recreation organisations on Council owned land. One rate is applied to the capital value, and an alternative rate is applied to the number of water closets. The ORS should consider communicating this to the relevant sports and recreational clubs and associations (or through Councils) to ensure that the cheapest waste water rate is applied for by the relevant sporting organisation.

The ORS could respectfully ask SA Water to publicise the information with relevant sport and recreation organisations (but SA Water may have difficulty in identifying all clubs). It may be more practical for the ORS to publish the information within its own communications channels including publishing this with various state sport and recreation bodies. The ORS may wish to obtain relevant material from SA Water to ensure that it advertises the appropriate conditions relevant to the alternative rates.

Strength and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced utility costs with no financial investment required</td>
<td>Non identified</td>
</tr>
</tbody>
</table>

7. Better promotion of retail electricity price discount offers to clubs

Justification of the option

There is currently an offer from Origin Energy for discounts off the standard electricity tariff for sports and recreational clubs. This offer has not been taken up by any club since it was introduced in January 2013.

Further advertising of this offer across the sports and recreational community should increase its awareness and create a portal for other offers to be presented to the sports and recreational community in the future. Utility pricing discounts are generally better accepted where there is a large audience, so improving the communication process will increase the potential size of the audience, and lead to reduced utilities costs across the sector.

The ORS could partner with or support Councils and state sport and recreation bodies to advertise the offer; in determining the promotion mechanism consideration should be given to the communication channels that would best exploit this opportunity.

Strength and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low cost to implement.</td>
<td>Lack of take up (participation) may lead to a withdrawal of the Origin offer.</td>
</tr>
<tr>
<td>There is market willingness of energy retailer to participate and generate an offer.</td>
<td></td>
</tr>
<tr>
<td>Potential for savings to be made for any club or association not on such an offer.</td>
<td></td>
</tr>
</tbody>
</table>
8. Collaborate with SA Water on IPOS data and management

**Justification of the option**

There currently exists a process of collecting data on the irrigation and management of public open space areas through the Irrigated Public Open Space (IPOS) code of practice. The process collects data on irrigation attributes, size of land and other data through SA Water as managers of the IPOS program. We understand that the data collected is not shared with other users.

An opportunity exists for SA Water as the custodians of the IPOS data, combined with the SA Water consumption data, to develop benchmarks for irrigation of parks, sporting and recreational facilities and other areas. Presenting this benchmark data, combined with the participants own specific facility related data will enable customers to determine if they are above or below benchmark standards, allowing those with substandard performance to identify potential areas for investigation for improvement potentially leading to reduced utilities costs. Further, if case studies for best practice in efficiency of use could be developed and shared through an ORS developed collaboration tool or through IPOS reporting, others could exploit the opportunities to improve their effective use of water and reduce this utility cost.

We note that ORS actively collaborate with SA Water and that the ORS intend to be actively involved in any SA Water review that is undertaken i.e. SA Water’s upcoming review of various concessions.

**Strength and Weaknesses**

<table>
<thead>
<tr>
<th>Strengths</th>
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</thead>
<tbody>
<tr>
<td>Low cost to implement (especially if SA Water could include this as part of their new business model in their next regulatory submission).</td>
</tr>
<tr>
<td>Potential to identify savings in the worst performing facilities.</td>
</tr>
<tr>
<td>Inexpensive process to facilitate change in water utility cost.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires SA Water to participate in the process, which is out of the control of the ORS (ORS have the ability to advocate for SA Water’s participation).</td>
</tr>
<tr>
<td>The benchmark range might be low, reducing the effectiveness of this option in making an impact on some of the customers’ utilities costs.</td>
</tr>
</tbody>
</table>

9. Application of the Recreation Grounds Rates and Taxes Exemption Act

**Justification of the option**

This is likely to have no impact on the utilities costs of an organisation, however it was noted that one sporting body had made a saving through identifying an issue where they were paying for local government rates and taxes, but were exempt under the Act. After the exemption was applied, a substantial ongoing saving was made.

