

Draft Revenue & Financing Policy- Drinking Water– Summary of feedback

To support hearings and deliberations on 31 May 2023

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1.1 Summary of feedback received.

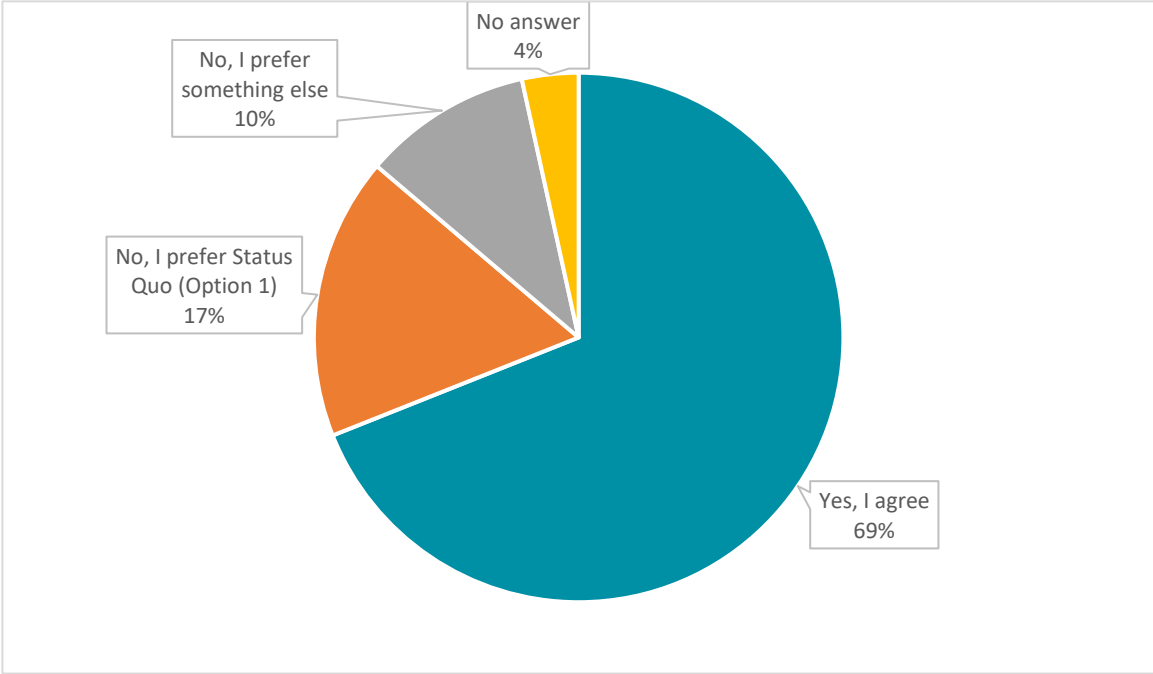
Public consultation on the Draft Revenue and Financing Policy-Drinking Water was undertaken from Thursday 6 April to Sunday 7 May 2023.

- A total of 30 submissions were received.
- 29 submissions were received on time.
- 2 submitters indicated they wanted to be heard on their submission form (2 attending as of 10 May 2023).

1.2 District Water Group

Based on the question “Do you agree with adding Methven-Springfield to the District Water Group?”

	Number of people
Yes, I agree	20
No, I prefer Status Quo (Option 1)	5
No, I prefer Something Else	3
No answer	2
Total	30



