



Have your  
**Say!**

# Draft Revenue and Financing Policy Drinking Water

## *Our Place: Our District*

We are reviewing our Revenue and Financing policy for drinking water, with a focus on the Methven-Springfield Supply.

This booklet includes a summary of our proposed changes and a submission form for your feedback.

**We are accepting feedback until 5pm, Sunday 7 May 2023.**

# Introduction

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**We are reviewing our current Revenue and Financing Policy for Drinking Water as it applies to the Methven-Springfield Supply and want to hear your feedback on our proposed changes.**

In 2018, Council introduced a District Water Group which includes all the township water supplies in the District. Every household on a township supply pays a uniform targeted rate. This helps keep water supply affordable in smaller communities and reflects our desire to provide a consistent level of service across all our townships.

The District Water Group also has policies that deal with higher usage by some consumers, like businesses, industry and lifestyle blocks. Council is currently building a new \$7.1million membrane filtration water treatment plant at Methven to reduce the number of boil water notices experienced in recent years at Methven Township and Methven-Springfield. This will serve both communities and bring their supplies up to New Zealand Drinking Water Standards (NZDWS) as we're required to do under national legislation.

Under the current policy, Methven-Springfield is not part of the District Water Group and the financial impact of the new treatment plant

is expected be high for those on the supply. Additionally, as much of the scheme's water is used for agricultural purposes (which does not require to be treated to NZDWS standards), large users may find alternative, cheaper sources of water, which could drastically increase costs for the remaining users. Council needs to find a funding option that considers affordability, offers pricing stability and treats all water users fairly.

Following research, discussions with elected members and some early engagement with Methven-Springfield residents, Council has developed a proposed solution and we're keen to hear your thoughts.



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Say!*



***We want to  
hear from YOU!***

**Tell us what you think of  
our proposed changes at**  
[ashburtondc.govt.nz/haveyoursay](https://ashburtondc.govt.nz/haveyoursay)



## **What is the Revenue and Financing Policy?**

This policy sets out how the Council plans to fund its activities and includes all operational and capital expenditure. In this review, we are only considering changes to the Drinking Water section to find an acceptable funding approach for Methven-Springfield consumers on the new Methven drinking water treatment plant. The full Revenue and Financing Policy will be reviewed next year in conjunction with the Council's Long Term Plan consultation.





# The details



## What do we currently do?

### District Water Group

The District Water Group is the funding system for the townships of Ashburton, Chertsey, Fairton, Hakatere, Hinds, Lake Hood, Mayfield, Methven, Mt Somers and Rakaia.

In the District Water Group, every connected ratepayer pays a uniform targeted rate for each separately used and inhabited part (SUIP) of a rating unit. Effectively, this is a uniform charge per household. Where there is more than one household on a property, each pays a charge.

Unconnected properties that are capable of being connected are called **serviceable properties** and they pay a half charge.

Some ratepayers who consume large quantities of water pay charges for extra water. These are called **extraordinary properties** and include:

- Domestic properties with a spa or swimming pool of more than 10 m<sup>3</sup> capacity
- Commercial, business and industrial properties

- Agricultural, horticultural and viticultural properties

These properties are metered and pay an additional charge per 1,000 litres of water in excess of 90 cubic metres consumed per quarter.

Lifestyle blocks are also considered high users and are placed in a separate category called **extraordinary residential**.

These properties are metered and pay an additional charge per 1,000 litres of water in excess of 438 cubic metres consumed per year.

### Methven-Springfield

In the Methven-Springfield water supply, every ratepayer pays a uniform targeted rate (in 2022/23 \$3,165.90 including GST) for each connected rating unit plus an additional charge (in 2022/23 \$263.90 including GST) per 1,000 litres of water consumed over and above 12 units.

Each of these properties is allocated a quantity of water which is supplied via a restrictor. These properties are rated for either 12 units or their allocation (whichever is greater).

# Proposed changes

## What are we proposing?

We are proposing that Methven-Springfield come into the District Water Group on the basis that:

- Each property pays a uniform targeted rate for each SUIP. The first SUIP attracts an allocation of 1.2 cubic metres and all subsequent SUIPs attract an allocation of 1 cubic metre. We refer to this as the “1.2+1 formula”.
- Each property is metered and pays a charge for every 1,000 cubic metres over and above their SUIP allocation. Meters would be read and billed quarterly.
- **Serviceable properties** (Unconnected properties that are capable of being connected) in the Methven-Springfield supply will not be charged to join the District Water Group which means removing the ‘half charge’.



