# CONSIDERATION OF VOLUMETRIC WATER BILLING OPTIONS FOR CONSULTATION

## MATTER / TE WHĀINGA

1. The matter for consideration by Council is the approval of consultation on various volumetric water billing options. The report sets out key topics for consultation including the tariff structure, shared meters, support for vulnerable users and addressing water leakages.

2. The report also advises of a proposed 12-month mock billing process to give residents an opportunity to fix leaks, install water-saving tools and appliances, and change their water use habits.

**RECOMMENDATION FOR CONSIDERATION / NGĀ WHAIKUPU**
**That having considered all matters raised in the report, Council:**

**a) Note that to enable mock billing for water and potentially wastewater to occur, consultation is proposed on options for tariff structures including properties with shared meters.**

**b) Note that to inform potential policy amendments in the future, consultation is proposed on:**

**i) A Leakage Remission Policy**

**ii) Amendments to the Rates Remission and Postponement Policies**

**c) Undertake public consultation (from 2 – 20 June 2025) on the following issues and options regarding water billing to enable mock billing and inform future policy amendments**

**i) Tariff Structures**

| Consultation issue | Options to consult on |
|---|---|
| **Volumetric charging tariff structure** | • **Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic meter of water used**<br><br>• **Combination of fixed serviceability charge (that includes a fixed volume) and volumetric charge for each cubic meter of water used above fixed volume** ***(Council's preferred option)***<br><br>• **Volumetric charge only**<br><br>• **Should wastewater also shift to a volumetric charge or continue have a uniform annual wastewater charge?** |
| **Charging options for properties with shared meters** | • **Shared meter reading split equally between connected properties** ***(Council's preferred option)***<br><br>• **All properties connected to a shared meter continue to be charged by a uniform annual water charge (UAWC) indefinitely**<br><br>• **Shared meter reading split equally but with the introduction of a new shared meter remissions policy**<br><br>• **Property owners with a shared meter can apply to be charged by UAWC** |

### ii) Potential policy amendments in the future

| Consultation issue | Options to consult on |
|---|---|
| **Vulnerable households** | • **Continue with the current Rates Remission and Postponement Policy**<br><br>• **Continue with the current Rates Remission and Postponement Policy and introduce a new Water Rate Remission for Vulnerable Households relating to high water usage (with or without the option for tenants to apply)**<br>***(Council's preferred option)*** |
| **Potential amendment to Leakage Remission Policy (Policy 10)** | • **50 per cent remission policy**<br><br>• **50 per cent leak remission policy and exclude commercial customers**<br><br>• **100 per cent leak remission policy**<br><br>• **100 per cent leak remission policy and exclude commercial customers**<br><br>• **100 per cent leak remission policy and retain 50 per cent for commercial customers**<br>***(Council's preferred option)***<br><br>**All options are contingent on timely leakage repairs being undertaken** |

| Consultation issue | Options to consult on |
|---|---|
| **For Non-residential / commercial customers** | • **Introduce a rates remission policy for commercial customers who experience an increase in water billing costs due to the introduction of residential water billing**<br><br>• **Introduce a rates postponement policy for commercial customers who experience an increase in water billing costs due to the introduction of residential water billing to smooth the impact of this over a few years** |
| **Potential amendments to the Revenue and Financing Policy** | • **Should a minimum charge be applied to very low users?**<br><br>• **Should a part charge continue to be applied to properties within 100 metres of a serviceable pipeline that are not connected?** |
| **Fees and charges** | • **Should Council continue to pay for water meter installations at existing properties with shared meters?**<br><br>**(Noting that Property owners would meet the costs of infrastructure within their boundaries)** |

**d) Determine the tariff structure to be implemented for mock billing at their meeting on 12 August 2025, following the hearing of submissions (if required) in July/August.**

**e) Note that submissions on policy change matters will inform future decisions prior to the implementation of actual charging from 1 July 2027.**

**f) Note that final tariff structures will be subject to:**

**i) the Long-Term Plan 2027-37**

**ii) applicable policy changes**

**iii) outcomes of Local Waters Done Well / establishment of a new water service delivery entity.**

**STRATEGY AND OPERATIONS COMMITTEE RECOMMENDATION**

3. The Strategy and Operations Committee endorsed the officer's recommendation subject to the following amendments:

a) Remove all references to the option being 'Councils preferred option'

b) Update table c) i) as follows [amendments italicised];

| | |
|---|---|
| Volumetric charging tariff structure | • Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic meter of water used<br>• Combination of fixed serviceability charge (that includes a fixed volume) and volumetric charge for each cubic meter of water used above fixed volume<br>• Volumetric charge only<br>• Should wastewater also shift to a volumetric charge *to allocate the costs of wastewater infrastructure more fairly* or continue to have a uniform annual wastewater charge *regardless of household or business consumption?* |

**INGLEWOOD AND PUKETAPU-BELL BLOCK COMMUNITY BOARD RECOMMENDATIONS**

4. The Inglewood and Puketapu-Bell Block Community Board's endorsed the Officer's recommendation.

## CLIFTON AND WAITARA COMMUNITY BOARD RECOMMENDATIONS

5. The Clifton and Waitara Community Board endorsed the Strategy and Operations Committee's recommendation.

## KAITAKE COMMUNITY BOARD RECOMMENDATION

6. The Kaitake Community Board endorsed the officer's recommendation subject to the following amendments:

    a) Remove all references to the option being 'Councils preferred option'

    b) Update table c) i) as follows [amendments italicised];

| Consultation issue | Options to consult on |
|---|---|
| Volumetric charging tariff structure | • Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic meter of water used<br><br>• Combination of fixed serviceability charge (that includes a fixed volume) and volumetric charge for each cubic meter of water used above fixed volume<br>~~*(Council's preferred option)*~~<br><br>• Volumetric charge only<br>*Noting that a small service charge may be added at a later date*<br><br>• Should wastewater also shift to a volumetric charge or continue have a uniform annual wastewater charge? |

## AGE AND ACESSIBILITY WORKING PARTY RECOMMENDATION

7. The Age and Accessibility Working Party endorsed the Strategy and Operations Committee's recommendation.

## TE HUINGA TAUMATUA RECOMMENDATION

8. Te Huinga Taumatua endorsed the Officer's recommendation.

| COMPLIANCE / TŪTOHU | |
|---|---|
| Significance | This matter is assessed as being of some importance. |
| Options | This report identifies and assesses the following reasonably practicable options for addressing the matter:<br><br>1. Consult on water billing issues and options as recommended<br><br>2. Consult on different water billing issues and/or options<br><br>3. Do not consult on water billing issues or options |
| Affected persons | The persons who are affected by or interested in this matter are the residents and businesses of the district connected to or close by reticulated water infrastructure. |
| Recommendation | This report recommends option one for addressing the matter. |
| Long-Term Plan / Annual Plan Implications | No |
| Significant Policy and Plan Inconsistencies | No – not until after public consultation |

## EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

9. This report considers various volumetric water billing options and seeks Council's approval for public consultation. The report outlines key topics for consultation, including tariff structures, shared meters, support for vulnerable users, and addressing water leakages. A proposed mock billing process aims to help residents adjust their water usage habits before actual billing begins.

10. In December 2020, Council resolved to install water meters and shift to volumetric charging. This decision was driven by environmental concerns, population growth, the need to demonstrate efficient water use for consent renewal. The installation of water meters is nearly complete, with significant water savings already achieved.

11. The proposed consultation process (scheduled from 2 June to 20 June 2025) will gather public input on the specifics of water billing and support for vulnerable community members. The proposed mock billing process will allow residents to see the impact of their water usage and make necessary adjustments before actual billing begins on 1 July 2027. This approach aims to dispel myths and concerns regarding volumetric water billing.

12. Key recommendations for consultation include exploring different tariff structures, such as a combination of fixed serviceability charges and volumetric charges, or a purely volumetric charge. Council will also consider whether wastewater charges should shift to a volumetric basis or remain as a uniform annual charge. These options aim to balance cost recovery with encouraging water conservation.

13. The report recommends that, for properties with shared meters, Council consult on options including splitting meter readings equally among connected properties, continuing with uniform annual charges, or introducing a shared meter remissions policy. This aims to address equity concerns and ensure fair billing practices for all residents.

14. Support for vulnerable households is a critical aspect of the consultation. The report proposes introducing a new Water Rate Remission for high water usage to assist those in financial hardship. This policy would complement the existing Rates Remission and Postponement Policy, ensuring that vulnerable community members are not disproportionately affected by the shift to volumetric billing.

15. The Leakage Remission Policy is another key area for consultation. The report recommends consultation be undertaken on 50 per cent and 100 per cent options and whether the policy should include or exclude commercial customers. This policy aims to incentivise prompt leak repairs and reduce water wastage across the district.

16. The report notes that non-residential/commercial customers, may face increased costs due to the introduction of residential water billing. To understand how best to mitigate this impact, Council Officers recommend consulting on remission or postponement policies. These measures aim to smooth the transition and support the financial stability of local businesses.

17. In conclusion, Council aims to implement a fair and efficient water billing system that encourages water conservation, supports vulnerable households, and ensures financial sustainability. Public consultation is crucial to gather community feedback and make informed decisions that reflect the needs and preferences of all residents.

**BACKGROUND / WHAKAPAPA**

18. On 22 December 2020, as part of Long-Term Plan 2021-31 (LTP 2021) the Council resolved to fund the installation of water meters and to shift to volumetric charging.

19. This decision recognised that:

    a) The National Policy Statement for Freshwater strengthened statutory requirements regarding the efficient use of freshwater;

    b) There was an increased risk of summer drought;

    c) New Plymouth District residents consume up to 60 per cent more water than comparable communities; and

    d) Population growth will require upgrades to our treatment plants, reticulation networks and a new water source.

20. A business case water conservation plan outlined the following key problems which the project aimed to address:

    a) Effects on the environment
    Impacts of population growth and low river flow coinciding with peak demand

    b) Difficulty obtaining consents
    Requirements to show water is being used efficiently and that average daily water consumption from our water supplies were 1.5-2 times higher than comparable communities

    c) Inefficient use of ratepayers' money
    Over $120 million capital expenditure plus associated operational expenditure will be required to meet demand over the next 30 years if consumption continued at current rates

    d) Lack of data
    Insufficient accurate and reliable data to enable Council and residents to be efficient with their water and find leaks.

21. In the LTP 2021, Council planned to spend $14.3 million over the first three years to install water meters, with volumetric charging starting in year four (2024). However, central government mandates to reform the management of three waters assets delayed the development of the tariff structure for volumetric charging. Council resumed this development as part of the Long-Term Plan 2024-34 (LTP 2024), with volumetric charging now set to begin in the Long-Term Plan 2027-37 (LTP 2027).

22. Council amended the Water Bylaw alongside the LTP 2021. These included removing the restriction of only installing water meters on existing domestic connections if it was requested or if water use was excessive.

23. In the LTP 2024, Council allocated an additional $6.5 million to complete the installation of water meters in the first year (2024/25). Council also prioritised installation of water meters in Okato due to summer usage issues affecting residents. By the end of 2023, Council had substantially completed these installations. As an example, two property owners repaired leaks identified following installation of their water meters saving over 62,000 litres of water per day.

24. Council Officers proposed providing mock billing for 12-months. This will give residents an opportunity to fix leaks, install water-saving tools and appliances, and change their water use habits. Residents will be able to see how these changes affect their usage and compare costs to the current fixed charge, including for those with shared water meters. Council now need to make key decisions to enable mock billing to commence on 1 July 2026.

*Consultation enables the public to provide input on the specifics of billing and/or supporting our more vulnerable community members*

25. Many people in the community mistakenly believe that volumetric charging will make most households pay more for water. Council has a significant amount of data to demonstrate this is not true. Council Officers expect that the information provided through the consultation and the mock billing process will also demonstrate this.

26. Not all households will see a decrease in charges. But the households seeing an increase are the minority. Factors increasing the likelihood of an increase are those households using a lot of outside water, such as filling swimming pools or regularly watering a large garden or lawn with irrigation/sprinklers.

27. Overall the water meters and volumetric charging will save tens of millions of dollars by greatly delaying the need for an additional water treatment, upsizing pipelines, water storage and a new water source. As the water service is unable to provide a profit, Council must pass these savings on to consumers.

28. Council and community efforts to reduce consumption will help Council retain or receive necessary consents to provide a water supply.

*Water meter installation*

29. Council will fully install water meters in the district by December 2025. As of 28 February 2025, Council has installed 22,351 water meters (78 per cent) and identified over 2,125 leaks, with the largest 153 repaired. This has saved 1.62 million litres of water per day, or 4 per cent of average use. Due to internal resourcing constraints, Council has been unable to notify property owners likely to have smaller leaks. Council Officers will continue to notify as many property owners as possible, prioritising the largest leaks for greater impact.

30. There is a risk that most property owners with leaks will discover them following receipt of their first mock bill. Council Officers acknowledge that Council may not have the resources to respond to queries promptly, and availability of local plumbers may be stretched due to demand in the short term (between the first mock bill until real billing begins). Council Officers will ensure factsheets and FAQs will be available on the NPDC website.

31. Council have budgeted for resources to respond to queries from 1 July 2027. This is the commencement date of actual billing.

*Local Waters Done Well*

32. The Local Water Done Well (LWDW) programme and legislation requires all New Zealand Councils to create Water Service Delivery Plans (WSDPs) outlining how they will provide and pay for water services. All Councils must submit their plans to the Secretary for Local Government by 3 September 2025 and demonstrate financial stability by 1 July 2028. Council's plans must comply with government requirements and demonstrate how we will keep our water clean and healthy while achieving financial sustainability.