It will be advantageous if the sport and recreational clubs are made aware that their facilities should not attract rates and taxes that are exempt under the Recreation Grounds Rates and Taxes Exemption Act 1981. This should be communicated through the LGA and through the ORS to its member base in relevant communications.

For example, this could include the inclusion of the reference to the Act in the lease/licence templates provided by the LGA, or letters from the relevant Minister to the LGA or directly to Councils.
Strength and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Potential savings to any club that is currently paying any rates and taxes.</td>
<td>• Will not have any impact on water rates and charges as they are specifically excluded from the exemption.</td>
</tr>
</tbody>
</table>

10. Audit and planning for sport and recreation facilities

Justification of the option

This option requires an audit (or stock take) and planning for sport and recreation facilities across the state or collection of Councils, including consideration of current and projected supply and demand. The findings of such a study could then be incorporated into council plans and policy developments e.g. Open Space Strategy; Asset Management Plans, and state based sporting code plans. It would also assist the ORS in the determination of grant allocations, DPTI in its planning considerations and also peak sporting bodies looking to invest in the development of new facilities at a strategic level.

Proper planning of sporting and recreational facilities across the state will ensure that relevant facilities are developed in the longer term where they are needed, and where they can be best utilised within the community having regard to the quality of the facilities and the relevant playing conditions. Planning options should include multi-use facilities and be coordinated across local government and other boundaries to improve the efficiency of the delivery of facilities, thereby realising benefits across the state.

Planning may allow for the allocation of facilities through the region, and make some areas hubs for higher quality facilities for particular sport and recreational pursuits.

We note that the Western Metropolitan Adelaide (Cities of Charles Sturt, Port Adelaide Enfield and West Torrens along with Adelaide Shores) are currently looking to engage a consultant to undertake this sort of work to better coordinate facilities within areas that cut across local government boundaries. We also note that the Local Government Sport and Recreation Facilities Sustainability Group (LGSRFSG), are currently working on a South Australian Regional Level Recreation and Sport Facilities Planning Framework project that would assist any future audit and planning initiatives. A key objective of the project will include planning for a strategic spread of regional-level single activity and multi-purpose community sporting hub facilities across the State through an integrated and coordinated planning process.

The benefits of these sorts of plans materialise through more efficient use of facilities, and the development of higher quality facilities within the same limited resources.

Strength and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
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</thead>
<tbody>
<tr>
<td>• Strong long-term benefits.</td>
</tr>
<tr>
<td>• Efficiencies can be locked into the plans and exploited over time.</td>
</tr>
<tr>
<td>• Avoids duplication of competing facilities.</td>
</tr>
<tr>
<td>• Better coordination of facilities leading to more targeted state based allocation of grants.</td>
</tr>
<tr>
<td>• Potential for higher quality facilities that have been targeted for special use (facilities operating at a state level).</td>
</tr>
<tr>
<td>• Potential to identify underutilised facilities that could be redeployed to</td>
</tr>
</tbody>
</table>
other codes or uses.

- Potential matching of needs with standards of facilities, to optimise the costs associated with facilities development.

### Weaknesses

- Requires significant coordination and cooperation across areas and regions, sporting codes and non-sport and recreation organisations.
- May require investment to bring facilities up to standards suitable for the new purpose.
- Long term view so potentially few initial benefits until plans develop into delivered outcomes.

<table>
<thead>
<tr>
<th>11. Better plans for climate change including the learnings from the drought.</th>
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</table>

#### Justification of the option

The recent drought caused a significant impact on sporting facilities across the state. It forced significant change in irrigation practices and although SA Water does not have data on sports facilities specifically, Local Government consumption halved during the drought. As a result new practices were developed in response to the restrictions and change in use.

The potential exists for the development of “lessons learnt from the drought” document for distribution to sporting and recreational organisations, and also a drought preparation plan incorporating drought mitigation strategies which are identified in a water audit. This would allow organisations to consider drought proofing, or drought response measures when evaluating options for irrigation or facility planning in the future.

