

# Essential Facts

Funding waterway, drainage and floodplain services in the Port Phillip and Westernport catchment.



Melbourne Water has had responsibility for delivery of waterways drainage and floodplain management in the Melbourne region since the 1920s. Melbourne Water manages around \$2.7 billion in drainage assets and more than 8000kms of waterways.

The Victorian Government released its *Our Water, Our Future* action plan in June 2004 to secure the State's water resources for the future. A key recommendation from the plan was to extend Melbourne Water's waterways and drainage boundary by more than 5000 square kilometres to cover the catchment areas that flow into Port Phillip Bay and Westernport Bay that were not receiving services. In November 2005, the Government formalised these arrangements and Melbourne Water became the authority responsible for major drainage systems, waterways and floodplain management throughout the entire Port Phillip and Westernport region.

## New arrangements

The new arrangements allow Melbourne Water to take an integrated approach to managing rivers and drainage, and to improve the long-term condition of rivers in the region.

Melbourne Water will continue its leading role in managing and improving the environment and quality of Melbourne's waterways and creeks with services extending into the new operating area. These new arrangements bring consistent and coordinated management of all the rivers, creeks and wetlands in the area resulting in better flood protection and regional drainage, improved river health and water quality.

## The new operating area

Melbourne Water is providing services in part of the following council areas for the first time:

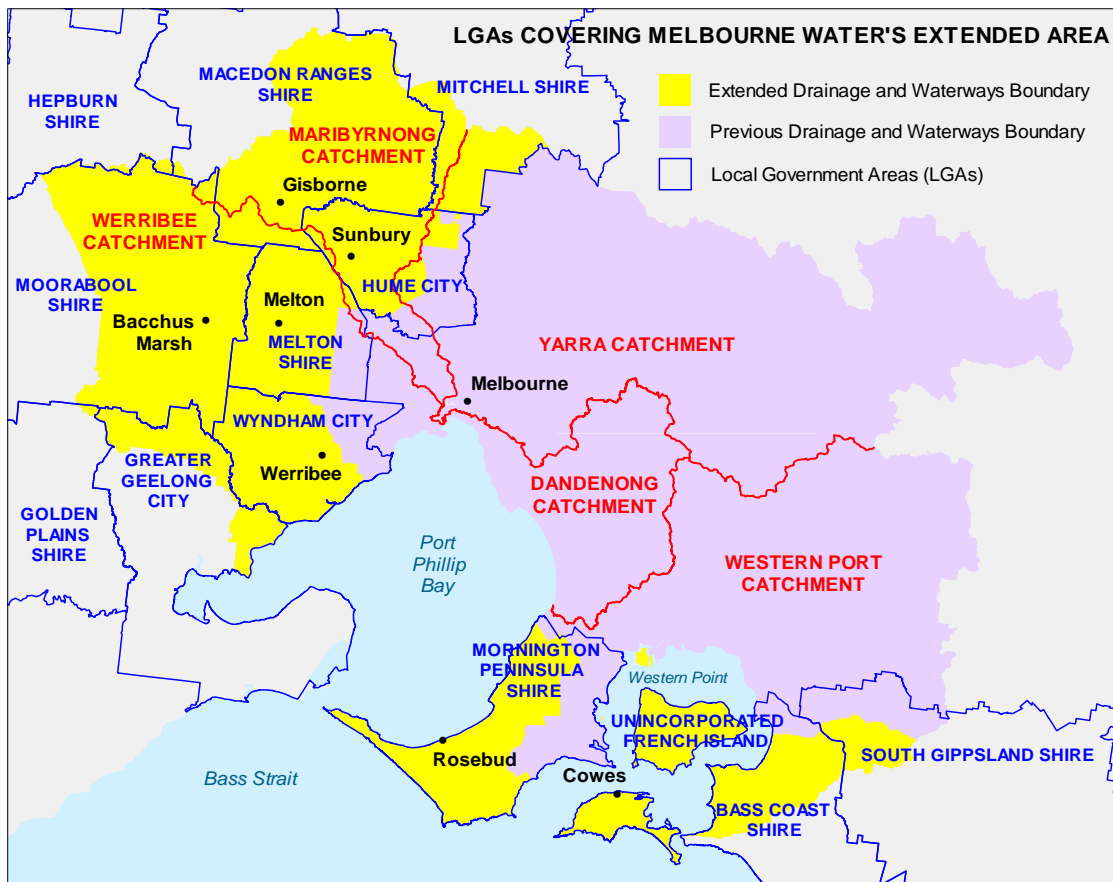
- Moorabool Shire
- Macedon Ranges Shire
- Mitchell Shire
- City of Greater Geelong