## What do you think?

Let us know using the provided feedback form or online at [ashburtondc.govt.nz/haveyoursay](https://ashburtondc.govt.nz/haveyoursay)

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# Why are we proposing this?

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Methven-Springfield was established as a Rural-Agricultural Supply in 1970 and remains so today. The requirement to provide higher quality drinking water is driven by NZ Drinking Water Standards, rather than the needs of farming enterprises and their stock.

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. Bringing the Methven-Springfield into the District Water Group will provide stability as the costs are shared across a large group of ratepayers.

Inclusion into the District Water Group also helps 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.



# Options considered

## OPTION ONE

### Retain the status quo.

Under this option, the current policy settings will continue to apply. Methven-Springfield consumers will not join the Drinking Water Group and continue to pay a fixed amount for each connected rating unit and every extra 1,000 litres per day. This option is forecast to increase water rates for all Methven-Springfield ratepayers by 24% in 2023/24 and could increase further in the following year.

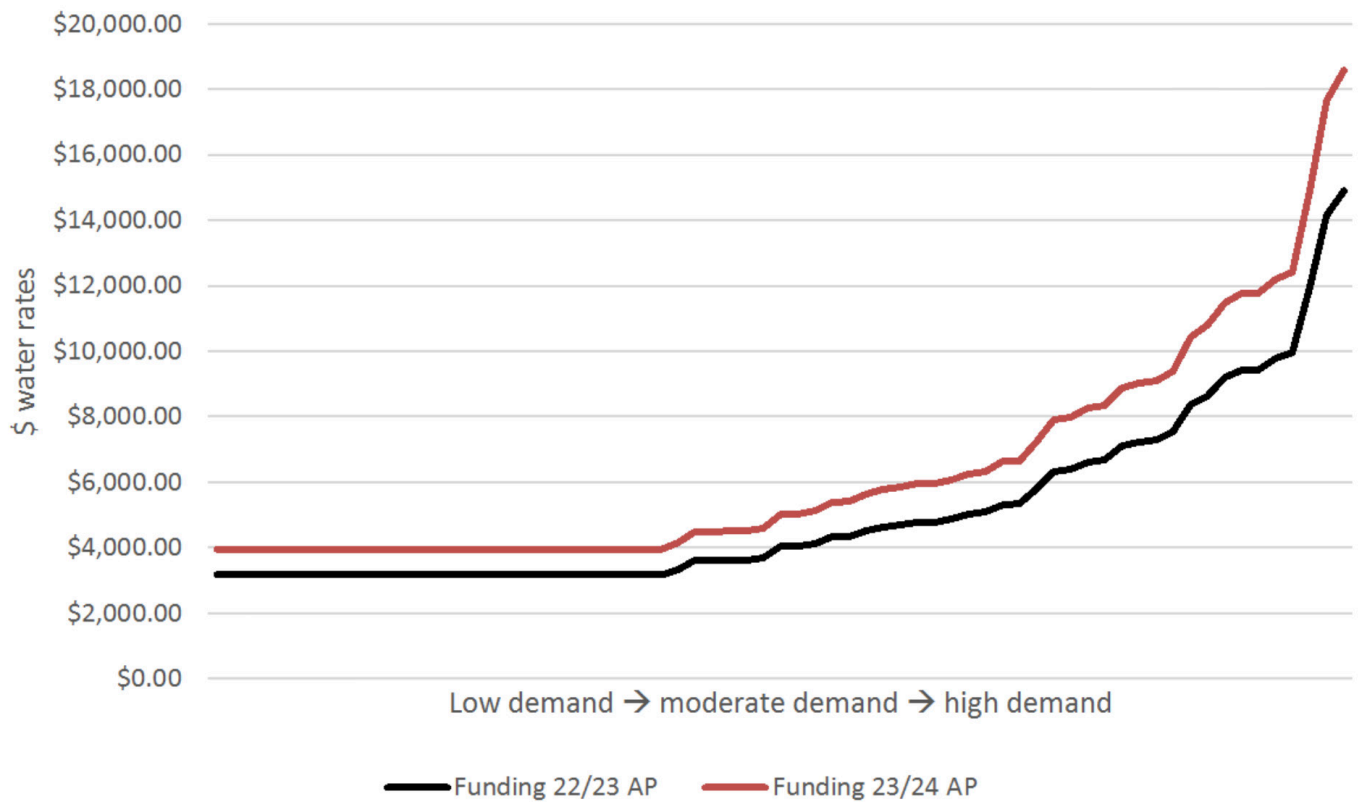
#### Advantages

- This option has the least impact on costs for the ratepayers in the District Water Group.