1.2.1 General

Submitter name	Page	Summary	Staff comments
<p>AQUIFER LOCATIONS LTD (Pete Donald)</p>		<ul style="list-style-type: none"> • Submitter believes that ADC has yet to correctly identify the root cause of the ongoing failure of the Methven Water System. Submitter has submitted evidence to Environment canterbury re findings of E-Coli. Submitter disagrees that this is caused by turbidity of the source water. Submitter believes it is linked to Mt Hutt Ski Field and that NZ Ski and Mount Hutt should pay for purification of their discharge. Submitter states that Council needs to further investigate source of contamination before making financial decisions impacting ratepayers. • Submitter offered Methven Community and ADC the opportunity to drill a bore for water at no cost to community. If successful this would have lowered operating and capital costs. 	<ul style="list-style-type: none"> • There is likely to be some level of E. coli in the source water because there are animals and birds upstream. There may also be a contribution from the ski field discharge. We can neither support nor refute that. • However, it is incorrect that E. coli is the cause of the boil water notices. We issue boil water notices (BWN) because we cannot demonstrate that our treatment is effective against protozoa that may be present in the water. As the water is not demonstrably safe, we advise customers accordingly and issue a BWN. • The Drinking Water Standards (NZDWS), and now the Drinking Water Quality Assurance Rules (DWQAR) , place requirements on us to ensure safe water. The current plant cannot achieve the standards in NZDWS and the DWSQAR at all times, usually because the UV transmittance of the water drops when water quality deteriorates, usually during periods of heavy rainfall, but also because turbidity, even with the cartridge filters in place, goes above the limits. In the last 12 months we exceeded the turbidity threshold on two occasions, and the UV dose for bacteria on at least three occasions. • We don't monitor for protozoa directly because it is expensive and needs large volumes of water, and even the E. coli monitoring we do has a 24-hour delay before getting results, so we assess the effectiveness of the treatment processes instead. Turbidity is targeted because it indicates contamination of the source water, and because it directly impedes the ability of the UV to inactivate pathogens. • We use E. coli to lift a notice because it's a positive indication that the water is safe, and it's a carry-over from the old DWSNZ incident response. We could move away from that, but the principle of allowing time after our water treatment returns to normal should remain, so we can be confident that any potentially unsafe water has been cleared out. • In regard to the bore issue, quite apart from the uncertainty of obtaining water, the submitter wanted a contractual right to the

Submitter name	Page	Summary	Staff comments
			<p>bore should we not elect to use it, which was problematic as the proposed bore was on a third-party's land.</p> <ul style="list-style-type: none"> The landowner was also reluctant to have a community water supply bore on their land due to the potential constraints it might impose on their farming operations arising from the establishment of a water source protection zone. <p>Andrew Guthrie/Chris Stanley/Richard Mabon</p>
AVONMORE FARM (Andrew Currie)		<ul style="list-style-type: none"> Prefers something else in Question 1: Agrees with adding Methven-Springfield to the District Water Group BUT prefers Status Quo (Option 1) 	<p>Noted.</p> <p>Richard Mabon</p>
DOEL, Len		<ul style="list-style-type: none"> Submitter prefers polluter pays approach. 	<p>The “polluter pays” principle is also known as the exacerbator pays principle. In terms of water supply, the exacerbator is the high user, who requires more water to be treated and a network of dimensions necessary to carry that water. Council applies volumetric charging to address the demand of high users.</p> <p>Richard Mabon</p>
HURST, Mandy		<ul style="list-style-type: none"> I can't believe it's taken the council 20 years to do something about the Methven Springfield water supply. My mother died in 2002 of cryptosporidium from this supply. Also affected down the road a neighbour was admitted to hospital with crypto and took months to recover. Two others including a baby on the same water supply contacted crypto at the same time. Once council was informed an early morning dash to 'clean up' the supply was made. Dad was to upset for us to take action against the council. I think it's disgusting that my family and other consumers on the Methven Springfield supply are still having to boil their water. I live in fear that Dad will catch cryptosporidium too. 	<p>Noted.</p> <p>Council is investing \$7.1M in the upgrade of the Methven Water Treatment Plant to provide drinking water to meet NZ Drinking Water Standards in Methven Township and Methven-Springfield.</p> <p>Richard Mabon/Andrew Guthrie</p>
GLENNIFER FARM & 2 OTHERS (Graham Robertson)		<ul style="list-style-type: none"> Financial information missing, namely the cost of the capital investment and running costs of the filtration etc being installed. It can be concluded that this is going to significantly increase the annual costs and the whole exercise is to spread this over all district water users. Submitter has been involved in the Springfield scheme from the 	<ul style="list-style-type: none"> Budget for 23/24 is based on an upgrade cost of \$7.1m capital investment. Under the status quo funding arrangement, \$3.3M is apportioned to Methven Springfield. Water rates at Methven-Springfield increase by 24% in 2023/24 under the status Quo. This includes 8.5% for depreciation, 7% for increased overheads and 7% rising interest cost.