Melbourne Water has extended its services further into the following council areas:

- Melton Shire
- Bass Coast Shire
- South Gippsland Shire
- Mornington Peninsula Shire
- City of Wyndham
- City of Hume

Over the past two years since the extension of the boundary into the regional areas, Melbourne Water has worked closely with local communities and stakeholders to gain local information, discuss expectations and establish appropriate service levels. Some services have been introduced, extensive planning for future works has been undertaken and urgent works have been identified and commenced. These new arrangements bring consistent and coordinated management of all the rivers, creeks and wetlands in the catchment resulting in better flood protection and regional drainage, improved river health and water quality.

Melbourne Water now has a significant role in many communities across the new extended catchment areas. The new and old boundaries of the organisation's area of responsibility are shown below.



## Funding arrangements

The majority of Melbourne Water's current waterway improvements, regional drainage and flood protection works have been funded through a Drainage Charge which is paid by all property owners in Melbourne Water's existing service area. This charge will now be known as the Waterways Charge. On customer bills it will be referred to as the Waterways and Drainage Charge in urban areas, and the Waterways Charge in rural areas. This is to better reflect the different service levels provided in urban and rural areas.

The metropolitan retail water companies are City West Water, Yarra Valley Water and South East Water. They will continue to collect the charge for Melbourne Water and will also collect the charge in parts of the new area. The following water corporations will also collect the charge in the regional parts of the new area; Westernport Water, Western Water, Barwon Water and Central Highlands Water.

With the extension of Melbourne Water's boundaries the charge will be now be paid by all property owners in the catchment and will fund:

- Improvements to river health through replanting, weed removal, erosion control and managing environmental flows.
- Grants for property owners and community groups to improve their waterways
- Management and improvements to larger, regional drainage assets (generally with a catchment area greater than 60 hectares).
- Improvements in flood management and flood warning systems
- Provision of infrastructure to service urban growth using the principles of sustainable development
- Monitoring and investigations to improve knowledge and understanding on the regions waterways and the threats to their health
- Protecting and improving water quality through improved stormwater management and assistance to local government
- Increased community and stakeholder engagement and involvement.

## Some questions and answers relating to the Waterways Charge

### What is the Waterways Charge?

The Waterways Charge provides the funding for a wide range of waterway management, flood protection and regional drainage services. The charge is currently paid by property owners within our previous waterways and drainage boundary. This enables Melbourne Water to undertake works on our rivers and creeks, floodplains, wetlands and main drains. The Waterways Charge is not for supplying drainage services to individual properties. This is usually a local council or landowner responsibility. Spreading the cost of these services across all properties in the catchment is the fairest possible approach, given that everyone benefits either directly or indirectly from healthy waterways and a safe reliable drainage system.

### What are the charges?

Melbourne Waters 2008 Waterways Water Plan proposes that rateable properties in the new area be subject to a flat charge.