33. In Taranaki, the district councils are working together to find the best way to deliver water services via the Water Services Delivery for Taranaki Project. All three councils confirmed, by resolution, their proposed delivery models for consultation in early 2025.

34. New Plymouth District Council's consultation materials will include an analysis of three delivery model options:

    i) Enhanced Status Quo,

    ii) NPDC Water Services Council Controlled Organisation (WSCCO), and

    iii) Joint Taranaki WSCCO.

35. Council Officers will present a draft consultation document at the 16 April 2025 Council Meeting. The consultation will run from 30 April to 30 May 2025.

36. The proposed model of an asset-owning Joint Taranaki WSCCO with South Taranaki and Stratford District Councils for Water and Wastewater may impact water billing, as the new entity would likely be responsible for water services delivery and charging. Council Officers anticipate that this entity would continue to charge based on decisions made by the Joint Committee consisting of the Shareholders (Councils), ensuring consistency and transparency in the billing process.

*Previous Consultation*

37. Council resolved to install water meters during the LTP 2021 after receiving 3,256 submissions and conducting an independent community survey on the proposed water conservation initiatives. Consultation focused on four options from do nothing through to a significant water saving plan.

38. The final decision of council was a middle of the range water saving plan, including water meters. They also resolved "to develop a representative group of vulnerable households to develop the tariff structure, and to develop a financial hardship scheme for vulnerable households."

39. LTP consultation showed varied views on the proposals.

| **Key Themes** | |
|---|---|
| **Submissions in support of meters included:** | **Submissions in opposition to meters included:** |
| • reflects 'user pays' principle<br>• the need to also invest in bulk or household storage<br>• the environmental benefits<br>• possibilities for household rainwater storage or greywater systems | • factors relating to affordability, particularly for certain segments of society<br>• the need for more water storage reflecting how wet New Plymouth District is |

40. Some submitters questioned whether residential properties were the issue, or whether the problems are farms, commercial properties or leaks.

41. Some social media feedback suggested that people might stop recycling plastics and glass because they need to rinse them before kerbside collection. Council Officers estimate that a medium-large household rinsing their recycling directly from the tap (not using a dishwasher or water already used for washing dishes) would spend less than $5 per annum rinsing their recyclables through volumetric charging.

*Future Consultation*

42. This report outlines the key issues and options Council needs to address before commencing mock water billing and subsequently moving to actual water billing. Council has not yet sought community views on these issues, and it is important to gather this feedback before progressing to mock billing.

43. The Council resolution of 19 May 2021 requires Officers to involve representatives of low-income, fixed income, and vulnerable households in the tariff development process. This includes consideration of a hardship fund within the water tariff structure to help vulnerable households in the district by reducing their annual water charges to the average or, in some cases, below average cost.

44. Council Officers recommend:

    a) public consultation occurs to meet the requirements of the May 2021 resolution.

    b) Consultation take place after the consultation on the Local Waters Done Well water service delivery options. This will avoid confusing the community on the two separate issues.

    c) Consultation on water billing runs from 2 - 20 June.

    d) Council make a final decision on the tariff structure at the Council Meeting on 12 August 2025.

45. Depending on the issues raised in consultation, a workshop may be held prior to the Council meeting.

46. Council Officers recommend the consultation be focussed on the following issues with options covered under each heading elsewhere in the report:

    a) Tariff structure/s for water billing

    b) Wastewater charging

    c) Properties with shared meters

    d) Vulnerable households

    e) Leakage remission policy

    f) Non-residential/commercial customers

    g) Water part charge for not connected but within 100 metres of a pipeline.

47. Council may decide to go out for consultation with a preferred option – as with the Long-Term Plan consultation. Unlike the LTP consultation document, there is no legal requirement to consult on a preferred option. There is a risk of selecting preferred options prior to consultation that it could be incorrectly viewed as a predetermined outcome and that decisions have been made already. The advantage is that the community is able to be more focused in their feedback and have more of an understanding of the issues.

48. Officers have identified preferred options for each issue for Council to consider if they chose to consult with preferred options identified.

## CONSIDERATIONS AND OPTIONS

49. Some of the issues Council needs to consider are complicated. Each option has its own advantages and disadvantages, and no two homes or businesses are the same.

50. For all options, Council will finalise tariff charging settings during development of LTP 2027 or following Local Water Done Well water service delivery outcomes with applicable policy changes.

51. Council Officers analysis is based on current 2024/25 charges and provides an indication for consultation and decision making. These will be updated for indicative pricing to be included in mock bills.

52. All options are also based on a cost recovery model. As per the Local Government Act 2002 requirements, no option will provide a profit. While Council may have a surplus or deficit each year because charges are set at the beginning of the charging period and final usage not known until later. Any surplus or deficit would be ring-fenced within the water activity and addressed over the short term.

### Tariff structure for volumetric charging

53. Council needs to develop and implement a new volumetric charging system to support the introduction of volumetric charging for residential water users. When deciding on a method of charging, Council should consider:

    a) The ease and cost of administration and charging

    b) How easy the charging system is to understand

    c) How well the charging system achieves the project's outcomes

    d) How the charging system impacts the wellbeing of the community and the best ways to mitigate negative implications

54. Different systems will impact the community's wellbeing in various ways, including financial, physical, and mental aspects. For example, a household with one or two vulnerable elderly people on fixed incomes is likely to be low water users (unless they irrigate a large garden or lawn). A full volumetric charging system will improve their financial wellbeing, as their annual cost will be significantly lower than what they currently pay as an annual fixed charge (in the absence of leaks).

55. However, the same person or couple's physical or mental wellbeing may be negatively impacted by a volumetric system if they become anxious about water usage. They might reduce how or how often they bathe or wash their clothing, stop going outside to water plants in pots, or avoid allowing visitors to stay.

56. Public consultation will help inform Council of the potential impact of the options on the wellbeing of vulnerable users in the community, so that this can be taken into consideration. By better understanding these impacts, Council can also consider ways to mitigate any potential negative implications.

57. Council Officers discuss various models to support those who need it elsewhere in this report.

58. Council's current water charging system for each residential property includes:

| | **Current charge** |
|---|---|
| A fixed uniform annual water charge (UAWC) | $547 |
| On demand water supply by meter for customers with a metered water account | • A fixed charge of $55.20<br>plus<br>• A volumetric charge of $2.18 per $m^3$ for up to 50,000 $m^3$ per annum<br>plus<br>• $2.20 per $m^3$ above that |
| Restricted flow targeted rate for customers on rural water supply schemes who are not metered | A charge of $342 per water unit per annum |
| For properties within 100 metres of a serviceable pipeline (but not connected to a water supply) | $273 |

59. Council Officers have prepared a detailed report on volumetric charging options (Appendix One). The report examines the eight options for a tariff structure:

Option 1 A combination of a fixed serviceability charge (excluding a fixed volume) and a volumetric charge for each cubic meter of water used

Option 2 A combination of a fixed serviceability charge (including a fixed volume) and volumetric charge for each cubic meter of water used above the fixed volume (recommended as preferred option)

Option 3 A volumetric charge only

Option 4 A UAWC for fixed value of water and volumetric charge for water exceeding the fixed value

Option 5 A UAWC only

Option 6 A stepped volumetric charge (with increasing or decreasing block rates)

Option 7 A charge based on property type

Option 8 A seasonal volumetric charge

60. Council Officers do not recommend options four through eight for consultation because:

a) they are complex to understand and calculate,

b) they fail to encourage behaviour change to reduce consumption, and

c) they do not benefit low water users.

61. The following tables summarise the eight options. Council Officers recommend that options 1 -3 are included in consultation with our community to gather feedback on the preferred tariff structure. These options are explained further below. For detailed information on options 4-8, please see Appendix One.

| **Option** | **1** (Recommended for consultation) | **2** (Recommended for consultation and as preferred option) | **3** (Recommended for consultation) | **4** (not recommended) |
|---|---|---|---|---|
| | **Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic metre of water used** | **Combination of fixed serviceability charge (including a fixed volume) and volumetric charge for each cubic metre of water used above volume** | **Volumetric charge only** | **UAWC for fixed value of water and volumetric charge for water over the fixed value** |
| **Simple to apply and understand?** | **High**<br>Same as current NPDC On Demand Supply of Water by Meter | **High**<br>Similar to current NPDC On Demand Supply of Water by Meter | **High**<br>One charge per cubic metre for everyone | **Low**<br>Difficult to explain or justify, and deal with excess charges |
| **Encourages behaviour change to reduce consumption.** | **High**<br>Majority of charges are volumetric if kept at current proportion | **High**<br>Majority of charges are volumetric if kept at current proportion | **High**<br>Entire charge is volumetric | **Medium**<br>Dependent on fixed value selected |
| **Benefits low users.** | **High**<br>Customers pay by volume for majority of charges if kept at current level so low users pay less than high users | **High**<br>Customers pay by volume for majority of charges if kept at current level so low users pay less than high users | **High**<br>Entire charge is volumetric, so low users pay less than high users | **Low**<br>Dependent on fixed value selected, customers could still be charged for water not consumed |

| **Option** | **1** (Recommended for consultation) | **2** (Recommended for consultation and as preferred option) | **3** (Recommended for consultation) | **4** (not recommended) |
|---|---|---|---|---|
| | **Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic metre of water used** | **Combination of fixed serviceability charge (including a fixed volume) and volumetric charge for each cubic metre of water used above volume** | **Volumetric charge only** | **UAWC for fixed value of water and volumetric charge for water over the fixed value** |
| **Steady revenue cost recovery stream regardless of consumption?** | **High**<br>Fixed component recovered regardless of usage | **High**<br>Fixed component recovered regardless of usage | **High**<br>No fixed component recovered but current fixed charge would be more than recovered based on it being small proportion | **High**<br>High fixed component |
| **Low complexity?** | **Medium**<br>The fixed charge component would still need to be recalculated and applied each year | **Medium**<br>The fixed charge component would still need to be recalculated and applied each year | **High**<br>Straight forward calculation | **Medium**<br>The fixed charge component would still need to be recalculated and applied each year |

| **Option** | **5** (not recommended) | **6** (not recommended) | **7** (not recommended) | **8** (not recommended) |
|---|---|---|---|---|
| | **UAWC only** | **Stepped volumetric charge** | **Charge based on property type** | **Seasonal volumetric charge** |
| **Simple to apply and understand?** | **High**<br>Same as current NPDC UAWC | **Low**<br>Complex to calculate and apply and difficult for community to understand | **Low**<br>Complex to calculate and apply and difficult for community to understand | **Low**<br>Complex to calculate and apply and difficult for community to understand |
| **Encourages behaviour change to reduce consumption.** | **Low**<br>No variable component | **High**<br>Entire charge is volumetric | **Low**<br>Charge related to property type rather than consumption | **High**<br>Entire charge is volumetric |
| **Benefits low users.** | **Low**<br>No variable component, low users effectively subsidise high users. | **High**<br>Entire charge is volumetric, so low users pay less than high users | **Low**<br>No variable component, low users effectively subsidise high users. | **High**<br>Entire charge is volumetric, so low users pay less than high users |
| **Steady revenue cost recovery stream regardless of consumption?** | **High**<br>Fully fixed component | **High**<br>No fixed component recovered but current fixed charge would be more than recovered based on it being small proportion | **High**<br>All fixed component | **High**<br>No fixed component recovered but current fixed charge would be more than recovered based on it being small proportion |

| **Option** | **5** (not recommended) | **6** (not recommended) | **7** (not recommended) | **8** (not recommended) |
|---|---|---|---|---|
| | **UAWC only** | **Stepped volumetric charge** | **Charge based on property type** | **Seasonal volumetric charge** |
| **Low complexity?** | **High**<br><br>Fully fixed component not complex | **Low**<br><br>This would be very complex to calculate and take time to develop | **Medium**<br><br>Based on property type so quite straight forward. Would need equitable application. | **Low**<br><br>This would be very complex to calculate and take time to develop |

*Tariff structure option 1 (recommended for consultation)*
*Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic meter of water used*

62. This is the existing structure for users on an on-demand supply by meter. It is the most common option among the Councils surveyed and is similar to the charging methods used by gas and electricity utilities, which include both fixed and variable components.

63. Tariff structure option 1 strikes a balance between recovering some fixed costs and encouraging users to save money by reducing water usage and installing infrastructure such as rain harvesting tanks.

64. This option would have a small, fixed annual serviceability charge based on elements such as the administration of water billing and the operation, maintenance, and renewal of water meters and manifolds. If chosen, this charge could be similar to the fixed component of the 2025/26 UAWC supply charge for mock billing starting from 1 July 2026 i.e $73 per annum.

*Tariff structure option 2 (recommended for consultation and recommended preferred option)*
*Combination of fixed serviceability charge (that includes a fixed volume) and volumetric charge for each cubic meter of water used above volume*

65. Tariff structure option 2 is similar to option 1, but the fixed charge would be expressed as an equivalent volume of water. Users would be charged volumetrically for each cubic meter of water used above this volume.

66. If the fixed fee remains the same as in option 1 ($73 per annum in 2025/26), this will equate to 77 litres per connection each day. The current average consumption is 690 litres per connection per day based on an average occupancy rate of 2.3 people per day per property.

67. Meter reading data to date indicates that less than 5 per cent of connections use less than 77 litres per day. This option could be considered to best align with section 25 (1) of the Water Services Act 2021, which requires a drinking water supplier to ensure that a sufficient quantity of drinking water is provided to each point of supply.