Submitter name	Page	Summary	Staff comments
		<p>time it was installed. In that time, ADC has tried to add treatment facilities to meet standards imposed by outside agencies. Each attempt was "consulted" on and although pretty much all those on the scheme were not in favour, the change was implemented by the Council. This is the latest move and at least the ADC did not insult us this time by going through the charade of first asking (and risking the certainty of being asked to leave us alone) and then proceeding anyway in the face of a negative response.</p> <ul style="list-style-type: none"> • Submitter considers themselves “powerless pawns” in a system where national standards that don't fit a mainly stock water supply require a fair funding solution to meet the differing needs of a stock water scheme and people on residential township supplies. • Submitter presumes that other options of delivering potable drinking water have not been explored, such as point of use supply or delivery of bottled drinking water. Submitter assumes these solutions would have been vastly cheaper but would not be approved by Council. • Submitter believes Methven-Springfield community has been given no say about the costs of the current work, nor have we been asked to suggest cheaper options, but is now being asked how they might like to pay. The scheme was originally built at the initiative of the community. • Therefore, whatever cost increase that is to be charged should be minimal and do no more than reflect the utility value of a safe water supply. Any increase should bear in mind that alternatives may well have been available at a much smaller cost than joining the Methven project. Submitter states that the result of the Council decision is that livestock are to be given water of human potable standards is not the community’s doing and should not be at their cost. • Submitter notes that living in a community confers a shared cost on us all. There is also a duty on the Council to be fair. This is a tough issue for Council but not of the communities’ making and could have been resolved more cheaply 	<ul style="list-style-type: none"> • Depreciation is based on the prior year valuations which had a big increase in the 2021/22 financial year given rising construction costs across the economy. Rising interest cost includes loans raised in 22/23 and higher rates of interest in the market. <p>Richard Mabon/Erin Register</p> <ul style="list-style-type: none"> • The requirement to meet NZ Drinking Water Standards is set in statute. How Council recovers the capital and operating costs of supplying drinking water is a policy matter and the subject of this consultation. <p>Richard Mabon/Andrew Guthrie</p> <ul style="list-style-type: none"> • Noted. • Council has considered a variety of Options for Methven-Springfield against the Drinking Water Standards for rural agricultural supplies. The standards have been changing and at one point there was no standard. It is not safe to assume that the alternatives mentioned are either compliant or cheaper. • The Methven-Springfield community was consulted about the costs of the current work through the 2021-31 Long-term Plan. It is correct that Council is now asking the community for their views on funding, as the law requires us to do. • This is a valid economic argument, as much of the water consumption by high users is for stock, who do not require either fluoridated or membrane-filtration water to meet NZDWS. It is a fair question to ask whether that cost should be discounted and to what extent. That is a matter for Council to consider. The community is, however, bound by Acts of Parliament and NZDWS, just like everyone else. • Noted. The availability of cheaper and compliant solutions for the provision of drinking water in Methven-Springfield was a matter of considerable investigation and Council scrutiny. <p>Richard Mabon/Andrew Guthrie</p>