The Waterways and Drainage Charge is ultimately set by the Essential Services Commission after consultation with the community. On 20 June, 2008 the Essential Services Commission released its decision on the Waterways and Drainage charges proposed by Melbourne Water. The prices recommended in the decision are in the table below. A copy of the Essential Services Commission's Decision is available at [www.esc.vic.gov.au](http://www.esc.vic.gov.au)

#### New extended areas – not currently charged:

	Current Charge Structure	Essential Services Approved Pricing Model
<b>New extended areas</b>		
Residential (inside UGB)	\$0	Flat annual charge of \$62.08 in 2008/09
Non-residential (inside UGB)	\$0	Flat annual charge of \$81.36 in 2008/09
Rural (All properties outside the UGB)	\$0	Flat annual charge of \$38.88 in 2008/09

Existing areas - where the charge is currently being paid:

	Current Charge Structure	Essential Services Approved Pricing Model
<b>Existing areas</b>		
Residential (inside UGB)	Charge based on 1990 Net Annual Value (NAV) of properties.  Subject to a minimum charge	Continue with NAV subject to a minimum charge of \$62.08 in 2008/09.  New properties will be liable for the minimum charge.
Non-residential (inside UGB)	Charge based on 1990 NAV of properties.  Subject to a minimum charge	Continue with NAV subject to a minimum charge of \$81.36 in 2008/09.
Rural (All properties outside the UGB)	Charge based on 1990 NAV of properties.  Subject to a minimum charge	Flat annual charge of \$38.88 in 2008/09

### **Why is the charge different for customers inside and outside the Urban Growth Boundary?**

For properties within the Urban Growth Boundary (UGB) the charge will be called the Waterways and Drainage Charge. Properties outside the UGB are considered rural and will receive a charge for waterways services only. The amount of the charge depends on whether properties have a classification of residential, non-residential or rural.

Urban areas within the Urban Growth Boundary (UGB) generally benefit from Melbourne Water's drainage and flood protection services as well as waterway management services. Most of the significant pipe and channel drainage systems benefits properties within the UGB. Rural areas mostly benefit from waterway management services and some aspects of flood protection. The lower charge for rural customers reflects the lower level of drainage and flood protection services compared to urban customers.

## **What is the Urban Growth Boundary?**

The Urban Growth Boundary clearly defines where development can and cannot occur. It supports the more orderly development of land, discourages the unnecessary extension of community infrastructure and helps preserve highly valued open spaces, farming, conservation and recreation areas. The Urban Growth Boundary (UGB) is set by the State Government and can only be changed by an Act of Parliament. For more information, visit <http://www.dse.vic.gov.au/melbourne2030online>

## **Why have there been changes to the charge basis?**

The proposed charges have been developed in consultation with Government and key stakeholders to ensure that charges:

- Better reflect the extent to which customers benefit from the services provided
- Are understandable to customers
- Minimise administration costs

## **Why is the charge basis in the old area different to the charge basis in the new area?**

The basis for the charge in Melbourne Water's existing service area is 1990 property values. This charge basis requires complex administration and is being phased out over the next five years.

To ensure there is some consistency in the charging basis across Melbourne Water's area of responsibility, it is proposed that properties in the new areas will only pay the minimum charge that applies in the existing area until reformed charges are in place. Rural properties in the old area will move to the flat charge as of 1 July 08. Residential properties in the old area will move to a flat charge by 2012/13. The charge basis for non-residential properties in the old area is currently under review.

## **How has Melbourne Water prepared for the extension of services into the new area?**

Melbourne Water has worked closely with local councils since mid-2004 to collect data on rivers, creeks and regional drains. Responsibility for these assets was officially transferred on 18 November 2005 via an Order in Council. Melbourne Water has and will continue to collect local information and assess local needs by consulting widely with councils, communities, Friends and Landcare groups.

## **What information has Melbourne Water provided to the community about the Waterways Charge?**

Over the past two years since the extension of the boundary into the regional areas, Melbourne Water has worked closely with local communities and stakeholders to gain local information, discuss expectations and establish appropriate service levels. Some services have been introduced, extensive planning for future works has been undertaken and urgent works have been identified and commenced. These new arrangements bring consistent and coordinated management of all the rivers, creeks and wetlands in the catchment resulting in better flood protection and regional drainage, improved river health and water quality.