Climate change, future restrictions and responses to drought conditions are likely to result in higher capital and operating expenditures in the future, but decisions are often made with limited knowledge, but with long term consequences. State Government funding of facilities should consider the impacts of climate change in the longer term to increase the chances of success in sustainable facilities development. This may include the types of irrigation equipment, sustainable sources, types of turf or other considerations.

#### Strength and Weaknesses

<table>
<thead>
<tr>
<th>12. Further refinement of the ORS grant funding model</th>
</tr>
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</table>

#### Strengths

- Potential savings to facilities managers in the longer term affecting water and turf management costs.
- Better use of allocated resources in that they may be better prepared for drought and climate change.
- Better business case development that consider alternative options.
- Process makes for a more resilient industry in the longer term.
- Potential for reduction of water (and potentially electricity if associated with pumping) charges in the medium term.

#### Weaknesses

- Preparing substantive information may represent a cost to the ORS.
- Information and publication will need to be kept up to date.
Justification of the option

The process of funding of sport and recreational facilities by the ORS in the future should consider the sustainability of the facilities within an environment of rising utilities, whilst also recognising the broader health, social, environmental and economic benefits those sporting and recreational activities bring to the community.

It should be recognised that future funding provided by the ORS consider attributes which will assist directly or indirectly in the management of utilities and other costs, including full life cycle costs of facilities.

Funding applications should therefore potentially include amongst other things:

- Full life cycle costs (and how they will be funded going forward)
- Multi use facilities which may amplify the funding grants through impacting on more organisations using common facilities
- Innovation and technology that may improve facilities whilst reducing costs
- IPOS registration and outcomes
- STARCLUB registration
- Consistency with local government and regional strategic and financial plans where appropriate
- Alignment to Council plans

Strength and Weaknesses

| Strengths | • Increases effectiveness of grants where they are applied to compliant bids.  
• Increases clubs and associations awareness of good management practices and the need for efficiencies. |
|---|---|
| Weaknesses | • May prevent an application from a disadvantaged applicant who does not have sufficient resources to submit a complying bid.  
• May introduce a burden of over-regulation. |

13. Additional ORS resourcing

Justification of the option

Consideration needs to be given to the provision of additional resources. Additional internal ORS resources could co-ordinate information sharing and exploit the above-mentioned options put forward for consideration; the resource could ensure the operational successful of any options undertaken and provide on-going advice to all relevant stakeholders. Such a resource would require the following:

- Specialist knowledge of this area and subject matter (including knowledge of how sport and recreation organisations adequately plan for water and power usage);
- Recent and relevant experience in this area and of managing projects;
- A demonstrated ability to effectively investigate and drive similar initiatives.
An additional resource could also be used to drive initiatives associated with the development of Community Sports Hubs i.e. the sharing of facilities between schools and sport and recreation organisations.

**Strength and Weaknesses**

<table>
<thead>
<tr>
<th>Strengths</th>
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</tr>
</thead>
<tbody>
<tr>
<td>• Increases effectiveness of options that ORS might develop to assist clubs manage utilities costs.</td>
<td></td>
</tr>
<tr>
<td>• Increases communication and interaction between clubs and ORS, increasing the sharing of information and efficiencies.</td>
<td></td>
</tr>
<tr>
<td>• May assist in gathering information that may support grant funding that will impact on future utilities costs.</td>
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</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
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</thead>
<tbody>
<tr>
<td>• Additional resource will require funding.</td>
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</tbody>
</table>
8. Assessment of options

In assessing the options, we have considered the options presented through the workshop, forum and other material against an assessment criteria which may assist in the ranking of the potential options which may have an impact on the cost of utilities as experienced by sporting and recreational clubs and associations.

The assessment criteria have been developed through the consultation process and confirmed through the workshop with the steering committee.

The principles to guide the decision process include the following.