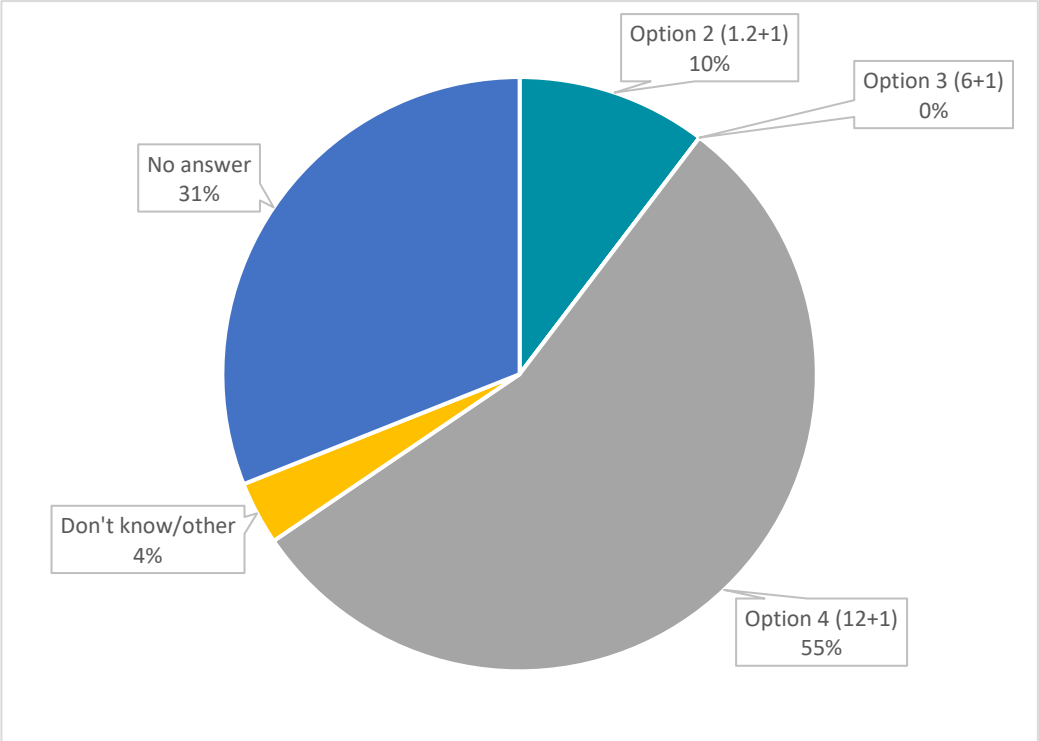
Submitter name	Page	Summary	Staff comments
WATSON, Henry		<ul style="list-style-type: none"> Submitter agrees with joining the DWG but only if it makes the price of water more affordable for the Methven-Springfield users. The cost of joining the DWG needs to be less than the Status Quo. 	<p>Noted. What is fair and affordable is ultimately a judgement for Council.</p> <p>Richard Mabon</p>
WATSON, Richard		<ul style="list-style-type: none"> Submitter agrees with joining the DWG provided it is with the purpose of making the price of water more affordable for the Methven-Springfield users. Council's email of 10 march said Council was <i>"concerned that the costs would become affordable for the 67 consumers on the Methven-Springfield scheme."</i> Submitter agrees with that statement and the solution needs to address this by making the cost of water less than the Status Quo. 	<p>Noted. What is fair and affordable is ultimately a judgement for Council.</p> <p>Richard Mabon</p>
WATSON, Sarah		<ul style="list-style-type: none"> Submitter agrees with joining the DWG provided it makes the cost of water more affordable and not more expensive. 	<p>Noted. What is fair and affordable is ultimately a judgement for Council.</p> <p>Richard Mabon</p>

1.3 Methven-Springfield to the District Water Group and Preferred Policy Setting

Based on the question “If you agree with adding Methven Springfield to the District Water Group, what is your preferred policy setting?”

Location	Responses	% of responses	% of answers
Option 2 (1.2+1)	3	10%	15%
Option 3 (6+1)	0	0%	0%
Option 4 (12+1)	16	54%	80%
Don't Know/Other	1	3%	5%
No answer	10	33%	
Total	30	100%	100%

Note: The 20 answers to this question corresponds to the 20 who answered “Yes, I agree” to question 1.