68. This option balances recouping some fixed costs regardless of consumption level while also providing ample scope to encourage and enable customers to save money by reducing water usage.

*Tariff structure option 3 (recommended for consultation)*
*Volumetric charge only*

69. This structure relies solely on revenue from water consumed, with no fixed charge component, and is used by Watercare for the Auckland region. Volumetric charging only is simple to apply and has the advantage of motivating the most behaviour change to reduce consumption.

70. This option can seem inequitable in some cases, as connections that consume zero or very little water would not pay the fixed charge (covering such things as administration and the considerable fixed financing and maintenance costs associated with the pipe network) component, effectively shifting that cost to other users. Council may decide to attach a nominal serviceability charge for connections that use below a certain threshold consumption. This charge could also apply to properties currently subject to any water half charge.

*Wastewater charging*

71. NPDC currently charges $743 per year for wastewater. However, with the installation of water meters and volumetric charging, it is possible to change how wastewater is charged.

72. Many believe the Auckland Watercare system is best practice, as it has been in place for some time and has the largest number of customers in the country. Watercare charges wastewater at 78.5 per cent of a property's water usage. This assumes that 78.5 per cent of the water entering a home goes down the drain via showers, baths, washing machines, dishwashers, toilets and/or sinks.

73. The 21.5 per cent of the water entering the property that does not have wastewater charges applied is believed to comfortably allow for allow for other uses such as drinking water and moderate outdoor use i.e. smaller gardens, washing a car or water blasting a house.

74. The key benefit of volumetric charging for wastewater is that it further promotes water savings as people are more able to realise the benefits of reducing their water usage through a reduction in wastewater charges as well as water. Properties using high amounts of water may also see an increase in their annual wastewater costs.

75. NPDC cannot currently volumetrically charge for wastewater. The Local Government (Water Services) Bill three could allow for this with the clarification that charging is allowed for wastewater. Auckland Council and Watercare can do this through special legislation that was passed as part of the Supercity arrangements to establish Auckland Council and its various Council Controlled Organisations. If legislation allowed and Council determined that wastewater should shift to a volumetric charge, this will require changes to the Revenue and Financing Policy, with associated consultation.

76. Council Officers recommend that Council consult on the following options in preparation for any legislative changes:

    a) Retaining the existing universal annual wastewater charge

    b) Moving to a volumetric charge for wastewater at a rate of 78.5 per cent of water usage

*Landlords and tenants*

77. Non metered water charges are currently charged to property owners, including landlords. According to the Tenancy Services website, tenants are responsible for paying water charges if there is volumetric charging. This also applies if wastewater is charged based on water usage.

78. For all tariff options with a volumetric component, the tenant becomes responsible for the variable costs and the landlord for any fixed component. The property owner is responsible for all rates payments but the tenant must reimburse the landlord.

79. If a full volumetric option was decided, this would result in $547 (based on 2024/25 UAWC) less annual fixed costs for the landlord. This saving should be reflected in rents charged, all other things remaining equal, or the landlord may choose to pay the volumetric water charges. If wastewater also moved to full volumetric charging, this may result in an additional $743 being removed annually from the landlord's fixed costs.

80. A landlord may decrease the rent charged (at any time) or delay or reduce a rent increase if it is close to 12 months since the last rent review. If a landlord chose not to pass on the saving but the market overall reflects a decrease, the tenant has the right to apply to the Tenancy Tribunal for a review. The tenant would have to provide evidence that they are being charged more than is being charged for similar properties in the area.

81. It is recommended that the consultation on the rates remission policy include an option for tenants to apply for relief from volumetric water charges based on hardship and/or the need for high-water usage. Tenants may also be able to apply under a leakage policy, however, leakages are the responsibility of the landlord, not the tenant and if landlords did not repair leaks, the remission would not be available. This issue will be considered as part of any final policy decisions and changes.

*Properties not connected to the water supply network or very low users*

82. Properties within 100 metres of a serviceable pipeline but not connected to the water supply network currently pay a half charge (of the UAWC). For 2025/26 this would be $334.50. This recognises the significant level of investment required to provide the infrastructure and the value attached to being able to access this if property owners, or future owners, choose to.

83. There are also properties which are connected but have very low usage, generally due to the property not being habited. If full volumetric charging was implemented, these properties would contribute nothing or very little to the network costs unless a minimum charge was implemented.

84. Council Officers recommend Council consider this based on the other decisions made about water billing and consult on whether to continue the principle of part charging and to add a minimum charge for very low users.

*Non-residential/commercial customers*

85. Water meters were previously installed for the non-residential/commercial properties, and they currently have both fixed and volumetric charges. As water usage decreases due to volumetric charging and leak repairs, the average cost per litre of water will rise to cover the full cost of water supply. This will result in most residential customers receiving a lower bill compared to the current UAWC, but it may have a larger impact on the existing water-by-meter customers.

86. The impact of the various volumetric charging options on non-residential/commercial customers will vary based on their usage. Approximately 95 per cent of non-residential customers (around 2,500) currently use less than 3,500$m^3$ per year. Very low users may see a cost reduction under fully volumetric charging or an increase under any option that increases the fixed component.

87. For a non-residential customer using 3,500$m^3$ per year, the impact of the options may vary between a decrease of $455 (5 per cent) and an increase of $304 (3.4 per cent) per annum compared to the status quo.

88. For those using over 3,500$m^3$ per year, the impact will increase with higher water consumption. Among the top ten largest users, nine use between 20,000$m^3$ and 75,000$m^3$ annually. The largest customer uses over 700,000$m^3$ per year. The impact of options on these top ten varies from a 5.1 per cent reduction in charges, to a 3.5 per cent increase. Historic changes have ranged from -2 per cent to 25 per cent most recently.

89. It is recommended that Council consult on the options to offer a rates remission to lessen a potential sudden impact of an increase or a rates postponement to smooth the increase over multiple years. Final details and any subsequent policy changes will be determined before the end of mock billing.

*Shared water meter properties*

90. As of February 17, 2025, approximately 8.3 percent of properties connected to the water supply share a meter with at least one other property. This equates to around 1,000 meters and 2,500 properties out of a total of 30,000 properties.

91. This estimate excludes properties where an estate manager is responsible for water charges, such as in retirement villages and body corporates. Council must decide how to bill these properties and whether to continue funding additional water meters for them.

92. Council Officers have identified the following five options for water billing of shared meters (refer Appendix Two).

    Option 1 Split the shared meter reading split equally between connected properties

    Option 2 Continue charging all properties connected to a shared meter by UAWC indefinitely

    Option 3 Implement Option one with the introduction of a new shared meter remissions policy

    Option 4 Allow property owners with a shared meter to apply to be charged by UAWC

    Option 5 Offer the installation of check meters.

93. The earlier business case recommended option one to split the bill equally for meters shared by multiple properties. This recommendation was based on analysis showing that installing a 1:1 meter would, in some situations, be either cost prohibitive or physically impossible. This is the recommended preferred option.

94. There are a variety of situations where water meters are shared between multiple residential houses, flats or units. Most of these are owner-occupied houses and owner-occupied flats (as outlined in Appendix Two).

95. Members of the community have expressed concern about equity when a neighbour on a shared connection uses more water than others, leading to the perception or reality of subsidising someone else's water usage. This concern extends to unresolved leaks on a neighbour's property affecting others on the same meter.

96. Based on the data from installed meters, Council Officers anticipate that 60 per cent of these properties will have a reduced charge if moved to a volumetric charge from the existing UAWC. This is because these properties are typically smaller cross-lease properties or flats with lower occupancy, smaller or no gardens or lawns to water, and are less likely to have swimming pools. Mock billing comparisons will highlight these reductions and are expected to alleviate most inequity concerns, as has been experienced by other Councils.

97. Inequity issues may arise with the remaining ten per cent (or 253) of the forecast property owners with a shared meter. Council Officers expect that half of these cases will be resolved if the owner applies for a 1:1 meter, with Council covering the capital cost of the connection works in the road reserve and the property owner paying for the works on their property. This would leave approximately 120 connections still requiring a new policy on how to manage this issue.

98. Option 3 introduces a shared meter remissions policy whereby those who feel they are disadvantaged by a split bill can apply for a remission. This option is not recommended for consultation due to the costs of administrating such a policy and issues around determining fairness.

99. Allowing property owners with shared meters to choose between a fixed charge or volumetric charging is possible and provides an alternative to option 3. However, this would be challenging from a systems perspective and would require an increased operational budget. An increased operational budget would need to be recovered across the network or through those on a fixed charge. Officers do not recommend this approach as it would also reduce the positive impact of the water metering. If this were to occur, it would be necessary to retain the current option to charge high users more if they do not change their usage to prevent behaviours such as not fixing leaks or running a hose to neighbouring properties.

100. Another option is for Council to install check meters (also known as submeters) within private property to allow for 1:1 metering in some situations. Council Officers do not recommend this option for consultation as these result in public infrastructure in private property creating additional costs, administrative and legal complexity and future access difficulties. This option was discounted in the original business case for these reasons.

101. Council may decide to continue to fund water meters for existing properties to remove the need for a shared meter. This will apply where owners have chosen to install an extra water pipe from the boundary to their home at their cost. Since 1 July 2021, new homes have been required to install their own meters, and this policy will continue.

102. For existing homes, the cost of installing another pipe can vary greatly, depending on factors like the distance between the home and the boundary, and the ease of undergrounding and connecting. Property owners may find it worthwhile to cover these costs to reduce potential usage differences with others on the same meter (and any related issues) and to gain any perceived or real increase in property or rental value.

103. It is recommended that Council continue to fund the supply and installation of water meters and manifolds for existing properties to reduce issues related to shared meters and for equity with those who have not had to pay for this. The cost to Council will in most cases be less than $2,000 per property. If Council decided to continue to fund additional meters, the associated budget would need to be included in the Annual Plan 2026/27, including the revenue which would continue to be spread across all water customers.

*Low income, fixed income and vulnerable households*

104. Community members have raised concerns about how the volumetric water charging could negatively impact the most vulnerable in the district. As such, it is important that the consultation provides the groups of people most likely to be considered vulnerable with an opportunity to have their say, including renters.

105. Based on the experiences of other communities and the data collected from the water meter installation so far, Officers anticipate that the consultation and 12-month mock billing period will alleviate most of these concerns.

106. It is important to recognise, however, that the system may be inequitable or cause hardship for some households that need to use a larger amount of water. Council can manage this in various ways, similar to how general rates are currently handled.

107. Water utilities commonly address this issue, and the Local Government (Rating) Act 2002 allows for this through the option of a Rates Remission Policy (sections 85 and 109).

108. Consideration of rates remissions does not include the rates rebate scheme run by the Department of Internal Affairs and administered by NPDC. This rebate provides up to $790 per year (for 2024/25) depending on:

    a) the total rates paid,

    b) number of dependents living at the same address,

    c) total household income,

    d) ownership of property and living situation.

    This rebate must be applied for each year.

109. The Ministry of Social Development also offers assistance to help with water bills if the resident does not have another way to pay, whether or not the person receives a benefit Power, gas, water bills or heating - Work and Income.

110. The main two options are to:

    a) Continue with the current Rates Remission and Postponement Policy

    b) Continue with the current Rates Remission and Postponement Policy and introduce a new Water Rate Remission for Vulnerable Households relating to high water usage (with or without the ability for tenants to apply directly to Council)

111. The current Rates Remission and Postponement policy provides the ability to:

    a) Postpone or remit rates for extreme financial hardship for residential rating units

    b) Provide a rates remission for financial hardship as a result of changes to the rating system, recognising that changes can case hardship

    c) Provide a rates remission for significant water leaks – providing an incentive for ratepayers to fix water leaks through providing a partial remission of volumetric charges once the leak has been fixed in a timely manner.

112. Rates remissions are funded through general rates with a $1 million budget. It is expected that is may need to increase when volumetric water billing begins. There are approximately five properties that have current rates postponements in place due to hardship.

113. Council decisions in August 2025 will provide for the mock billing and draft policies to be prepared for final approval prior to 1 July 2027. Any policy changes required would likely require consultation. This can be done through the LTP 2027 or via the LWDW water services entity once the full scale of the situation is understood with all meters installed and mock billing started.

114. A Water Rate Remission for Vulnerable Households with high water usage would recognise that some households in hardship may be charged more for water consumption than the existing UAWC charge. This option would require developing a process for ratepayers to verify any qualifying criteria that are set and determining if tenants can apply directly or only through the landlord/property owner.

115. Kāpiti Coast District Council introduced this in 2012 when they began volumetric charging. In the 2014/15 year $585 was rebated to ten large family households. The policy is based on the following four eligibility criteria:

a) The applicant is the owner

b) The applicant resides at the property at the time of the application

c) The owner is receiving a working for families tax credit

d) Water charges from 1 July – 30 June have exceeded 5/6$^{th}$ of twice the fixed charge ($260 for 2024/25)

116. The Kāpiti Coast example means that the total water charge would need to be over $433 during the specified period. Council Officers recommend that Council set a cap on the total remission value to ensure that leakages are dealt with responsibly. Special circumstances, such as for dialysis patients, can also be applied.