The proposed pricing structure forms part of the Melbourne Water's 2008 *Waterways Water Plan*. The plan was released for public comment on October 11, 2007. Following this, stakeholders were invited to attend a number of community information sessions which were also advertised widely in the local papers. Melbourne Water will continue to provide information to the community on the charge and our services via media releases, newsletter updates, advertisements in local papers and website information.

On December 10, 2007 Melbourne Water's 2008 *Waterways Water Plan* was submitted to the Essential Services Commission (ESC) for approval. The ESC regulates Melbourne Water including the prices Melbourne Water charges for waterways and drainage services. As part of this process the ESC called for further public submissions on the Plan. Its final decision is not expected until June 2008.

### **Why does the Port Phillip and Westernport Catchment have a Waterways Charge and other catchments do not?**

The Port Phillip and Westernport Catchment is a highly developed region with a population of nearly four million people and is under the responsibility of 38 local councils. This population is expected to increase by a further one million over the next 20 years which will create major growth pressures.

The Port Phillip and Westernport region contains about 8000 kilometers of rivers and creeks which are major assets highly valued by the community. They are important reservoirs of biodiversity, providing valuable wildlife corridors. They are also a significant resource for urban and rural industry and thus have significant economic benefit for the region. The Waterways Charge will help maintain the high value environments of this region.

Within the region there is also a large population and significant private and public infrastructure potentially at risk from flooding. Provision of flood warning services and management of flood risk are critical activities.

The charge will also help plan for and maintain about \$2.7 billion of major drainage assets, including pipes, channels, retarding basins, pump stations and wetlands.

Much of this work would be impossible without a dedicated charge to help protect and maintain such a large, complex and highly populated catchment. Melbourne Water has levied a 'drainage charge' on more than 1.5 million properties to pay for services for many decades.

Spreading the cost of these services across all properties in the catchment is the fairest possible approach, given that everyone benefits either directly or indirectly from healthy waterways and a safe reliable drainage system.

### **Why do we have to the Waterways Charge when our water is soaked up by our land and never reaches the drainage system?**

Eventually run off from your property will find its way into a man-made stormwater drain or a river or creek i.e. part of the drainage system. Melbourne Water is charged with responsibility to manage the potential flooding impacts downstream, as well as work to improve the health of local

rivers, creeks and the bays. Everyone benefits from healthy waterways and appropriate management of regional flood risks.

### **Why do we have to pay the Waterways Charge when we already pay council rates?**

In most cases, councils are responsible for the smaller drainage assets - for example the drains outside your property. These smaller drains connect into the larger stormwater drains, which are managed by Melbourne Water. If the larger drainage systems managed by Melbourne Water are not maintained our roads, houses and businesses could be flooded. The Waterways Charge also funds a number of other services, which are not funded by your council rates. Some of these services include improvements to river health through replanting, weed removal and erosion control, grants for property owners and community groups, improvements of flood management systems, provision of infrastructure to service urban growth using the principles of sustainable development, monitoring and investigations of waterways and increased community and stakeholder engagement and involvement.

### **We are on tank water and not with one of the water companies, so why should we have to pay the Waterways Charge?**

The Waterways Charge is not related to the services provided by your water company, it is a separate charge collected on Melbourne Water's behalf. Some of the services provided include improvements to river health through replanting, weed removal and erosion control, grants for property owners and community groups, improvements of flood management systems, provision of infrastructure to service urban growth using the principles of sustainable development, monitoring and investigations of waterways and increased community and stakeholder engagement and involvement.

Given that everyone benefits either directly or indirectly from healthy waterways and a safe reliable drainage system, spreading the cost of these services across all properties in the catchment is the fairest possible approach.

### **Where can I get more information?**

For further information on Melbourne Water's role in managing rivers and drainage, you can call 131 722 or visit our website at [melbournewater.com.au](http://melbournewater.com.au)