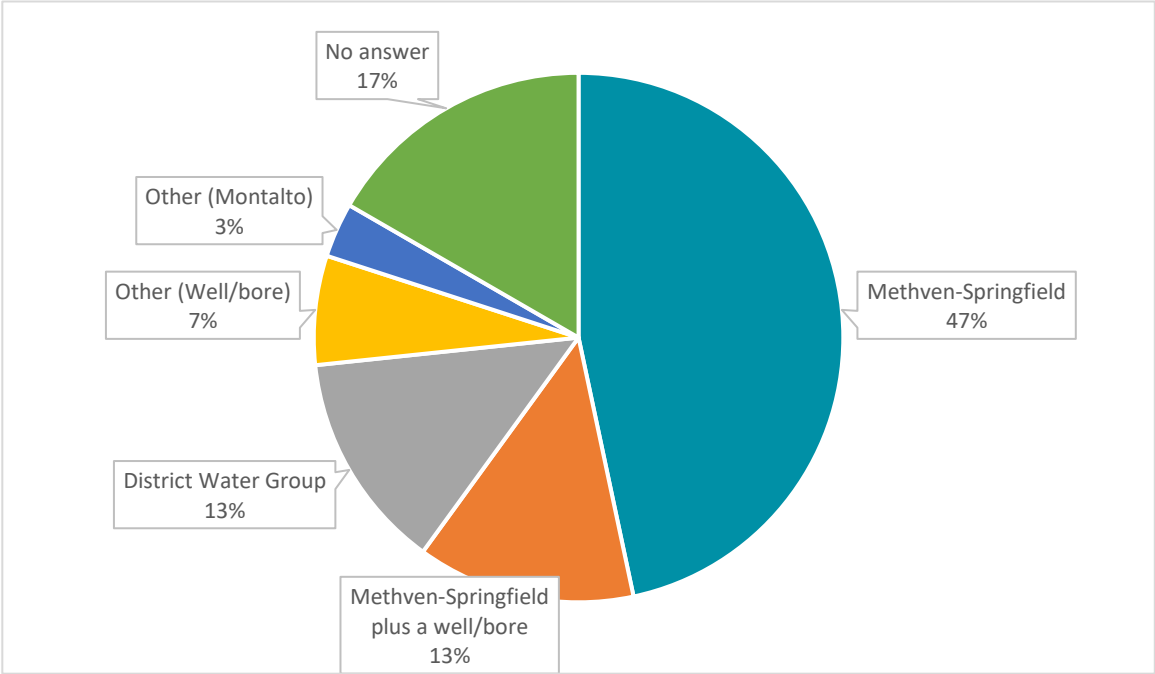
1.3.1 General

Submitter name	Page	Summary	Staff comments
AVONMORE FARM (Andrew Currie)		<ul style="list-style-type: none"> Supports Option 4 but all houses need a separate metered supply. 	Andrew Guthrie
HURST, Mandy		<ul style="list-style-type: none"> This is for the residents to decide 	Noted. Richard Mabon
WATSON, Richard		<ul style="list-style-type: none"> Submitter points out that both Option 2 and Option 3 result in a large proportion paying more for water than under the Status Quo. In the case of Option 2 this proportion is the majority of users. Submitter notes that Council has indicated that the cost of the Status Quo Option was unaffordable. Submitter believes it makes no sense that options which raise the cost of water would be viable solutions. Submitter advises that for his farm the difference between Option 2 (Council's preferred option) and option 4 is around \$7,800 per year. Submitter also notes that Council has estimated the difference for the DWG to be around \$5-\$6 per ratepayer. While no-one likes subsidies, that is the point of the DWG. The masses make it more affordable for the smaller groups. The significant savings for the vast majority of M-S users seem justifiable given the small overall increase. Submitter further notes that while it is great to have upgraded drinking water, consumers do not need this water quality for stock water. 	<ul style="list-style-type: none"> Noted. Noted. Expected difference reflects our own calculations. Noted. Noted. This is the same utility value argument made by Glennifer Farm & Sarah Watson. In principle, this is true of residential ratepayers, whose water for bathing, washing the car and watering the garden does not need to be treated to the same standards as drinking water to be useful for these other purposes. The point of difference here is the much higher proportion of water used for stock by high user Methven-Springfield ratepayers. Richard Mabon

1.4 Current Drinking Water Source

Based on the question “I get my drinking water from”

Location	Number of people
Methven-Springfield	14
Methven-Springfield plus a well/bore	4
District Water Group	4
Other (well/bore)	2
Other (Montalto)	1
No answer	5
Total	30



Note, 14 of the 18 respondents (77.78%) who get all or some of their drinking water from Methven-Springfield supported Option 4 (12+1) in question 2, compared with 55.17% in the previous graph.