117. Appendix Three provides an overview of how a selection of other Councils support property owners experiencing hardship. These include:

| Council | Support |
|---|---|
| Auckland Council and Watercare | Watercare set up the Water Utility Consumer Assistance Trust in 2011. The Trust manages debt remissions and customer write-offs and has a fulltime administrator. More information can be found here Financial hardship |
| Waipā District Council | Remission and Postponement of Rates and Water Charges Policy which has a general hardship provision that covers all rates and no specific support relating to high water consumption or leakage repairs. |

| | |
|---|---|
| Kāpiti Coast District Council | Rates Remission and Postponement Policy with a general provision for hardship situations and covers all rates charges. The policy also includes a water rate remission for vulnerable households relating to high water usage (as described above). |
| Christchurch City Council | Both have a Rates Remission Policy and Rates Postponement Policy. The Remissions Policies have no specific support relating to high water consumption or leakage repairs. The Postponement Policies have a general hardship provision that covers all rates charges |
| Tauranga City Council | |

*Leakage Remission Policy*

118. The existing NPDC Rates Remission and Postponement Policy includes the ability for Council to remit a portion of the rates bill based on what is in the NPDC Water Wastewater and Stormwater Services Bylaw. The bylaw currently offers a 50 per cent remission of volumetric rates based on the differences between the estimated consumption with the leak and the actual consumption. This policy incentivises the fixing of water supply leaks in a timely manner.

119. Auckland Council, Waipā and Kāpiti Coast District Councils and Christchurch and Tauranga City Councils all have water leak remission policies for domestic customers. All except Auckland Council also cover non-domestic customers.

120. Auckland Council, through Watercare, offers a partial leak allowance to encourage people to repair leaks within 21 days of receiving a notice about a higher-than-normal bill. The amount of the partial leak allowance is discretionary depending on individual circumstances.

121. Appendix Four provides full details of some other councils' water leak remission policies. Council Officers recommend that Council consult on the following five options. All these options are contingent on leakages being fixed in a timely manner:

    a) Change existing 50 per cent remission policy to include residential users (as well as current commercial users)

    b) 50 per cent leak remission policy for residential users and exclude commercial users

    c) 100 per cent leak remission policy for all users

    d) 100 per cent leak remission policy and exclude business users

    e) 100 per cent leak remission policy for residential users and retain 50 per cent for commercial users (recommended preferred option)

122. Excluding business customers from any option would encourage this sector to repair leaks faster as they would have to pay for all the wasted water. This option may be selected if it is thought they have an ability to meet the costs of repairing a leak more than a residential customer.

## CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

123. Water meters and volumetric billing significantly reduce treated water consumption. This reduction lowers climate change impact by using fewer chemicals and less electricity, and delays the need for major infrastructure projects, thereby reducing carbon emissions. Additionally, the decrease in water use helps adapt to climate change by minimising the effects of expected increased droughts.

## NEXT STEPS / HĪKOI I MURI MAI

124. Council will undertake consultation for three weeks from 2 June until 20 June (or any other dates chosen by Council). Council will consider the results of the consultation on 12 August.

125. Council will begin mock billing on 1 July 2026, at the latest, with actual billing beginning on 1 July 2027. These dates are subject to Council approving final charges and policy or bylaw changes through the Long-Term Plan 2027-37 process. These decision gates are subject to the outcomes of the Local Water Done Well water services entity process and legislation.

126. During the 12-months of mock billing, homeowners will have time to fix any identified leaks, change their behaviours and/or appliances to reduce usage, install garden water tanks or other infrastructure and observe the impacts of these measures.

127. The mock billing process will also help those on shared meters choose their preferred system prior to actual billing commencing (if Council resolves to provide options). They can also have an additional water connection installed, at their own cost for works on their property, if they wish.

## SIGNIFICANCE AND ENGAGEMENT / KAUPAPA WHAKAHIRAHIRA

128. In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as being of moderate importance because although it relates to a strategic asset, it is the next step following Council decisions to invest in water meters and introduce volumetric water charging, made previously through two Long-Term Plans, including with consultation. The decisions relating to this matter are to gather public feedback on various options to feed into decisions that will be made by Council in August.

129. The introduction of volumetric charging promotes community outcomes, impacts on Council's statutory purpose including to provide water with associated consents, impacts on most of the district (both positively and negatively) and has high public interest. As such, consultation is recommended to garner community views and preferences.

## OPTIONS / KŌWHIRINGA

130. There are three reasonably practicable options

| | |
|---|---|
| Option 1 | Consult on water billing issues and options as recommended |
| Option 2 | Consult on different water billing issues and/or options |
| Option 3 | Do not consult on water billing issues or options |

131. Options 1 and 2 have been considered together below. The assessment of Option 3 follows later in the report.

*Financial and Resourcing Implications / Ngā Hīraunga ā-pūtea, ā-rauemi*

132. The costs associated with consulting on water billing and volumetric charging will be met within existing budgets. Consultation costs will include advertising, postage and internal resources.

*Risk Analysis / Tātaritanga o Ngā Mōrearea*

133. There is no risk associated with options one or two – consulting to understand the views of the community on the options for water billing, volumetric charging and other associated issues or considerations.

*Promotion or Achievement of Community Outcomes / Hāpaitia / Te Tutuki o Ngā Whāinga ā-hāpori*

134. Consultation contributes to the Trusted and Thriving Communities and Culture community outcomes. Effective water billing and volumetric charging will contribute to all the community outcomes.

*Statutory Responsibilities / Ngā Haepapa ā-ture*

135. These options are consistent with the decision-making requirements in the Local Government Act 2002 and the Local Government (Water Services) Bill.

*Consistency with Policies and Plans / Te Paria i ngā Kaupapa Here me ngā Mahere*

*136.* The decision to undertake consultation on water billing options and issues is consistent with the Long-Term Plan 2021-31, Long-Term Plan 2024-34 and previous Council decisions. There may be changes to the Rates Remission and Postponement Policy and the Revenue and Financing Policy depending on decisions made in August by Council.

*Participation by Māori / Te Urunga o Ngāi Māori*

137. The decision to undertake consultation on volumetric water billing and associated issues is not significant for Māori. The final decisions will, however, be of interest to Māori as residents, ratepayers, commercial water users and given the impact on water usage recognising the relationships of Māori with water and the taiao.

138. As such, the options for consultation will be considered by Te Huinga Taumatua. The consultation undertaken will include opportunities for Māori to contribute.

*Community Views and Preferences / Ngā tirohanga me Ngā Mariu ā-hāpori*

139. These options will provide for consultation to determine community views and preferences. Previous decisions of Council included requirements to do this, in particular with regard the more vulnerable members of our community.

*Advantages and Disadvantages / Ngā Huanga me Ngā Taumahatanga.*

140. The advantages of these options are that they provide the community with an opportunity to have their say on volumetric water billing and associated issues. They also meet previous decisions of Council and will help dispel myths and concerns in the community regarding volumetric water billing.

141. The disadvantage of these options is that there are costs associated with undertaking public consultation.

**Option 3 Do not consult on water billing issues or options**

*Financial and Resourcing Implications / Ngā Hīraunga ā-pūtea, ā-rauemi*

142. This option will remove the costs associated with undertaking consultation.

*Risk Analysis / Tātaritanga o Ngā Mōrearea*

143. There is a high risk that the public will be dissatisfied if consultation on volumetric water billing isn't undertaken. This is particularly given the previous decision to "Look to involve representatives of low income, fixed income and vulnerable households in the process of tariff development."

*Promotion or Achievement of Community Outcomes / Hāpaitia / Te Tutuki o Ngā Whāinga ā-hāpori*

144. This option will not contribute to Community Outcomes and will likely diminish Trusted and Thriving Communities and Culture by not providing the public an ability to have their say and going against a previous decision.

*Statutory Responsibilities / Ngā Haepapa ā-ture*

145. This option could be deemed to not meet statutory responsibilities for decision making in the Local Government Act 2002 by not providing the community the option to have their say on issues such as volumetric water billing.

*Consistency with Policies and Plans / Te Paria i ngā Kaupapa Here me ngā Mahere*

146. This option will be contrary to previous Council decisions to provide the community an opportunity to have their say on volumetric water billing and associated issues.

*Participation by Māori / Te Urunga o Ngāi Māori*

147. This option would not provide Māori an opportunity to have their say on these issues. It does not recognise the relationship that Māori have with water and the taiao or the ability for Māori to have their say in Council matters.

*Community Views and Preferences / Ngā tirohanga me Ngā Mariu ā-hāpori*

148. This option would not provide an opportunity for Council to hear the views and preferences of the community.

*Advantages and Disadvantages / Ngā Huanga me Ngā Taumahatanga.*

149. The advantage of this option is the cost savings by not consulting. The disadvantage is that the public does not have an opportunity to have their say on this important subject, potentially not meeting statutory requirements for decision making. It would also be contrary to previous decisions of Council.

**Recommended Option**
This report recommends option one Consult on water billing issues and options as recommended for addressing the matter.

## APPENDICES / NGĀ ĀPITIHANGA

Appendix 1 Tariff for volumetric charging (ECM9460917)

Appendix 2 Shared meter properties – Policy for volumetric charging (ECM9460918)

Appendix 3 Low income, fixed income, vulnerable households and volumetric charging (ECM9460914)

Appendix 4 Leakage Remission Policy (ECM946097)

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| | |
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*----------End of Report ----------*

Te Kaunihera-ā-Rohe o Ngāmotu
New Plymouth District Council

# WA2019 – Universal Water Metering

## *Options Analysis*

## *Tariff for Volumetric Charging*

March 2025

# Glossary

| Term | Meaning |
|---|---|
| SUIP | Separately Used or Inhabited Part of a rating unit. It includes:<br>• any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement; or<br>• any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use |
| SWMP | Shared Water Meter Property<br>• SUIP that shares a single water supply connection and water meter with other SUIPs |
| UAWC | Uniform Annual Water Charge |
| UWM | Universal Water Metering |
| LTP | Long-Term Plan |

# Table of Contents

# 1. Executive Summary

To support the introduction of volumetric charging for the domestic sector, a new volumetric charging system needs to be developed and implemented. This document considers the available options for volumetric charging.

The Consultation Document - Saving Water and Water Meters was considered by Council on 19 May 2021 and a resolution was carried to install water meters and commence volumetric charging for all properties by 1 July 2024.

The approved Outline Business Case Water Conservation included for the UWM project to review the existing tariff for volumetric charging arrangements and develop a new tariff for volumetric charging arrangements to cover all properties.

Due to central government mandates to reform the way three waters assets are managed, the development of the tariff structure for volumetric charging was delayed, but this has now recommenced as set out in the adopted LTP 2024-2034, whereby we will consider charging by volume in the LTP 2027-2037.

**To clarify, the new volumetric charging tariff for ordinary and residential supplies will replace the existing UAWC, not be added to it.**

Of the eight tariff structure options considered, the suggested options for consultation are:

**Option 1** – Combination of fixed serviceability[1] charge (with no water volume included) and volumetric charge for each cubic meter of water used. The value of the fixed charge would need to be determined.

**Option 2** – Combination of fixed serviceability charge (that includes a fixed volume of water) and volumetric charge for each cubic meter of water used above the fixed volume of water provided under the fixed charge. The volumetric allowance in the fixed charge, and the value of the fixed charge and volumetric charge, would need to be determined.

**Option 3** – Volumetric charge only.

For options 1 and 2, the proportion of the fixed charge would need to be determined. NPDC's 2025/26 fixed charge component of water charges represent approximately 10% of the total UAWC charge. If the fixed charge selected is close to this, the majority of a water bill will be volumetric which will provide the most encouragement to customers to save money by reducing water consumption and incentivise the private installation of rain harvesting tanks.

[1] "Serviceability charges" are explicitly allowed for under clause 62 of the Local Government (Water Services) Bill

# 2. NPDC Existing Water Charges

Water charges are calculated each year as part of the LTP or Annual Plan and are published in financial statements (refer to Appendix A for extract from 2024 LTP). The current charges take the form of a targeted rate as follows (all values include GST):

- **Uniform Annual Water Charge** (UAWC) for customers without a metered water account – currently **$547.00** per SUIP.

- **On Demand Supply of Water by Meter** for customers with a metered water account that includes a volumetric charging component – currently a fixed charge of **$55.20** and a volumetric charge of **$2.18/m³** for up to 50,000 $m^3$/annum and **$2.20/m³** for additional quantities above this.

- **Restricted Flow Targeted Rate** for customers on rural water supply schemes who are not metered. They receive a fixed volume of water over 24 hours ($m^3$/day – called a unit which is one $m^3$/day for one year) – currently the charge per unit is **$342.00** per year.

- **Water Half Charge** for properties within 100m of a serviceable pipeline but not connected to the water supply network – currently **$273.50** per SUIP.

The annual charges are currently calculated based on the number of connections, SUIPS, the type of supply and an estimate of the water to be consumed for the year.

Extraordinary (commercial and industrial) connections are currently charged on a fixed charge plus volumetric basis and the volume consumed is based on water meter readings. Ordinary (residential) connections are charged on a UAWC basis. The UAWC is determined based on a fixed charge and an assumed annual consumption. Restricted flow connections are charged based on the number of units a customer receives. The number of restricted flow connections and the allocated units are known.

The total value of the fixed charge is known from the number of SUIPS. The charge for restricted flow connections is known from the allocated units. The volumetric charges (cost/ $m^3$) are calculated from the anticipated consumption to generate the required targeted rate to cover the cost of the water service (for 2024/25 this value is $20.5m – see Appendix A).

The UAWC charge is made up of the fixed charge component of $55.20 and a consumption charge component of $491.80 totalling $547.00. This consumption charge of $491.80 is equivalent to 226$m^3$/annum/SUIP at the volumetric charge rate of $2.18/$m^3$. At an average occupancy rate of 2.3 people/SUIP this represents 269 litres/capita/day consumption.