1. Ensure sport and recreation organisations make a fair and reasonable contribution to utility costs, reflecting the direct benefits their members receive in participating in activities.
2. Recognise the broader community (social), economic and environmental benefits of sport and recreation clubs in contributing to healthy and vibrant communities.
3. Contribute to (or at least support) the future sustainability of the sport and recreation sector.
4. Contribute to the efficient and effective management of sport and recreation facilities and their efficient use of utilities and services.
5. Ensure that the standard of sport and recreation facilities meet communities’ requirements in the future.
6. Ensure that community and sport and recreation facilities (where possible) are developed as multi-use sites.
7. Contribute to open and transparent communication and foster collaboration and partnerships between relevant stakeholders.

Table 8 in the following section provides a high-level assessment of the options identified in section 7. Each option has been given a score out of 5 and an overall assessment is based on the following scale:
9. Improvement action plan

The following table summarises the options identified in the report, provides an assessment of these options and an action priority level, where:

- Short-term (S/T): is to be implemented as soon as practicable;
- Medium-term (M/T): is to be implemented in the next 12 months; and
- Long-term (L/T): is a longer-term opportunity, and can be implemented at an appropriate time as judged by the Government.

<table>
<thead>
<tr>
<th>Option</th>
<th>Assessment</th>
<th>Stakeholders</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The ORS could support the LGA in investigating opportunities to</td>
<td></td>
<td>• Sport and recreation organisations</td>
<td>S/T</td>
</tr>
<tr>
<td>develop a number of best practice lease and licence policies / templates</td>
<td></td>
<td>• Local Government</td>
<td></td>
</tr>
<tr>
<td>to be used and implemented by Councils.</td>
<td></td>
<td>• State Government</td>
<td></td>
</tr>
<tr>
<td>2 A program of supporting resources to improve management and</td>
<td></td>
<td>• Sport and recreation organisations</td>
<td>S/T</td>
</tr>
<tr>
<td>financial sustainability of sporting and recreation organisations</td>
<td></td>
<td>• Local Government</td>
<td></td>
</tr>
<tr>
<td>Development and communication of guidelines, models and best practice</td>
<td></td>
<td>• State sport and recreation bodies</td>
<td></td>
</tr>
<tr>
<td>examples for sport and recreation organisations.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Investment in and sharing of innovation and technology</td>
<td></td>
<td>• Sport and recreation organisations</td>
<td>M/T</td>
</tr>
<tr>
<td>Communication of technology – may be a stream of work undertaken as</td>
<td></td>
<td>• Local Government</td>
<td></td>
</tr>
<tr>
<td>a part of Option 1.</td>
<td></td>
<td>• State and interstate sport and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>recreation bodies</td>
<td></td>
</tr>
<tr>
<td>4 Recognising the community benefit of sport and recreation facilities</td>
<td></td>
<td>• Sport and recreation organisations</td>
<td>M/T</td>
</tr>
<tr>
<td>through a utilities rebate for sport and recreation organisations</td>
<td></td>
<td>• Local Government</td>
<td></td>
</tr>
<tr>
<td>ORS may be able to support the LGA submission around a utilities</td>
<td></td>
<td>• State sport and recreation bodies</td>
<td></td>
</tr>
<tr>
<td>(water) rebate.</td>
<td></td>
<td>• SA Water</td>
<td></td>
</tr>
<tr>
<td>5 Additional funding provided to ORS for infrastructure grant program</td>
<td></td>
<td>• Sport and recreation organisations</td>
<td>M/T</td>
</tr>
<tr>
<td>specific to the management of utility costs</td>
<td></td>
<td>• ORS</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Option</td>
<td>Assessment</td>
<td>Stakeholders</td>
<td>Priority</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------------</td>
<td>--------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Grant funding available to organisations specifically for the up-grade or addition of infrastructure that would assist in the management of utility costs.</td>
<td></td>
<td>State Government</td>
<td></td>
</tr>
<tr>
<td>6 Ensure application of SA Water sewerage charge discount</td>
<td></td>
<td>Sport and recreation organisations, Local Government, State sport and recreation bodies, SA Water</td>
<td>S/T</td>
</tr>
<tr>
<td>Communication to organisations/Councils to ensure cheapest SA Water sewerage rate change is applied to those sport and recreation organisations it applies to (those on Council owned land).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Better promotion of retail electricity price discount offers to clubs</td>
<td></td>
<td>Sport and recreation organisations, Local Government, State sport and recreation bodies</td>
<td>S/T</td>
</tr>
<tr>
<td>Further communicate Origin’s Affiliated Club offer which allows for 20% off energy rate component for applicable organisations.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Collaborate with SA Water on IPOS data and management</td>
<td></td>
<td>Sport and recreation organisations, Local Government, State sport and recreation bodies</td>
<td>M/T</td>
</tr>
<tr>
<td>Opportunity to better utilise data collected through IPOS initiative for benchmarking and improved facilities management, and for decision makers to be involved in IPOS related meetings.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Application of the Recreation Grounds Rates and Taxes Exemption Act</td>
<td></td>
<td>Sport and recreation organisations, Local Government, State sport and recreation bodies</td>
<td>S/T</td>
</tr>
<tr>
<td>Promotion of the Act could be achieved through inclusion of the reference to the Act in the lease/licence templates provided by the LGA, or letters from the relevant Minister to the LGA or directly to Councils.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Audit and planning for sport and recreation facilities</td>
<td></td>
<td>Community, Sport and recreation organisations, Local Government (including LGSRFSG), State sport and recreation bodies, State Government</td>
<td>L/T</td>
</tr>
<tr>
<td>Consideration of demand and supply of facilities at a state level or by a collection of Councils.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Option</td>
<td>Assessment</td>
<td>Stakeholders</td>
<td>Priority</td>
</tr>
<tr>
<td>--------</td>
<td>------------</td>
<td>--------------</td>
<td>----------</td>
</tr>
</tbody>
</table>
| 11 Better plans for climate change including the learnings from the drought  
Consideration of future utility costs, as they affect sport and recreation, by organisations and state. | ![Assessment Icon] | • Sport and recreation organisations  
• Local Government  
• State sport and recreation bodies  
• State Government | L/T |
| 12 Further refinement of the ORS grant funding model  
Consider inclusion of requirement for additional information which ensures due consideration of full life-cycle costs and various state and local strategies. | ![Assessment Icon] | • Sport and recreation organisations  
• Local Government  
• State sport and recreation bodies | M/T |
| 13 Additional ORS resourcing  
Consideration of an additional internal ORS resource to facilitate the effective delivery of the aforementioned options. | N/A | • ORS | S/T |
Appendix A: Project brief