1.4.1 General

Submitter name	Page	Summary	Staff comments
ARMOUR DAIRYING LTD (Allen Armour)		<ul style="list-style-type: none"> [I get my drinking water from] Methven-Springfield and well on farm at Dip Road. 	Noted. Richard Mabon
BEITH FARM LTD		<ul style="list-style-type: none"> [I get my drinking water from] well on-farm and Methven-Springfield Scheme 	Noted. Richard Mabon
BOB		<ul style="list-style-type: none"> They want an upgrade increase their rates, why should people who won't benefit from the scheme have to pay, it's not on! 	Noted. Richard Mabon
JACKSON, Jonathon		<ul style="list-style-type: none"> [I get my drinking water from] Bore 	Noted. Richard Mabon
LOCK, Mark		<ul style="list-style-type: none"> [I get my drinking water from] my own well. 	Noted. Richard Mabon
MCKENZIE, Fraser		<ul style="list-style-type: none"> [I get my drinking water from] Montalto water scheme. As a rate payer on the Montalto water scheme my rates are also projected to increase over the next ten years, as shown in the ADC LTP. If Methven-Springfield water scheme is to be included in the District Water Group then the Montalto water scheme also needs to be included, for all the same reasons that apply to Methven-Springfield. The two points below have been taken from this very ADC document. <i>"As the scheme has a relatively small number of users, affordability could be threatened if larger agricultural users were to find alternative sources of water for farming."</i> <i>"Inclusion into the District Water Group also helps</i> 	Noted. Officers are still evaluating treatment options for Montalto which may include point of use treatment. If the costs of the preferred treatment option for Montalto have the level of financial impact expected for Methven-Springfield, then Council may well need to consider a District Water Group funding solution. Council has not turned its mind to that question at this point. Richard Mabon

Submitter name	Page	Summary	Staff comments
		<p><i>address the issue of fairness. Council believes that no matter where ratepayers live, they should pay roughly the same amount for water treated to the same standard.”</i></p>	
TURNEY, Robert		<ul style="list-style-type: none"> <li data-bbox="488 384 1016 416">• [I get my drinking water from] well on-farm 	<p>Noted. Richard Mabon</p>

1.5 Other comments

1.5.1 General

Submitter name	Page	Summary	Staff comments
AVONMORE FARM (Andrew Currie)		<ul style="list-style-type: none"> Submitter has two properties. One property is on M-S supply; the other has its own well. Submitter notes that each home might need its own separate metered supply. Submitter also notes that, for one of their properties, when stock damage a trough it drains the farm supply which in turn stops supply to the homes on farm. 	<p>Noted. The submitter appears to be advocating for a separate potable supply for each house or dwelling on the scheme. A separate potable scheme was considered earlier in the investigations but was discounted due to cost of duplicating the entire scheme. With the current scheme, there may yet need to be some on-farm modifications required to ensure that the water supplied to the dwelling/s is not subject to risks from on farm trough systems.</p> <p>Andrew Guthrie</p>
CURRIE, Andrew		<ul style="list-style-type: none"> Submitter has been happy with the status quo. Submitter believes that all individual homes will need independent delivery systems and requests independent connections. 	<p>Noted.</p> <p>Noted. Refer previous comment.</p> <p>Andrew Guthrie</p>
DOEL, Len		<ul style="list-style-type: none"> Agriculture needs to step up and address [use of] toxic chemicals and destructive practices they expect to carry out, including stubble burning. 	<p>This is outside the scope of the consultation.</p> <p>Richard Mabon</p>
OXHILL LTD (Andrew Griffiths)		<ul style="list-style-type: none"> Submitter points out that if Council elects to make the Methven-Springfield supply too expensive then they can resort to their own wells for domestic use and also pressure irrigation that they can use for stock supply. Submitter notes there was a similar structure with their ALIL irrigation water charges early on with line 1 merging into later developments. It is far easier to manage the structures and spread costs over a greater base. Submitter also notes that they may be better off today but asks who knows what costs may come in future that ratepayers in 	<p>Noted.</p> <p>Noted.</p> <p>Noted. Council capital works programmes are documented in the LTP and includes \$8.1M of new capital work in years 4-10 of the LTP, and \$16.2M in capital renewals. The cost of this is recovered across the whole DWG.</p>