The proportion of total targeted rates recovered from different customer categories is shown in the table below.

| Charge type | % |
|---|---|
| UAWC (of which approx. 10% is fixed charge component) | 66.5% |
| On demand supply of water by meter (fixed and volumetric charges) | 28.6% |
| Restricted Flow Customers | 4.9% |
| Water Half Charge (not yet applied) | 0.0% |

Below is an extract from the proposed Annual Plan 2025/26 that was considered at the Council Extraordinary Meeting on 18 February 2025. This shows the existing 2024/25 charges and the proposed 2025/26 charges. Note: the values in this table exclude GST.

| Rates and Charges | LTP 2024/25 ($) | A/Plan 2025/26 ($) |
|---|---|---|
| *Water charges* | | |
| Uniform annual water charge: | 475.65 | 581.74 |
| On demand supplies by water by meter (WBM): | | |
| - Supply charge (for all metered customers) | 48.00 | 63.48 |
| - Standard rate for consumption up to 50,000m³ (per cubic metre) | 1.894 | 2.293 |
| - Industrial rate for consumption in excess of 50,000m³ per annum (per cubic metre) | 1.914 | 2.313 |
| Waitara industrial - untreated supply (per cubic metre) | 1.140 | 1.964 |
| Restricted flow connections (per water unit as defined by Water Supply Bylaw (Part 15)) | 297.39 | 360.00 |
| Water half charge | 237.83 | 290.86 |

# 3. Other Councils' Existing Water Charges

A cross-section of councils where universal water metering is operational was selected for comparison of current 2024/25 water charges. All values include GST.

**Watercare (Auckland Council)**

Use volumetric charging only of $2.142 per $m^3$. Watercare Residential Charges 2024-25.

**Waipā District Council**

Fixed annual charge per SUIP of $150.65 and volumetric charge of $1.8141 per $m^3$. The fixed charge represents 25-30% of the total annual charge depending on consumption. Waipā District Council Rates 2024-25.

**Kāpiti Coast District Council**

Fixed annual charge per SUIP of $260.00 and volumetric charge of $1.39 per $m^3$. Kapiti Coast District Council Rates 2024-25. This was the result of research and analysis undertaken by Kāpiti Coast District Council's Charging Regime Advisory Group (CRAG) in 2012 CRAG Report - full document to determine their volumetric charges. This was reviewed by CRAG in 2016 CRAG 2016 review Report. The result of this was their 50/50 fixed charge/volumetric charge regime.

**Christchurch City Council**

Targeted rate of 0.067753 cents/$ of capital value. Christchurch City Council Rates 2024-25. This includes an annual allowance of 900 litres/day/household. A volumetric rate of $1.41 per $m^3$ is charged for consumption over this allowance. Between October 2022 and January 2023, of the approximately 160,000 properties connected to the water supply network, approximately 23,000 (14%) were liable for paying the excess volumetric charge. Note this approach will not be allowed under the proposed Local Government (Water Services) Bill clause 60.6.b which states "A charge… must not be based on, or take into consideration, any property valuations, including a property's annual value, land value or capital value."

**Tauranga City Council**

A fixed annual charge of $38.48 for a 20mm nominal size water meter connection and a volumetric charge of $3.54 per cubic meter of water supplied. Tauranga City Council Rates 2024-25. The fixed charge represents 5-10% of the total annual charge depending on consumption. A different fixed charge is applied depending on the nominal size of meter installed. This methodology represents a differential between the amount of 'network capacity' required to service different sizes of supply. This methodology is also used by South Taranaki District Council.

# 4. Options Analysis

**Background**

New Zealand councils that have invested in universal water metering have applied volumetric charges to varying degrees. It is now proven that volumetric charging by water meter provides significant motivation for customers to fix private leaks and reduce consumption. This is supported by a recent New Zealand Infrastructure commission / Te Waihanga report that highlighted the significant reductions in consumption that have been achieved through water meters and volumetric charging.[2]

## Long List of Options

**Option 1 – Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic meter of water used**

This is the existing NPDC arrangement for customers on an on-demand supply by meter. This the most common option of the councils surveyed and is applied by Waipā District Council, Kāpiti Coast District Council and Tauranga District Council. The Christchurch City Council charge may cover an element of fixed charge but is based on capital value of the property, where the ratio between the fixed component and the volumetric component varies, meaning that the motivations to change behaviour and reduce consumption will vary. This arrangement is also used by gas and electricity utilities where fixed and variable components of charging apply.

This option provides a balance between recouping some fixed costs regardless of consumption level and provides ample scope to encourage and enable customers to save money by reducing water usage and potentially incentivising private installation of rain harvesting tanks. The fixed fee components could comprise the administration of water accounts/billing and water meter/manifold operation/maintenance/renewal.

For simplicity and keeping change to a minimum, the existing fixed fee (Supply Charge) component in the water rates and charges, and how it is calculated, could still apply. In 2025/26 the Supply Charge will be $73.00 incl. GST.

**Option 2 - Combination of fixed serviceability charge (that includes a fixed volume) and volumetric charge for each cubic meter of water used above fixed volume**

Option 2 is similar to option 1, but the fixed charge component would include a set volume of water, and the customer charged volumetrically for each cubic meter of water used above the set volume.

When selecting a set volume of water to be included in the fixed charge, the underlying principle of keeping this proportion relatively low compared to the total charge is important to motivate the behaviour change to reduce consumption and potentially incentivise installation of private rain harvesting tanks. The 2025/26 Supply Charge of $73.00 represents 77 litres/day/SUIP or 11% of the total UAWC.

[2] introducing-water-meters-lessons-and-perspectives.pdf

Option 2 could be seen to align with section 25(1) of the Water Services Act 2021 that requires a drinking water supplier (other than a water carrier) to ensure that a sufficient quantity of drinking water is provided to each point of supply to which that supplier supplies drinking water, i.e. customers are charged for the availability of a fixed "sufficient quantity" volume, regardless of whether this is used or not. A volume of 77 litres/day/SUIP is considered a "sufficient quantity" for this purpose.

This option may prompt some customers to claim that a remission should be available should they consume less than the volume included in the fixed charge. However, our data shows that less than 5% of residential customers would use less than this consumption. Furthermore, the fixed charge would also need to cover other fixed elements including the administration of water accounts/billing and water meter/manifold operation/maintenance/renewal.

Note the example above based upon the existing fixed fee is illustrative only. The actual cost and the set water amount included would need to be determined to ensure full cost recovery of the service.

**Option 3 – Volumetric charge only**

This is used by Watercare for Auckland. It is very simple to apply and has the advantage of motivating the most behaviour change to reduce consumption and potentially incentivise private installation of rain harvesting tanks. Cost recovery is purely dependent on water consumed with no fixed component. These arrangements have been in place for several years now and appear to work well for Watercare.

While there is no fixed component that would guarantee a set level of cost recovery from all customers regardless of consumption, our data shows that less than 5% of residential customers use less than the equivalent consumption the 2025/26 Supply Charge of $73.00 represents (77 litres/day/SUIP). Therefore, removal of the fixed charge component would present negligible risk to the recovery of the aggregate value currently recovered by the fixed charge component.

However, if the fixed fee is removed the volumetric rate must be increased to ensure that the total cost is recovered. This would have the greatest adverse effect on customers who are currently paying on a water by meter basis.

This may raise an equity question about why a connection that uses zero or very low consumption would have a zero or very low charge even though they are connected to the water supply network and must be supplied with a sufficient quantity of water as per section 25(1) of the Water Services Act 2021. This could potentially be resolved by applying a nominal serviceability charge for connections that consume below a certain threshold.

**Option 4 – UAWC for fixed value of water and volumetric charge for water over the fixed value**

This arrangement is used by Christchurch City Council. It is a fixed annual charge for water use with an incentive to keep within this allowance by charging for use in excess of this allowance. It is simple to apply, with most properties not using more than the volume included in the fixed value. However, it has the disadvantage that households using significantly less than the volume included in the fixed value (e.g. elderly single person living alone in an average house) will not be encouraged to save water nor will they save money by using less water.

**Option 5 – UAWC only**

This is currently in use by NPDC for non-volumetrically charged customers and is used by other councils where universal water metering is not used. There is no motivation for behaviour change to reduce consumption, low users effectively cross-subsidise higher users, and this does not align with the objectives of the UWM project. In addition, the fixed UAWC charge represents a higher proportion of a low-income families' income compared to a higher-income family, and the low-income family has no way of reducing this charge by lowering water use.

**Option 6 – Stepped volumetric charge (increasing or decreasing block rate)**

Stepped volumetric charges can be applied as increasing or decreasing block rates. Consumption volume is divided into blocks, with an initial price for the first block. As consumption increases and reaches the next block or band, then a different unit rate applies. The unit rate may increase or decrease. A change in unit rate occurs at each subsequent block. It can be supplemented by a fixed charge and designed to provide for seasonal or peak demands. This is generally used for bulk water users.

Stepped charging is like tax band systems. It can be complex to apply and may need to be applied retrospectively when annual consumption is known. An increasing stepped volumetric charge is consistent with the objectives of the UWM project as it encourages behaviour change to reduce consumption. A reducing stepped volumetric charge is less consistent as the incentive to conserve water reduces as consumption increases.

**Option 7 – Charge based on property type**

A charge based on property type could in theory be representative of the expected water consumption at each type of property. However, it is likely this would result in cross-subsidies or inequities, e.g. large house with high occupancy vs large house with single elderly occupant. Additionally, there is no motivation for behaviour change to reduce consumption and this does not align with the objectives of the UWM project. This option would align with current rating policy for commercial properties to have higher rates than domestic properties.

**Option 8 – Seasonal volumetric charge**

Seasonal rates establish a higher price for water consumed during the peak demand season. Seasonal rates aim to match price and cost recovery with demand patterns, as well as provide a pricing signal to reduce consumption during peak use periods. The seasonal rate attempts to pass on costs to those that are creating the higher demand. This would be difficult and complex to apply and may discourage water conservation during winter periods.

## Options Impact Analysis

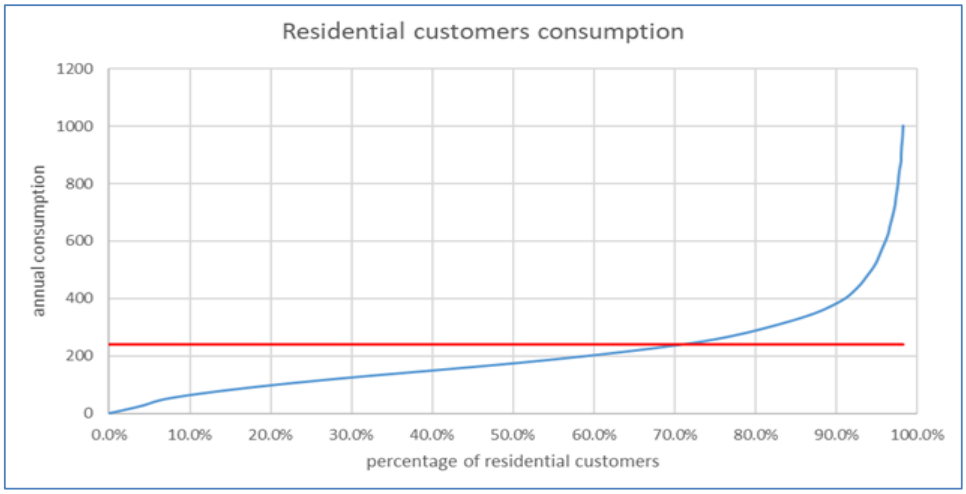
| | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 | Option 6 | Option 7 | Option 8 |
|---|---|---|---|---|---|---|---|---|
| **Assessment criteria** | **Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic meter of water used** | **Combination of fixed serviceability charge (that includes a fixed volume) and volumetric charge for each cubic meter of water used above fixed volume** | **Volumetric charge only** | **UAWC for fixed value of water and volumetric charge for water over the fixed value** | **UAWC only** | **Stepped volumetric charge** | **Charge based on property type** | **Seasonal volumetric charge** |
| **Simple to apply and understand?** | **High** Same as current NPDC On Demand Supply of Water by Meter | **High** Similar to current NPDC On Demand Supply of Water by Meter | **High** One charge per cubic meter for everyone | **Low** Difficult to explain or justify, and deal with excess charges | **High** Same as current NPDC UAWC | **Low** Complex to calculate and apply and difficult for community to understand | **Low** Complex to calculate and apply and difficult for community to understand | **Low** Complex to calculate and apply and difficult for community to understand |
| **Encourages behaviour change to reduce water consumption?** | **High** Majority of charges are volumetric if kept at current proportion | **High** Majority of charges are volumetric if kept at current proportion | **High** Entire charge is volumetric | **Medium** Dependent on fixed value selected | **Low** No variable component | **High** Entire charge is volumetric | **Low** Charge related to property type rather than consumption | **High** Entire charge is volumetric |
| **Benefits low users?** | **High** Customers pay by volume for majority of charges if kept at current level so low users pay less than high users | **High** Customers pay by volume for majority of charges if kept at current level so low users pay less than high users | **High** Entire charge is volumetric, so low users pay less than high users | **Low** Dependent on fixed value selected, customers could still be charged for water not consumed | **Low** No variable component, low users effectively subsidise high users. | **High** Entire charge is volumetric, so low users pay less than high users | **Low** No variable component, low users effectively subsidise high users. | **High** Entire charge is volumetric, so low users pay less than high users |
| **Steady cost recovery stream regardless of consumption?** | **High** Fixed component recovered regardless of usage | **High** Fixed component recovered regardless of usage | **High** No fixed component recovered but current fixed charge would be more than recovered based on it being small proportion | **High** High fixed component | **High** Fully fixed component | **High** No fixed component recovered but current fixed charge would be more than recovered based on it being small proportion | **High** All fixed component | **High** No fixed component recovered but current fixed charge would be more than recovered based on it being small proportion |
| **Low complexity solution?** | **Medium** The fixed charge component would still need to be recalculated and applied each year | **Medium** The fixed charge component would still need to be recalculated and applied each year | **High** Straight forward calculation | **Medium** The fixed charge component would still need to be recalculated and applied each year | **High** Fully fixed component not complex | **Low** This would be very complex to calculate and take time to develop | **Medium** Based on property type so quite straight forward. Would need equitable application (insofar as possible under this approach). | **Low** This would be very complex to calculate and take time to develop |