#### Disadvantages

- Council expects most Methven-Springfield ratepayers will find a 24% increase unacceptable.
- Further increases are likely to be seen in 2024/25 when the complete operating costs of the new water treatment plant are fully recognised.
- Many high-volume consumers use most of their supply for stock water and do not require NZDWS water. They might choose to switch to an irrigation company, passing costs to remaining consumers. The impact on affordability for those remaining on the scheme would worsen.
- We believe over the long-term this option fails to address affordability concerns for Methven-Springfield consumers and would see them treated differently from drinking water consumers elsewhere in the District.

## Outcome of status quo policy settings

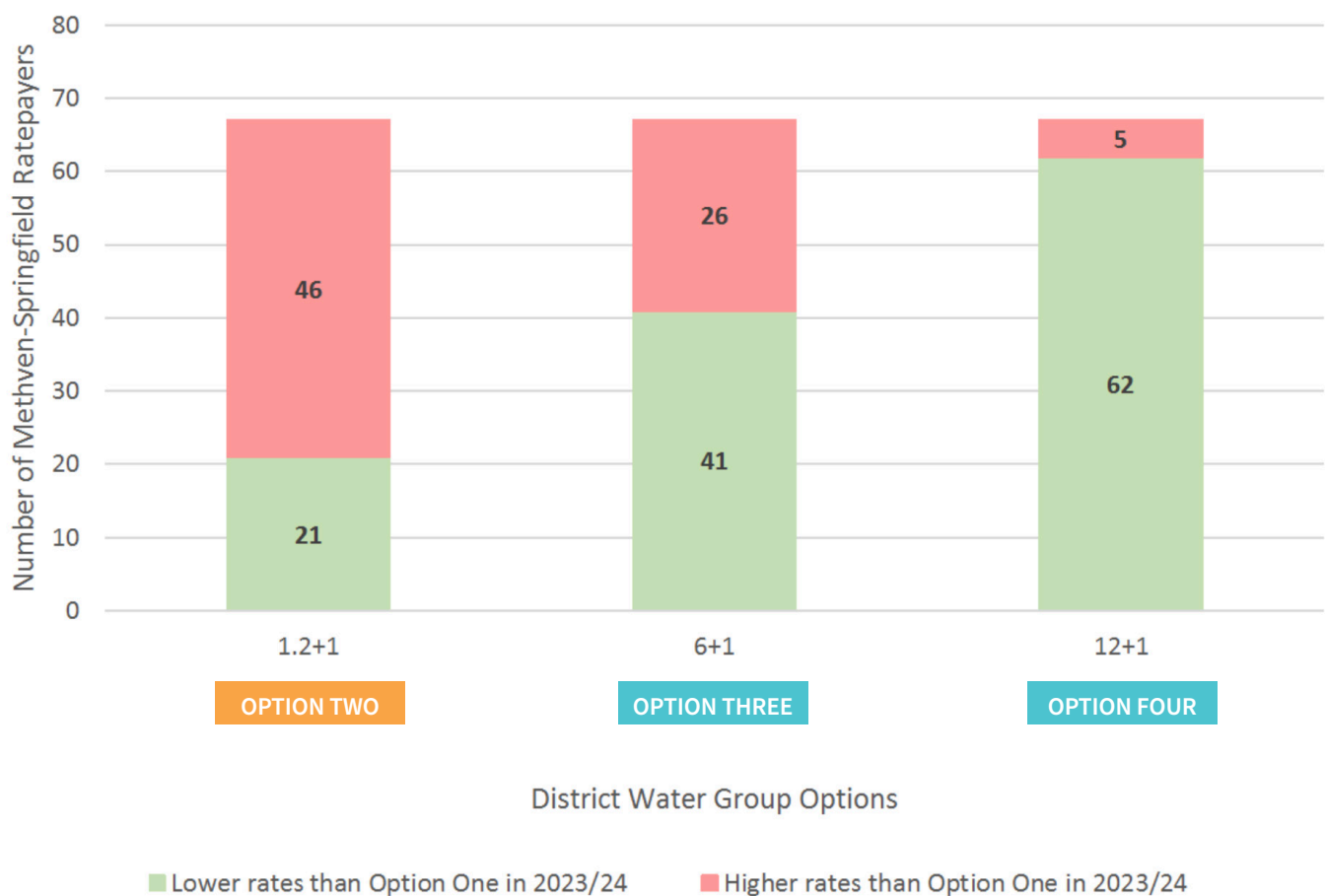


Under the next three options, Methven-Springfield consumers would move into the District Water Group. The key difference between each of these options is the size of the allocation for the first SUIP, or in simple terms, the quantity of water that could be used before extraordinary charges would apply. Serviceable properties in Methven-Springfield (Unconnected properties that are capable of being connected) would not be charged under these three options.