A.1 Objectives

The aim of this project is to:

- review the impact increased utilities costs are having on clubs and associations and provide firm data to substantiate the situation clubs are facing;

- review the South Australian Recreation Grounds Rates and Taxes Exemption Act 1981, how this currently applies to sport, how local government is applying the exemptions, and what, if any, opportunities it presents; and

- provide a range of options for consideration by the Government.

A.2 Scope

Part 1: Research and Consultation

- Conduct detailed consultation with clubs / associations to:
  - discover and clearly document evidence of cost pressures imposed through utility cost increases over the last 3 years, 5 years and 10 years
  - gather data on club fee structures compared to previous 10 years.
  
  NB cost pressures directly attributed to the drought conditions in south eastern Australia (approximately 2000 to 2010) should be identified where possible.

- Conduct detailed consultation with LGA and metropolitan / regional Councils to:
  - gather information on Council lease and license policies in particular how they relate to utilities
  - determine future strategies, available or planned, to manage this issue.

- Conduct detailed consultation with SA Water and Origin to:
  - gather data on current utility costs compared to previous 10 years
  - determine future strategies, available or planned, to support clubs and associations manage this issue.

- Conduct detailed consultation with the ORS to:
  - gather information on current processes in place to manage State Government owned facilities (i.e. Santos Stadium)
  - determine future strategies, available or planned, to manage this issue.