## Short List of Options - Analysis

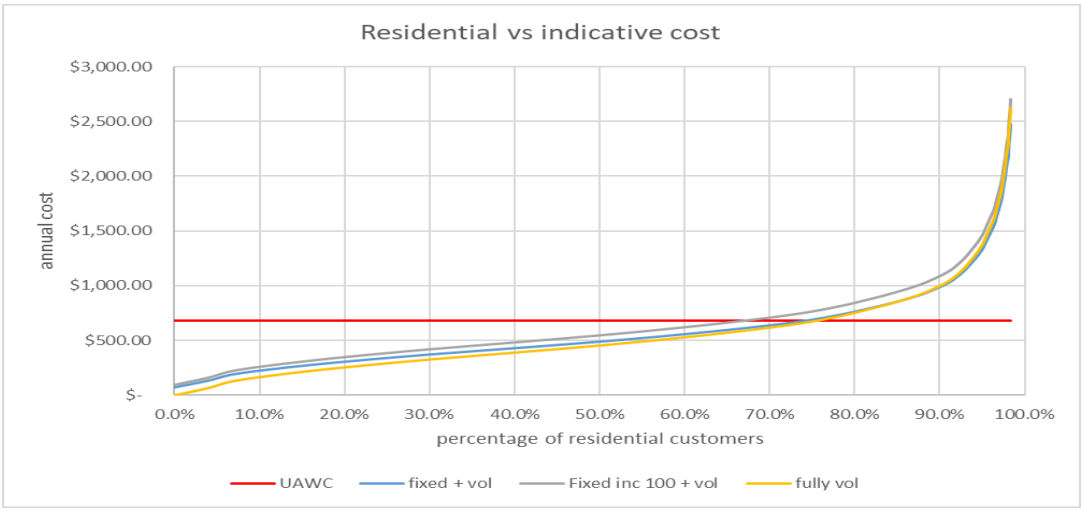
Based on the options analysis above, options 1, 2 and 3 provide the most positive impact against the assessment criteria. Therefore, options 4-8 are discounted as not being feasible to take forward for further consideration or consultation.

To assist in understanding and demonstrating the effectiveness of these three options across the existing customer base, the following analysis has been produced.

The blue line on the graph below shows the distribution of residential customers against annual consumption. The red line is the average consumption. This shows that 70% of customers use less that the average consumption.




The graph below shows the indicative annual costs of the three preferred options compared to the existing UAWC across the residential customer distribution. For option 2, a value of 100 litres/day/SUIP has been selected as an example for comparison purposes.



This graph above shows that between 65% and 75% of customers would pay less than the current UAWC depending on the option chosen.

Options 1 and 2 ensure that a fixed charge is recovered from all customers regardless of consumption level.

For option 3, less than 5% of customers have consumption lower than that included in the fixed charge component of option 1 ($73.00) and option 2 ($96.36 based on 100 litres/day/SUIP being included). Hence the charge for these customers would vary between zero and the fixed charge component value.

**Non-residential customers**

When the non-residential sector is considered (currently charged by fixed charge and volumetric charge), for the 95% of commercial customers (approximately 2,500) that use less than 3,500$m^3$/year the impact would vary depending on consumption and the option selected. For a very low user, the impact might be a cost reduction under fully volumetric or an increase under any option which increases the fixed component. For a consumer using 3500$m^3$, the impact may vary between a decrease of $455 (5%), or an increase of $304 (3.4%).

For the 5% of non-residential customers (approximately 100) using greater than 3,500 $m^3$/year, the impact increases as the volume of water consumed increases. Out of the top 10 largest users, nine use between 20,000$m^3$/year and 75,000$m^3$/ year. The largest consumer uses over 700,000$m^3$/year. These top 10 account for more than one third of all water currently supplied by meter, while the single largest user accounts for 60% of the total volume used by the top 10 and more than 20% of all water currently supplied on a by-meter basis. The impact on these users varies between a 5.1% reduction in charges up to a 3.1% increase.

The UWM project was approved as part of a water conservation strategy. The cost of abstracting, treating and distributing water to consumers is largely independent of the volume of water. The costs incurred relate to the provision of infrastructure to transport the water. As demand increases, the assets become large and more expensive. Reducing water consumption defers upgrade by keeping demand within the capacity of the existing assets. The evidence strongly supports a reduction in water consumption when payment based on water meters is introduced. As consumption reduces, the unit rate for water must increase to ensure the full cost is recovered. For the residential customer, the majority will continue to see a lower bill as compared to what would have been if the UAWC had continued. However, there will be a larger impact on the existing water by meter customers.

**Restricted flow customers**

NPDC's 2025/26 charge of $414.00 per water unit is calculated by taking the standard rate for consumption up to 50,000$m^3$ of $2.64 and multiplying this by 365 days and a factor of 43% to represent the reduced level of service provided. This sets the restricted flow unit rate, and the unit rate charge applies regardless of the customers actual water consumption. There is however a limit to the total amount of water that can be supplied via the network and hence a limit on the amount of water a rural property can get.

While these connections will be metered to detect leaks and check supply, it is proposed this method of charging be continued as there is a limit to what each property can get, and each property must invest in its own infrastructure (e.g. tanks and pumps).

**Water half charge customers**

NPDC's 2025/26 charge of $334.50 is calculated by simply dividing the UAWC of $669.00 in half. This methodology could continue to be applied by halving the calculated average charge.

An alternative would be to apply the fixed charge component if either option 1 or 2 is selected. This would be $73.00 for option 1 and a value corresponding the volume included in the fixed charge for option 2 e.g. if 100 litres/day/SUIP is selected, the charge would be $96.36. A fixed charge would not apply if option 3 is selected so an alternative method would need to be developed.

## Suggested Options for Consultation

Based on the options impact analysis and the analysis of the short list, options 1, 2 and 3 align with the UWM project objectives to encourage customers to reduce consumption, but all three affect various customer types differently compared to current the UAWC charge. All three options are suggested for consultation.

**Option 1** – Combination of fixed serviceability charge (with no volume included) and volumetric charge for each cubic meter of water used. The proportion of the fixed charge would need to be determined.

**Option 2** - Combination of fixed serviceability charge (that includes a fixed volume) and volumetric charge for each cubic meter of water used above fixed volume. The volumetric allowance in the fixed charge would need to be determined.

**Option 3** – Volumetric charge only.

## Other Considerations

**Cost recovery**

If consumption drops more than expected, the cost/$m^3$ will need to increase to ensure the actual cost of water service delivery is fully recovered. Some savings will be made due to reduction in the volume of water needing to be produced at the water treatment plants. However, while the current CAPEX programme already considers a reduction in consumption from UWM, any further cost savings related to the anticipated avoidance or deferral of capital investment to increase capacity (e.g. recent $4m saving identified for Tikorangi pump station and trunk main due to leakage reduction) will need to be modelled to identify and understand any significant impacts before any cost reduction can be applied to the cost/$m^3$ rate.

This risk to cost recovery can be addressed in two ways, either increase the rate when the new charging method is introduced (meaning a step up in rates similar to the percentage drop in water use, e.g. if water use drops 20% then the rate may need to increase by around 20%) or increase at a slower rate over several years which means acceptance that a deficit may occur and a plan to pay this back over several years.

**Commercial properties**

The biggest potential impacts are on those existing commercial users who already have meters and efficient water processes. If the rate was increased by around 20% this would be a significant impact on their costs. This impact would be greater under option 3 (volumetric charge only) as the variable volumetric charge needs to be higher to recover all water service costs.

**Billing frequency**

The NPDC water billing period for most existing metered customers is quarterly with some very large commercial users billed monthly. All the other council examples selected for analysis bill all customers at quarterly intervals. It would be consistent to bill all NPDC residential customers at quarterly intervals and continue to bill the large commercial users monthly.

**Landlords and renters**

Non-metered water charges are currently charged to property owners (including landlords). The extract below from the MBIE Tenancy Services[3] website indicates that tenants pay metered water charges. Watercare hold property owners responsible for paying water accounts but make provision for tenants to be given authority access to pay metered water accounts owing to common arrangements between tenants and landlords regarding water charges. This would need to be scoped to offer a similar provision within NPDC's systems and processes.

## Who pays for metered water charges

A metered water supply allows a water supplier to charge for the amount of water used. The tenant pays for any water charges if:

- the property has a separate water meter
- the water supplier calculates water charges based on metered use
- the charges can be exclusively attributed to the tenant's use of the property.

Otherwise the landlord pays for the water charges.

Some suppliers calculate wastewater based on how much metered water they supply to the property. The landlord can ask the tenant to pay for the wastewater they produce in this situation as the charge is attributed to the tenant's use.

**Consumer Tools**

An information system for customers to estimate their typical expected consumption would likely assist customers to reduce consumption. On the Watercare website at Higher bill than usual?, a link is provided to Water Calculator: What's your water footprint? for this purpose. A similar tool that customers could be referred to would likely reduce demand for the call centre.

[3] Water and wastewater charges » Tenancy Services

# 5. Appendices

## Appendix A – NPDC Current Water Charges

**8. Water supply**

Uniform annual water charge

A fixed charge is a targeted rate being a fixed amount per SUIP which is connected to a water supply by an annual water charge or on demand supply of water by meter. The amount per SUIP is $475.65 for 2024/25.

On demand supplies of water by meter

a) A fixed charge of $48.00 per SUIP of a rating unit.

b) A consumption charge per cubic metre of water supplied to each connection which is metered and connected to an urban or rural water supply. A scale of charges is applied as follows:

i) Standard rate for consumption up to or equal to 50,000m³ per annum $1.894 (per cubic metre) for 2024/25.

ii) Rate for consumption in excess of 50,000m³ per annum $1.914 (per cubic metre) for 2024/25.

iii) Waitara industrial - untreated supply $1.140 (per cubic metre) for 2024/25.

Restricted flow targeted rate is a fixed charge rate determined by the (user nominated) volume of water able to be supplied within a fixed time period to a SUIP for properties that are not metered and are connected to a rural water supply (in accordance with NPDC's Bylaw Part 14 - Water, Wastewater and Stormwater Services). The amount per cubic metre is $297.39 for 2024/25.

Water half charge is a targeted rate being a fixed amount per SUIP applied to all properties that are within 100 metres of a serviceable pipeline and are not included in assessments above and are not connected to a Council supply, are assessed at $237.83 per SUIP for 2024/25.

**Note.** For properties that are not connected to a water supply and are further than 100 metres from a water pipe, a targeted rate is not assessed.