In the graph, we have compared the proposed rates outcome of each District Water Group option against the status quo (option 1), based on 2023/24 budgets. When comparing the status quo against the three Drinking Water Group options, capital costs for the new treatment plant (including loan servicing) are included.

## Comparison of District Water Group Options



To explore more detailed information of how the four options would impact water rates for Methven-Springfield users, view the example document a [ashburtondc.govt.nz/haveyoursay](https://ashburtondc.govt.nz/haveyoursay)

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## OPTION TWO

### Bring Methven-Springfield into the District Water Group on a **1.2+1** formula.

Under this option, Methven-Springfield ratepayers would be entitled to a maximum of 1.2 cubic metres per day for the first SUIP. They would also be entitled to 1 cubic metre per day for every extra SUIP on their property. Any further water they use on top of that would be charged at a fixed amount per 1,000 litres. The **median** for Methven-Springfield water rates would be \$5,608 and the **average** would be \$6,301.

#### Advantages

- When compared to the status quo, this option results in lower water rates for around 31% of Methven-Springfield consumers.
- The allocation of 1.2 cubic metres per day for the first SUIP is comparable with the allocation received elsewhere in the District Water Group. From the perspective of existing District Water Group ratepayers, it is most likely to match their expectations for fairness.
- Joining the District Water Group would provide Methven-Springfield users with more protection against sharp cost increases, if large consumers were to find other water sources for farming purposes and leave the scheme.

#### Disadvantages

- When compared to status quo, this option results in higher water rates for around 69% of Methven-Springfield ratepayers.
- When compared with options three and four, option two does less to improve affordability for Methven-Springfield ratepayers.

PREFERRED OPTION



## OPTION THREE

### Bring Methven-Springfield into the District Water Group on a 6+1 formula.

Under these settings, Methven-Springfield ratepayers would be entitled to a maximum of 6 cubic metres per day for the first SUIP. They would also be entitled to 1 cubic metre per day for every extra SUIP on their property. Any further water they use on top of that would be charged at a fixed amount per 1,000 litres. The **median** for Methven-Springfield water rates would be \$3,936 and the **average** would be \$4,905.

#### Advantages

- When compared to option one, this option results in lower water rates for around 61% of Methven-Springfield consumers.
- When compared with option two, option three does more to improve affordability for Methven-Springfield water ratepayers.

#### Disadvantages

- When compared to option one, this option results in higher water rates for around 39% of Methven-Springfield ratepayers.
- The allocation of 6 cubic metres per day for the first SUIP is greater than the allocation received elsewhere in the District Water Group. From the perspective of existing District Water Group ratepayers, it may not match their expectations for fairness as well as option two.



## OPTION FOUR

### Bring Methven-Springfield into the District Water Group on a 12+1 formula.

Under these settings, Methven-Springfield ratepayers would be entitled to a maximum of 12 cubic metres per day for the first SUIP. They would also be entitled to 1 cubic metre per day for every extra SUIP on their property. Any further water they use on top of that would be charged at a fixed amount per 1,000 litre. The **median** for Methven-Springfield water rates would be \$1,930 and the **average** would be \$3,247.

#### Advantages

- When compared to option one, this option results in lower water rates for around 93% of Methven-Springfield consumers.
- When compared with options two and three, option four does the most to improve affordability for Methven-Springfield water ratepayers.
- This option brings Methven-Springfield into the District Water Group with the settings closest to the status quo.

#### Disadvantages

- When compared to option one, this option results in higher water rates for around 7% of Methven-Springfield ratepayers.
- The allocation of 12 cubic metres per day for the first SUIP is much greater than the allocation received elsewhere in the District Water Group. From the perspective of existing District Water Group ratepayers, it is least likely to match their expectations for fairness.