- Consult with other State and Territory Sport and Recreation Departments to discover their strategies to manage this issue.

- Consult with other relevant stakeholders: These should include but not limited to:
  - Department of Education and Child Development (SA)
  - Department of Environment, Water and Natural Resources (SA)
  - Sport SA
  - Recreation SA
o STARCLUB Field Officers
o Local Government Recreation Forum
o Local Government Sport and Recreation Facilities Sustainability Group.

- Review the South Australian Recreation Grounds Rates and Taxes Exemption Act 1981 to:
  o define the act and limitations of the Act more clearly
  o collect and provide information on how the act is utilised/implemented by local government.

**Output:** Clear understanding of the issues, opportunities, strengths and weaknesses from perspective of State Government, Local Government, clubs and associations and other stakeholders.

**Part 2: Analysis and Assessment**

- Summarise SWOT and assess effectiveness of current strategies by stakeholders to support clubs and associations to manage this issue.
- Analyse issues, concerns and identify options for improvement. These should include, but not limited to:
  o State Governments ability to implement long term solutions
  o LGA’s ability to implement long term solutions
  o options for State and Local Government to work in partnership to implement long term solutions.
- Provide analysis on priority areas of other State and Territory Sport and Recreation Departments (i.e. water harvesting is key priority in NSW and WA).
- Provide analysis of key trends discovered through research and consultation stage.
- Provide analysis of the South Australian Recreation Grounds Rates and Taxes Exemption Act 1981 and assess opportunities to amend act to assist clubs / associations.

**Output:** Clear understanding of the necessary options for State and Local Governments to develop long term solutions.

**Part 3: Reporting**

The consultant will be required to provide a hard copy and electronic written report in Microsoft Word to the ORS containing:

- An executive summary of the review findings that include:
  o detailed options for State Government consideration including required resources and timeframes.
- A background of the project, including the methodology and range of research and consultation undertaken.
- A summary of the findings of the consultation and research stage.
- Provide options for consideration by the Government. For each option a justification, evaluation of the strengths and weaknesses and a draft action plan.
○ The report should source all reference material and detail all literature or relevant research referred to.

*Output: Clear documented options for the Government to consider.*
### Appendix B: Stakeholders

The following table identifies the key stakeholders engaged as a part of this review:

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Government</strong></td>
<td></td>
</tr>
<tr>
<td>- Office for Recreation and Sport</td>
<td>Nov / Dec 2013</td>
</tr>
<tr>
<td>- Department for Education and Child Development</td>
<td>14/11/13</td>
</tr>
<tr>
<td>- Department of Environment, Water and Natural Resources</td>
<td>21/11/13</td>
</tr>
<tr>
<td><strong>Local Government</strong></td>
<td></td>
</tr>
<tr>
<td>- Local Government Association</td>
<td>11/11/13</td>
</tr>
<tr>
<td>- Local Government Recreation Forum</td>
<td>14/11/13</td>
</tr>
<tr>
<td>- Local Government Recreation Forum Conference – undertook a workshop</td>
<td>15/11/13</td>
</tr>
<tr>
<td>- Local Government Sport and Recreation Facilities Sustainability Group (LGSRFSG)</td>
<td>14/11/13</td>
</tr>
<tr>
<td>- Local Government Turf and Irrigation Technical Group</td>
<td>27/11/13</td>
</tr>
<tr>
<td>- Survey and consultation with sample of Councils</td>
<td>Nov 2013</td>
</tr>
<tr>
<td><strong>Sport and recreation bodies / organisations</strong></td>
<td></td>
</tr>
<tr>
<td>- Sport SA</td>
<td>13/11/13</td>
</tr>
<tr>
<td>- Recreation SA</td>
<td>11/11/13</td>
</tr>
<tr>
<td>- Survey of sport and recreation organisations</td>
<td>Nov 2013</td>
</tr>
<tr>
<td><strong>Inter-jurisdiction</strong></td>
<td></td>
</tr>
<tr>
<td>- Qld: Department of National Parks, Recreation, Sport and Racing</td>
<td>9/11/13</td>
</tr>
<tr>
<td>- NSW: Sport and Recreation, Office of Communities</td>
<td>12/11/13</td>
</tr>
<tr>
<td>- ACT: Sport and Recreation Services</td>
<td>13/11/13</td>
</tr>
<tr>
<td>- Vic: Sport and Recreation Victoria, Department of Planning and Community Development</td>
<td>21/11/13</td>
</tr>
<tr>
<td>- WA: Department of Sport and Recreation</td>
<td>12/11/13</td>
</tr>
<tr>
<td><strong>Utility companies</strong></td>
<td></td>
</tr>
<tr>
<td>- SA Water</td>
<td>26/11/13</td>
</tr>
<tr>
<td>- Origin Energy</td>
<td>21/11/13</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>- Wallmans lawyers</td>
<td>6/11/13</td>
</tr>
</tbody>
</table>
Appendix C: 10 year utility costs, 2003-13