# Appendix B – Water Supply Funding Impact Statement from 2024 LTP

## New Plymouth District Council: Funding Impact Statement for 1 July 2024 to 30 June 2034 for Water Supply

| | A/Plan 2023/24 ($m) | Budget 2024/25 ($m) | Budget 2025/26 ($m) | Budget 2026/27 ($m) | Budget 2027/28 ($m) | Budget 2028/29 ($m) | Budget 2029/30 ($m) | Budget 2030/31 ($m) | Budget 2031/32 ($m) | Budget 2032/33 ($m) | Budget 2033/34 ($m) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sources of operating funding | | | | | | | | | | | |
| General rates, uniform annual charges, rates penalties | - | 0.76 | 0.91 | 0.97 | 1.05 | 0.99 | 1.02 | 1.02 | 1.05 | 1.11 | 1.15 |
| Targeted rates | 16.23 | 20.50 | 25.10 | 29.41 | 31.82 | 30.49 | 31.53 | 32.08 | 33.15 | 35.04 | 36.41 |
| Subsidies and grants for operating purposes | - | - | - | - | - | - | - | - | - | - | - |
| Fees and charges | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 |
| Internal charges and overheads recovered | - | - | - | - | - | - | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - | - | - | - | - | - | - |
| **Total operating funding (A)** | **16.46** | **21.49** | **26.23** | **30.61** | **33.10** | **31.70** | **32.78** | **33.33** | **34.43** | **36.38** | **37.79** |
| Applications of operating funding | | | | | | | | | | | |
| Payments to staff and suppliers | 5.07 | 6.72 | 8.32 | 9.40 | 10.59 | 8.60 | 8.81 | 9.14 | 9.25 | 9.84 | 10.26 |
| Finance costs | 2.61 | 3.60 | 3.69 | 3.88 | 4.11 | 4.46 | 4.84 | 5.20 | 5.59 | 5.72 | 5.75 |
| Internal charges and overheads applied | 5.04 | 4.96 | 5.43 | 5.33 | 5.51 | 5.62 | 5.71 | 5.70 | 5.75 | 5.79 | 5.89 |
| Other operating funding applications | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of operating funding (B)** | **12.72** | **15.28** | **17.44** | **18.61** | **20.21** | **18.68** | **19.36** | **20.04** | **20.59** | **21.35** | **21.90** |
| **Surplus/(deficit) of operating funding (A-B)** | **3.74** | **6.21** | **8.79** | **12.00** | **12.89** | **13.02** | **13.42** | **13.29** | **13.84** | **15.03** | **15.89** |
| Sources of capital funding | | | | | | | | | | | |
| Subsidies and grants for capital expenditure | 0.07 | 0.14 | - | - | - | - | - | - | - | - | - |
| Development and financial contributions | 0.50 | 1.37 | 1.81 | 2.20 | 2.58 | 3.47 | 3.88 | 4.17 | 4.25 | 4.21 | 4.24 |
| Increase/(decrease) in debt | 6.12 | 6.76 | 7.50 | 6.28 | 5.93 | 4.77 | 1.72 | 1.10 | 1.20 | (1.41) | 0.12 |
| Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - | - |
| Lump sum contributions | - | - | - | - | - | - | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - | - |
| **Total sources of capital funding (C)** | **6.69** | **8.27** | **9.30** | **8.48** | **8.51** | **8.24** | **5.60** | **5.27** | **5.46** | **2.80** | **4.36** |
| Applications of capital funding | | | | | | | | | | | |
| Capital expenditure: | | | | | | | | | | | |
| - to meet additional demand | 5.17 | 5.76 | 4.45 | 5.20 | 5.27 | 3.24 | 0.46 | 0.64 | 2.51 | 4.33 | 5.23 |
| - to improve the level of service | 2.14 | 3.76 | 5.46 | 4.92 | 5.12 | 7.44 | 7.83 | 7.59 | 6.16 | 1.96 | 2.82 |
| - to replace existing assets | 5.64 | 6.91 | 8.93 | 10.61 | 8.43 | 6.65 | 7.00 | 6.94 | 11.20 | 11.81 | 11.80 |
| Increase (decrease) in reserves | (2.52) | (1.95) | (0.75) | (0.25) | 2.58 | 3.93 | 3.73 | 3.39 | (0.57) | (0.27) | 0.40 |
| Increase (decrease) of investments | - | - | - | - | - | - | - | - | - | - | - |
| **Total applications of capital funding (D)** | **10.43** | **14.48** | **18.09** | **20.48** | **21.40** | **21.26** | **19.02** | **18.56** | **19.30** | **17.83** | **20.25** |
| **Surplus/(deficit) of capital funding (C-D)** | **(3.74)** | **(6.21)** | **(8.79)** | **(12.00)** | **(12.89)** | **(13.02)** | **(13.42)** | **(13.29)** | **(13.84)** | **(15.03)** | **(15.89)** |
| **FUNDING BALANCE (A-B) + (C-D)** | - | - | - | - | - | - | - | - | - | - | - |

Te Kaunihera-ā-Rohe o Ngāmotu
New Plymouth District Council

# WA2019 – Universal Water Metering

## *Options Analysis*

## *Shared Water Meter Properties - Policy for Volumetric Charging*

March 2025

# Glossary

| Term | Meaning |
|---|---|
| SUIP | Separately Used or Inhabited Part of a rating unit. It includes:<br>• any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement; or<br>• any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use |
| SWMP | Shared Water Meter Property<br>• SUIP that shares a single water supply connection and water meter with other SUIPs |
| UAWC | Uniform Annual Water Charge |
| UWM | Universal Water Metering |
| LTP | Long-Term Plan |

# Table of Contents

# 1. Executive Summary

When volumetric charging is introduced, a significant number of properties will share a common water connection and meter. These properties are known as Shared Water Meter Properties (SWMPs). The purpose of this report is to explore the available options for volumetric charging at SWMPs and to recommend options for consultation.

It is estimated that approximately 1,000 shared meters will be installed in the district, supplying approximately 2,500 of the 30,000 SUIPs connected to the water supply network (8.3%). It is further estimated that approximately 10% of these properties (250 no.) may have a proven inequity concern that needs attention following mock billing, and that approximately 50% of these (125 no.) may be resolved easily by the installation of a Council-funded 1:1 connection and water meter in the public domain, with the customer paying for their private pipework modifications. This would leave only 125 or so properties (0.4%) that may require an alternative policy solution.

The Consultation Document - Saving Water and Water Meters was considered by Council on 19 May 2021 and a resolution was carried to install water meters and commence volumetric charging for all properties by 1 July 2024.

The approved Outline Business Case Water Conservation methodology is to install meters on all existing points of supply and charge volumetrically. While straightforward where one meter serves one SUIP, for grouped SUIP's the situation is more complex.

Due to central government mandates to reform the way three waters assets are managed, the development of the tariff structure for volumetric charging was delayed, but this has now recommenced as set out in the adopted LTP 2024-2034, whereby we will consider charging by volume in the LTP 2027-2037.

Five options were considered:

**Option 1** – Shared meter readings split equally between connected SUIPs.

**Option 2** – All SUIPs connected to a shared meter continue to be charged by UAWC indefinitely.

**Option 3** – Same as option 1 but with introduction of new shared meter remissions policy.

**Option 4** – Option for SWMP owners to apply to stay on UAWC.

**Option 5** – Offer installation of check meters.

Of the five options considered, the recommended options for consultation are:

**Option 1 - Shared meter readings split equally between connected SUIPs**

All SUIPs sharing a meter to be charged equal amounts based on the volumetric meter reading. Other councils have adopted this approach, including Watercare for Auckland Council[1] and Kāpiti Coast District Council[2] and

[1] Watercare: Types of meters
[2] Water Meter FAQs - Kāpiti Coast District Council

Waipā District Council[3]. This option is consistent with the approved business case methodology and objectives. It is anticipated that the number of SWMP inequity situations will be low and that half of these could be easily resolved by installing a Council-funded 1:1 meter connection and water meter in the public domain (available over a fixed period to be determined, where the connection fee is waived) with the customer paying for their private pipework modifications. This would leave a small number of properties (estimated at 125 or 0.4%) that may need some additional treatment or an alternative policy solution.

**Option 2 – All SUIPs connected to a shared meter continue to be charged by UAWC indefinitely**

All SUIPs sharing a meter will continue to be charged indefinitely by UAWC. The value of the UAWC for this option would need to be determined by a new Volumetric Charging Policy as it may differ to the current UAWC that covers significantly more properties. This is only partially consistent with the approved business case methodology and objectives, and our bylaw is aimed at preventing people from wasting excessive water. A separate rating policy and process would be needed.

**Option 4 – Offer the option for SWMP owners to apply to stay on UAWC**

In combination with option 1, a new policy could be introduced to deal with the anticipated low number of SWMP inequity cases. This option would give SWMP owners the opportunity to apply to stay on UAWC at the volumetric charging implementation date, with the option to review every 12 months and potentially change to volumetric charging. Owners would need to demonstrate why they wish to stay on UAWC, and that leakage was not contributing to the reason for their application. Where SWMP owners opt to be charged volumetrically, this would be a one-off change with no option to revert to UAWC charging. This option is not fully consistent with the approved business case methodology and objectives, but the bylaw is aimed at preventing excessive water wastage. This option may introduce a small volume of additional demands on organisational resources due to system and process complications.

[3] Water meters - Waipa District Council

# 2. Shared Water Meter Properties

## Approved Business Case

The approved Outline Business Case Water Conservation contained the following benefit statement that supports how volumetric charging will reduce water consumption.

*"The aim of this project is to reduce water consumption. A literature review on the impact of the introduction of a water conservation program including universal water metering and volumetric charging (Reed and Hermens, 2013)* [4] *showed a 25% reduction in average day demand for Tauranga and 30% reduction in peak day demand, a 25% reduction in average day demand for Kāpiti, a peak day demand reduction of 37% for Nelson, a 20% reduction in average day demand for Wide Bay Water Corp in Australia, a 22% reduction in average day demand for Southern Water in the UK. A study of the effect of water meters on household demands by Southampton University showed a 16.5% reduction in household demand in the Southern Water area following the installation of water meters."*

Some customers must share a water meter due to the characteristics of the existing water supply connection pipework. As volumetric charging for all customers is essential to encourage the behaviour change require to reduce consumption, the business case also contained the following preferred option for Complicated properties (now known as SWMPs):

*"Complicated properties: Option 2b. Install meters on all existing points of supply. Bill volumetrically where one lateral serves one SUIP. Grouped SUIP's split their shared usage equally."*

This option was based on an analysis that indicated it would either be cost prohibitive or not physically possible to install a 1:1 meter in some situations.

Analysis included in the business case indicated an estimated 1,803 shared meters would be required to supply 4,587 properties i.e. an average of 2.54 properties per shared meter. The total number of residential properties at the time of the business case was 28,942[5] i.e. 15.8% of properties on shared meters.

The options impact analysis included in the business case indicated a medium impact for any possible legal issues related to splitting consumption equally between SUIPs on a shared meter. The risk of this is extremely low given the precedence that has been set by other councils that have adopted this methodology.

Bylaw Part 14 Water Wastewater and Stormwater Services clause 9.7 covers the installation of water meters at rating units.

[4] Reed J and Hermens K (2013) A review of water metering practice in New Zealand and Overseas. Water New Zealand Conference 2013
[5] Refer to Benchloss report submitted to Water New Zealand in August 2021.

## Forecast Number of SWMPs

As of 17 February 2025, the total number of shared meters recorded as being installed at residential properties by the UWM project is 719 supplying 1,848 residential properties, i.e. an average of 2.57 properties per shared meter.

Water meter installations are 76% complete, so an extrapolated forecast for the final total number of shared meters is 946 supplying 2,532 residential properties. Note this number does not include any SUIPs that share meters at retirement villages where the estate manager is charged for water (see Types of Shared Meter Situation below).

The total number of residential properties connected to the water supply network is 29,820[6], i.e. the latest forecast is 8.4% of properties are on shared meters.

The reduced number of shared meters installed by the UWM project compared to the business case analysis has resulted from closer assessment of actual site circumstances and opportunities, e.g. private rights-of-way with shared rider mains and individual connection points.

## Types of Shared Meter Situations

There are a variety of situations where water meters are shared between the occupiers of multiple residential houses, flats or units. The majority of SWMPs are type owner-occupied houses and owner-occupied flats.

**Owner-Occupied Houses**

Multiple owner-occupied properties on a single plot with separate cross-lease titles supplied from an existing single water supply connection. An example of this is shown below at 45A and 45B Barrett Street. This is typically where an existing water connection has been repurposed to supply more than one SUIP during subdivision. These situations occurred prior to the current resource consent requirement for sub-divided properties to have individual water connections. Each SUIP is rated separately and currently charged for their water supply by UAWC.


[6] Refer to Benchloss report submitted to Water New Zealand in August 2024

**Owner-Occupied House with additional SUIP(s)**

Owner-occupied single plot with more than one SUIP supplied from a single water supply connection. An example of this is shown below at 279 Tukapa Street. This is typically a house with a separate added accommodation unit such as a granny flat. The owner is charged multiple UAWC charges corresponding to the number of SUIPs on the section.


**Owner-Occupied Flats**

Multiple owner-occupied properties supplied from an existing single water supply connection. An example of this is shown below for the apartment block at 10 Buller Street. Each SUIP is currently charged for their water supply through their rates by UAWC. A body corporate also exists in this example for managing the shared amenities. The body corporate is billed for the existing water meter, but it is not known if or how the body corporate includes water charges in their fees.

**Owner-Occupied Units – Estate Manager Charged for Water Supply**

Multiple owner-occupied units supplied from an existing single water supply connection. An example of this is shown below at Jean Sandal Retirement Village at 71 Barratt Road. The estate manager is charged for the water supply under the current volumetric charging arrangements at a single boundary water meter. The individual owner-occupiers of the SUIPs are responsible for paying rates but are not charged the UAWC component. The estate manager is responsible for arrangements to recover the cost of the water supply from owner-occupiers. These SUIPs are not included in the current forecast SWMP numbers shown above.

**Tenant-Occupied Flats**

Multiple tenant-occupied flats owned by landlord. An example of this is at 1/55 – 4/55 Carrington Street. The landlord is responsible for paying rates and is currently charged rates for all SUIPs including a UAWC component for each SUIP. The landlord is responsible for arrangements to recover the cost of the water supply from the tenants.

# 3. Options Analysis

## Background

Some customers who will share a meter have already expressed concern about equity. They are predominantly concerned about neighbours on a shared connection using more water than them and hence feel they would be subsidising their neighbour's water usage. Such concerns may be perceived or real. For example, a single occupant in one property is likely to have significantly different water consumption to a large family in another property, especially if the latter has a swimming pool. There has also been concern expressed about any unresolved leakage occurring on a neighbour's pipework that would be subsidised by other connected neighbours.

A mock billing period is planned for all properties during the 12-month period prior to volumetric charging commencing. This will allow all SWMPs to compare volumetric charges against current UAWC charges.

Based on water consumption data obtained to date from meters that have already been installed, it is anticipated that 2,279 (90% of the forecast 2,532) SWMPs will have a reduced charge when moving to the volumetric charge from the existing UAWC. This is due to SWMPs typically being dwellings with lower water use due to them being smaller cross-lease properties or flats that have lower occupancy, smaller or no garden or lawn areas to water and are less likely to have swimming pools. The mock-billing comparisons will highlight these reductions and are expected to allay most inequity concerns.