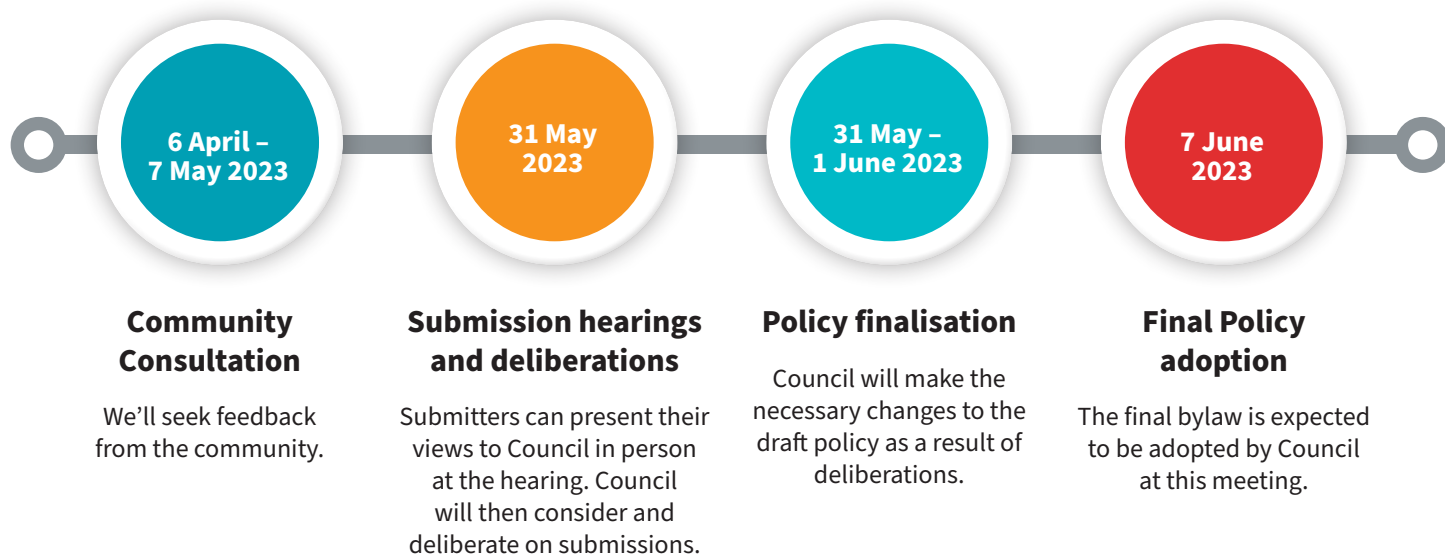






# What happens next?

## Project Timeline



**We are accepting  
feedback until 5 pm,  
Sunday 7 May 2023**

***We want to hear  
from YOU!***

**The easiest way to provide your feedback is to complete the form online at [ashburtondc.govt.nz](https://ashburtondc.govt.nz)**

Alternatively, you can provide feedback by filling in the attached submission form and getting it back to us using one of the following methods:



**FREEPOST TO**

Ashburton District Council  
Freepost 230444  
PO Box 94  
Ashburton 7740



**ONLINE AT**

[ashburtondc.govt.nz/haveyoursay](https://ashburtondc.govt.nz/haveyoursay)



**IN PERSON**

Dropping it off at:  
Ashburton District  
Council reception –  
5 Baring Square West



**EMAIL TO**

[submissions@adc.govt.nz](mailto:submissions@adc.govt.nz)



# Your feedback

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## Draft Revenue and Financing Policy Drinking Water

### Consultation Document

You can submit on any or all of the questions below. You don't have to complete every question.

**1 Do you agree with adding Methven-Springfield to the District Water Group?**

☐ Agree ☐ Prefer Status Quo (Option 1) ☐ Prefer something else (Please explain below)

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**2 If you agree with adding Methven Springfield to the District Water Group, what is your preferred policy setting?**

☐ Option 2 (1.2+1) ☐ Option 3 (6+1) ☐ Option 4 (12+1) ☐ Don't know/other  
(Please explain below)

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### Your details

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Name: 

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Organisation (if appropriate): 

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Address: 

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Phone: 

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 Email: 

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### Do you wish to speak in support of your submission at the hearing?

(If no boxes are ticked, it will be considered that you do not wish to be heard)

☐

**Yes:** The hearing is expected to be held in the Council Chamber on **Wednesday 31 May 2023**. Please note that hearings are live-streamed to our online channels.

☐

**No:** I do not wish to speak in support of my submission and ask that my written submission be fully considered.

If yes, do you wish to present: ☐ In Person ☐ Virtually

# Draft Revenue and Financing Policy Drinking Water

[ashburtondc.govt.nz/haveyoursay](http://ashburtondc.govt.nz/haveyoursay)

You can submit on any or all of the questions below. You don't have to complete every question.

**3** I get my drinking water from:

☐ Methven-Springfield ☐ District Water Group ☐ Other (please specify)

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**4** Do you have any other comments?

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*Submissions must be received by 5pm, Sunday 7 May 2023.*

*Please note all submissions are public documents and will be made available on Council's website with the names of submitters included. Submissions presented in the form of a petition or accompanied by multiple signatures will be processed as a single submission.*

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**Ashburton**  
DISTRICT COUNCIL  
FreePost Authority 230444

**Free** 



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