The following figure represents the cost increases in the various utilities between 2003-13 (over the last 10 years). The figure present an average of the index numbers (as presented in the Australia’s Consumer Price Index\(^{26}\)) for each of the last 10 years, noting that information for 2013 was only available until September 2013.

Utility index numbers, Adelaide, 2003-13

*Average index does not include information from the December 2013 quarter

Source: ABS, 2013. 6401.0 Consumer Price Index, Australia. Table 11: CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City

\(^{26}\)ABS, 2013. Consumer Price Index, Australia, Sep 2013 (6401.0)
Appendix D: Criteria for SA Water sewerage charge discount

The discounted sewerage charge is based on the number of water closets (toilets) on the property or the standard sewer rate for the property (based on its capital value), whichever is the lowest. Three examples include:

**Example 1:**

The standard sewer rate for the Example 1 would be $323.64 per quarter if they did not receive an exemption.

This is based on the capital value of $930,000 (34.8c per $1000 of CV) = 930 x 0.348 = $323.64

There are 4 toilets on the property, each charged $ 32.60, totaling $130.40.

As the charge for the toilets is lower than the capital value, this is the one that is charged.

However, if the number of toilets on the property was 10, the charge would be $326, so it would be cheaper to charge the capital value rate of $323.64 **(Example 2).**

**Example 3:**

Another example would be if the capital value on the property was $100,000. The minimum amount we can charge for sewer if we are basing the charge on capital value is $85.35.

If they had one toilet, we would charge $32.60.

If they had ten toilets, we would not charge them $326.00, we would charge the $85.35.

<table>
<thead>
<tr>
<th></th>
<th>Example 1</th>
<th>Example 2</th>
<th>Example 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum sewerage charge</td>
<td>$85.35</td>
<td>$85.35</td>
<td>$85.35</td>
</tr>
<tr>
<td>Capital value</td>
<td>930,000</td>
<td>930,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Sewerage charge</td>
<td>34.8c per $1,000</td>
<td>34.8c per $1,000</td>
<td>34.8c per $1,000</td>
</tr>
<tr>
<td>Sewerage charge based on Capital value</td>
<td>$323.64</td>
<td>$323.64</td>
<td>$34.80</td>
</tr>
<tr>
<td>Number of toilets on property</td>
<td>4</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Sewerage charge</td>
<td>$32.60 per toilet</td>
<td>$32.60 per toilet</td>
<td>$32.60 per toilet</td>
</tr>
<tr>
<td>Sewerage charge based on Number of toilets</td>
<td>$130.40</td>
<td>$326.00</td>
<td>$326.00</td>
</tr>
<tr>
<td>Sewerage charge to Sport and recreation organisation</td>
<td>$130.40</td>
<td>$323.64</td>
<td>$85.35</td>
</tr>
</tbody>
</table>
Appendix E: Recreation Grounds Rates and Taxes Exemption Act 1981

South Australia

Recreation Grounds Rates and Taxes Exemption Act 1981

An Act to exempt certain land used for sport or recreation from rates and taxes.