Submitter name	Page	Summary	Staff comments
		Methven-Springfield will have to contribute towards future supply upgrades in other towns given that they will then be part of the District Water Group.	Richard Mabon
ROBINSON FARM PARTNERSHIP (Eve Robinson)		<ul style="list-style-type: none"> Submitter asks how much rainfall the new system can take before consumers get put on a boil water notice. Submitter notes the last few years of “unpredictable and unlikely high amounts of rain” and observes that as it’s been an ongoing issue for years and years, no rainfall over 20 mm per day should be considered high amounts of rain. Submitter also observes that 20 mm is about the amount needed to invoke a boil water notice. Submitter points out there is no point upgrading if we are under constant boil water notices. 	<p>It is difficult to specify a rainfall amount at which any plant would be unable to perform. The reality is that there are many factors which will influence the source water quality at any given time.</p> <p>It should be noted that the Methven-Springfield Scheme does not currently have any filtration in place and therefore is more susceptible to deteriorating source water quality. The new membrane treatment plant will provide a vastly superior treatment performance and is expected to operate throughout the most severe conditions we can reasonably predict.</p> <p>Andrew Guthrie</p>
RYAN, Robyn		<ul style="list-style-type: none"> Stock water race supplying water for livestock was closed recently. Submitter felt this was unfair and a step backwards. Submitter believes it would be useful to speak face-to-face with someone who has knowledge to advise what is best for their situation. 	<p>Noted.</p> <p>Closure SKW/002/22 – Methven highway was approved by Council on 5 October 2022. Alternative stock water supply is available via a connection to the Methven Springfield supply and the closure applicant has provided a water supply option to the Submitter’s property boundary.</p> <p>Crissie Drummond</p>
STOWELL, John		<ul style="list-style-type: none"> Submitter asks if they will get the same amount of water as they get now and whether the pressure will be the same. Submitter also asks whether they should get a discount if they only use the water they are allocated. 	<ul style="list-style-type: none"> Council is working to install meters, restrictors and backflow prevention equipment before 1 July. this will ensure that Methven-Springfield users will be charged for what they use but will not enable them to use more than existing allocations. there is no proposal to discount water based on using only the water allocated, but using less than allocated will result in lower costs. The Methven-Springfield reticulated will be connected to the Methven reservoir from a different point to the existing water source and all practicable steps will be taken to ensure water pressure to Methven-Springfield is as close to existing pressure as possible. <p>Andrew Guthrie/Richard Mabon</p>
WATSON, Henry		<ul style="list-style-type: none"> Submitter points out that Option 4 is the only option where the cost of water is made more affordable for nearly all the users. In 	<p>Noted. What is fair and affordable is ultimately a judgement for Council.</p> <p>Richard Mabon</p>

Submitter name	Page	Summary	Staff comments
		<p>his view it is the only Option that should be considered.</p> <ul style="list-style-type: none"> • Submitter also notes that other options result in costs higher than status quo for a large number of people – making water less affordable than the 24% increase under Status Quo. 	
WATSON, Sarah		<ul style="list-style-type: none"> • Submitter points out that first three options proposed do not reduce costs for users – with options 2 & 3 increasing costs and reducing affordability. Option 4 reduces costs for all but 5 users and is the closest to achieving affordability for M-S users. Submitter believes that option 4 is the only Option that can be considered. • Submitter considers that, for the significant savings M-S users, the slight increase to the DWG seems justifiable. • Submitter notes that consumers do not need this water quality for stock water. 	<ul style="list-style-type: none"> • Noted. What is fair and affordable is ultimately a judgement for Council. Richard Mabon • Noted. This is the same utility value argument made by Glennifer Farm & Richard Watson. In principle, this is also true of residential ratepayers, whose water for bathing, washing the car and watering the garden does not need to be treated to the same standards as drinking water to be useful for these other purposes. The point of difference here is the much higher proportion of water used for stock by high user Methven-Springfield ratepayers. Richard Mabon