Contents
1 Short title
3 Interpretation
4 Exemption of certain land from payment of rates

Legislative history

The Parliament of South Australia enacts as follows:

1—Short title
This Act may be cited as the Recreation Grounds Rates and Taxes Exemption Act 1981.

3—Interpretation
In this Act—
rates and taxes means rates and taxes imposed by or under any Acts of Parliament but does not include a charge imposed for water supplied or services provided.

4—Exemption of certain land from payment of rates
(1) Subject to subsection (2), land is exempt from rates and taxes if—
(a) the land—
(i) is vested in a council; or
(ii) is under the care, control or management of a council, and the public is entitled to access to the land for the purpose of sport or recreation;
(b) the land is vested in trustees or in an association and the public is entitled, in pursuance of rights granted in perpetuity, to access to the land for the purpose of sport or recreation;
(c) the land is occupied under a lease, licence or permit granted by a council and is used by the occupier for the purposes of sport or recreation.

(2) The exemption conferred by subsection (1) does not operate unless the whole of the income (if any) derived from the land by the council, trustees or association is applied towards the maintenance, repair or improvement of the land.

### Appendix F: Opportunities identified at LGRF conference and through consultation

<table>
<thead>
<tr>
<th>Topic</th>
<th>Opportunity</th>
</tr>
</thead>
</table>
| Ageing infrastructure                                                 | • Sport and recreation organisations require funding to undertake infrastructure upgrades or additions to increase sustainability, water and energy efficiency and decrease utility costs.  
• Consider use of lotteries money.                                    |
| Declining income of sport and recreation organisations                | • A lead body should investigate the opportunity for bulk purchasing of electricity and possibly the removal of solar feed-in tariffs.  
• Investigate the potential for sport and recreation organisations to receive a discount on water from SA Water given the benefits it delivers.  
• Undertake a review of the fee’s currently charged by sport and recreation organisations across the state. |
| Large number of sport and recreation facilities (facility duplication) | • Co-location / resource sharing between clubs, and clubs and schools (non sport and recreation) e.g. Community Sports Hub.  
• Achieve optimisation/rationalisation of facilities: A state-wide facility plan for sport and recreation organisations such to that supply meets demand (understand region, demographics, usage, co-location with schools etc). |
| Poor management of sport and recreation organisations and; Lack of understanding of true utility usage and costs | • Share best practice examples and case studies. Develop a set of sustainability tools. Benchmark usage (participants and partnerships) and develop KPI’s through measurement.  
• Undertake utility reviews and provide advice.  
• Potential to increase accountability in mult-use facilities with the use of swipe cards which allocate energy user. Accountability increases if the person paying ‘has their hand on the tap’.  
• Outsource asset management of state’s sport and recreation facilities to an independent entity.  
• Develop open and transparent community/club/council/ state government communication avenues. LGA to potentially provide overarching advice/advocacy.  
• Provide education to community and clubs about utility costs and how to better manage.  
• Enforce a standard charter of accounts across sporting organisations for effective management, setting KPI’s, for  |

27 Initiatives include: artificial turf, solar, water tanks, building design (use of natural light, green star minimum standard), timer lights, switch to change lighting between training and competition, water saving shower heads, improved irrigation, recycled water, management of grey water, use of summer turf, use of LED lights, irrigation management plans.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Opportunity</th>
</tr>
</thead>
</table>
| Lack of consistency in lease and license arrangements | • Develop consistent guidelines for utilities across SA.  
• Undertake further research into best models for cost sharing and best management approaches. |
| Resistance to co-location    | • Provide discounted utility costs for multi-purpose facilities.                                       |
| Application of relevant discounts and acts | • Ensure correct application of SA Water sewerage discount.  
• Ensure correct application Recreation Grounds Rates and Taxes Exemptions Act 1981. |