Inequity issues may be raised by the remaining 253 (10% of the forecast 2,532) SWMPs. Half of these cases (120 properties at 50 connections) are expected to be resolved by an owner applying for a 1:1 meter if Council resolves to pay for the new connection works to existing properties in the road reserve with the property owner paying for the works on their property. A significant inequity would need be proven for this to be considered and a process for working with the owner to investigate and resolve any leakages followed.

During the delivery of the UWM project, some owners have already opted to make this change and have funded their own private pipework changes. The installation of these 1:1 connections will resolve 50% of the inequity issues, leaving only approximately 120 or so properties at 50 or so shared meters to develop and apply a new policy to. This could take the form of offering the option for SWMP owners to apply to remain on a UAWC charge that would be calculated based on the district average consumption.

It is also expected that leakage on customer owned water supply pipes at SWMPs will come into play, and resolution of leakage will also resolve some of the inequity issues. The existing water leakage remissions policy (aimed at the non-domestic sector that is currently volumetrically charged) is also being reviewed. A separate options report has been prepared to consider revisions to reflect the different drivers to resolve leakage in the domestic sector.

## Shared Meter Treatment at Other Councils

**Auckland Council – Watercare**

Customers sharing the same water meter pay equal parts of the volumetric charge determined by the shared meter. There is no remissions policy for charging customers differently should inequity concerns arise. Customers can apply for a 1:1 meter if they wish to move off a shared meter and the customer pays for all the

works required (Watercare and private works). In some cases, Watercare own and operate historical subsidiary meters that are downstream of the primary (shared) meter, and these are used to determine individual volumetric charges using the primary meter to make any adjustments to aggregate differences.

**Waipā District Council**

Customers sharing the same water meter pay equal parts of the volumetric charge determined by the shared meter. Waipā District Council found that 86% of the 1,100 properties connected to shared meters paid less when volumetrically charged when compared to the previous UAWC.[7] The remaining 14% were financially disadvantaged by the split bill and a Water Remission for Complex Properties Policy was introduced[8] (included in Appendix A).

**Kāpiti Coast District Council**

Customers sharing the same water meter pay equal parts of the volumetric charge determined by the shared meter. There is no remissions policy for charging customers differently should inequity concerns arise. A scheme to install Council-owned check meters is in place at cross-lease properties[9] should a customer wish to consider this. This meter is owned by Council, i.e. public infrastructure is located on private property. This has resulted in access issues. Information from KCDC has indicated that completion of meter readings in these situations has been low.

**Christchurch City Council**

All customers pay a fixed charge and an excess volumetric charge for any consumption over the allowance included in the fixed charge. There is no remissions policy for charging customers differently should inequity concerns arise. Between October 2022 and January 2023, of the approximately 160,000 properties connected to the water supply network, approximately 23,000 (14%) were eligible for paying the excess volumetric charge of which only 194 (1%) were properties with shared meters. All 194 properties were contacted and asked to look for leaks[10]. It is planned over time that shared meters will be replaced by individual meters with the priority being set by water use.

**Tauranga City Council**

Information on the Tauranga City Council website states: *"If you share a driveway or live in a block of flats, there will likely be a primary water meter at the roadside boundary (measuring all the water entering the property) and then additional meters for each dwelling. Council is responsible for all of the meters, but property owners are responsible for the pipes that connect these meters. If a leak is discovered, it is up to the property owners to resolve it and pay for repairs to these private pipes."* Hence no split bills or remissions policy is required for shared meters. Similar to Kāpiti Coast, this arrangement requires public infrastructure to be located on private property. This introduces legal issues around access and places an encumbrance on the property.

[7] Council may cap some cross-lease water bills - Waipa District Council

[8] Waipa-District-Council_Water-Remissions-consultation.pdf

[9] Cross-lease - Kāpiti Coast District Council

[10] Water charges: Christchurch City Council

The table below summarises the SWMP features at these selected Councils.

| Criteria: | Auckland Council | Waipā District Council | Kāpiti Coast District Council | Christchurch City Council | Tauranga City Council |
|---|---|---|---|---|---|
| **SWMPs?** | Y | Y | Y | Y | Y |
| **Equally Split Bill?** | Y | Y | Y | N | Y |
| **Check Meters (Council Owned)?** | Y (historical) | N | Y | N | Y |
| **Volumetric Charging for SWMPs?** | Y | Y | Y | Y | Y |
| **SWMP Remission Policy?** | N | Y | N | N | N |

## Options

**Option 1 - Shared meter readings split equally between connected SUIPs**

All SUIPs sharing a meter to be charged equal amounts based on the volumetric meter reading. Other councils have adopted this approach including Watercare for Auckland[11], Kāpiti Coast District Council[12] and Waipa District Council[13]. This is consistent with the approved business case methodology and objectives.

**Option 2 - SUIPs connected to shared meter continue to be charged by UAWC indefinitely**

All SUIPs sharing a meter will continue to be charged indefinitely by UAWC. The value of the UAWC for this option would need to be determined by a new Volumetric Charging Policy as it may differ to the current UAWC that covers significantly more properties. This is only partially consistent with the approved business case methodology and objectives, and our bylaw is aimed at preventing people from wasting excessive water. A separate rating policy and process would be needed.

**Option 3 - Same as option 1 but with introduction of new shared meter remissions policy**

All SUIPs sharing a meter to be charged equal amounts based on the volumetric meter reading (as per option 1), but with the addition of a new shared meter remissions policy where assistance will be given for any property owners who are financially disadvantaged by a split bill. This could be based on the policy already introduced by Waipā District Council for this purpose [14] which specifies that, if a customer's consumption is over a defined Threshold Daily Usage and below a ceiling value (to eliminate leakage etc.), then a remission is given for the difference. This approach is consistent with the approved business case

[11] Watercare: Types of meters
[12] Water Meter FAQs - Kāpiti Coast District Council
[13] Water meters - Waipa District Council
[14] Water remissions - Waipa District Council

methodology and objectives, and low numbers of cases are anticipated following the mock billing period. However, this option would introduce demands on organisational resources due to system and process complications and would need additional administration.

**Option 4 - Option for SWMP owners to apply to stay on UAWC**

SWMP customers would be given a one-off opportunity to apply to remain on UAWC at the volumetric charging implementation date of 1 July 2027. Customers would need to demonstrate why they wish to stay on UAWC, and that leakage was not contributing to the reason for their application. Once an application has been approved, the customer would have the option to review and apply to convert to volumetric charging at the start of each subsequent billing year (commencing 1 July). Once a customer has moved from UAWC to volumetric charging, the option to apply to revert to UAWC would be removed. Customers remaining on UAWC is not consistent with the approved business case methodology and objectives as the motivation to change behaviour and reduce consumption is reduced. However, the bylaw deals with preventing excessive water wastage. This option introduces additional demands on organisational resources and would need to be accommodated in billing systems and processes.

**Option 5 – Offer installation of check meters**

A Council-owned check meter could be installed on the private pipework to allow 1:1 metering in some situations. This is an option offered by Kāpiti Coast District Council[15] where it is practical and feasible. Any required agreements for Council to own, operate and access assets in private property would need to be put in place. This would incur additional cost and potential future access difficulties. This option was considered in the approved business case but was discounted due to the additional cost and complexity. This option would also introduce public infrastructure on private property which would be an encumbrance on that property (a disadvantage to the property owner).

[15] Water Meter FAQs - Kāpiti Coast District Council

## Options Impact Analysis

| | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 |
|---|---|---|---|---|---|
| **Assessment criteria:** | **Shared meter readings split equally between connected SUIPs** | **SUIPs connected to shared meter continue to be charged by UAWC indefinitely** | **Same as option 1 but with introduction of new shared meter remissions policy** | **Option for SWMP owners to apply to stay on UAWC** | **Offer installation of check meters** |
| **Achieves objectives of approved business case?** | **High** Volumetric charging encourages behaviour change to reduce consumption | **Medium** Volumetric charging to forecast 2,532 properties (8.4%) on shared meters not achieved. Bylaw aimed at preventing excess wastage of water | **High** Volumetric charging encourages behaviour change to reduce consumption | **Medium** Volumetric charging for up to forecast 2,532 properties (8.4%) on shared meters not achieved. Bylaw aimed at preventing excess wastage of water | **Low** Discounted option in approved business case |
| **Allows any cases of real or perceived inequity to be resolved?** | **Low** Split bills introduced without any means to dispute or challenge | **High** No change to the forecast 2,532 properties (8.4%) | **High** Process for customers to follow if shared consumption higher than reasonably expected | **High** Outcome for customer is fair, and issues resolved | **High** Customers would be on 1:1 meter |
| **No additional administrative workload?** | **High** No additional work required | **High** Billing system to account for UAWC continuing for some customers – this may be required anyway | **Medium** New policy to be developed and introduced then administered but low numbers anticipated | **High** Change to some customers' charging method in the system required but with minimal effort | **Low** Would need permission agreements etc |
| **No additional cost?** | **High** No additional work required | **Medium** System and process to be adapted to accommodate this | **Medium** System and process to be adapted to accommodate this | **High** System and process to be adapted to accommodate this but with minimal effort | **Low** Extra cost for installation work and agreements |
| **Consistent with other council approaches?** | **High** Consistent with Watercare | **Low** Not consistent with objectives but Christchurch uses this | **Medium** Consistent with Waipā | **Low** Not an option offered elsewhere | **Medium** In place at some councils |

## Preferred Options for Consultation

**Option 1 - Shared meter readings split equally between connected SUIPs**

All SUIPs sharing a meter to be charged equal amounts based on the volumetric meter reading. Other councils have adopted this approach including Watercare for Auckland[16], Kāpiti Coast District Council[17] and Waipā District Council[18]. This is consistent with the approved business case methodology and objectives. It is anticipated that the number of SWMPs in an inequity situation will be low and that half of these can be easily resolved by installing a Council-funded 1:1 meter connection and water meter in the public domain with the customer paying for their private pipework modifications. This would leave a small number of properties (estimated at 125 or 0.4%) that may need some additional treatment or alternative policy solution.

**Option 2 - SUIPs connected to shared meter continue to be charged by UAWC indefinitely**

All SUIPs sharing a meter will continue to be charged indefinitely by UAWC. The value of the UAWC for this option would need to be determined by a new Volumetric Charging Policy as it may differ to the current UAWC that covers significantly more properties. This is only partially consistent with the approved business case methodology and objectives, and our bylaw is aimed at preventing people from wasting excessive water. A separate rating policy and process would be needed.

**Option 4 - Option for SWMP owners to apply to stay on UAWC**

In combination with Option 1, a new policy to give SWMP owners the opportunity to apply to stay on UAWC at the volumetric charging implementation date, with the option to review every 12 months and change to volumetric charging. Owners would need to demonstrate why they wish to stay on UAWC, and that leakage was not contributing to the reason for their application. This would be a one-off change with no option to revert to UAWC charging once a customer has opted to be charged volumetrically. This is not consistent with the approved business case methodology and objectives, but the bylaw deals with preventing excessive water usage. It may introduce a small volume of additional demands on organisational resources due to system and process complications.

Note there would be no change for existing body corporates already being charged volumetrically. Where SUIPs are currently being charged UAWC, are supplied via a single shared meter, and are also serviced by a body corporate, e.g. apartment block, the SUIP owners would receive a split bill and have the option to apply to remain on UAWC.

[16] Watercare: Types of meters
[17] Water Meter FAQs - Kāpiti Coast District Council
[18] Water meters - Waipa District Council

# 4. Appendices

## Appendix A – Waipā District Council Water Remission for Complex Properties

### 5.2 WATER REMISSION FOR COMPLEX PROPERTIES

5.2.1 ***Objective***

The objective of this part of the policy is to provide a mechanism for adjusting the impact of metered water rates on complex water metered properties[1].

5.2.2 ***Conditions and criteria***

Definition: Threshold Daily Usage means the use of 0.488 cubic metres per day.

[1] Complex properties are properties where there is no single Council water supply point per property. Instead, like other parts of the property (shared driveways etc), the water supply is shared with neighbouring properties. They are also properties where Council does not own, or have legal access to, the connecting pipe from the Council water supply point to each property.





1. Any ratepayer of a residential rating unit connected to a complex water meter may apply for a remission, except where the ratepayer owns all the rating units connected to a complex meter.

2. When a ratepayer applies for a remission, the average daily usage for their rating unit (as recorded on their water invoice) is compared to the Threshold Daily Usage.

3. If the daily usage invoiced is greater than 0.877 cubic metres, the resident or ratepayer must provide evidence that there are no leaks or extraordinary use, such as where there is a swimming pool, fixed garden irrigation or any type of commercial undertaking within the rating unit prior to the remission being processed.

4. A ratepayer will be eligible for a remission where the invoiced daily usage for the rating unit is higher than the Threshold Daily Usage and the ratepayer is eligible to have their remission processed under 3. above.

5. A remission will be granted for the difference between invoiced daily usage and the Threshold Daily Usage.

6. At Council's absolute discretion, and on a case-by-case basis, Council staff can work with owners of complex properties with a water meter to get an equitable distribution of costs. This could include making reasonable inquiries about water usage as a basis for adjusting the allocations that would otherwise result from the application of this policy.

If a remission is given to one of the rating units on the complex meter, Council is unable to increase the amount invoiced to the other ratepayers on the same meter to recover the reduced revenue received.

Applicants may apply for this remission from 1 July 2018 and the remission will be effective from that date or the first day of the billing quarter in which application is made, whichever is later. The remission will be calculated as part of the normal water billing cycle.

All remissions will be processed via the metered water account.

Te Kaunihera-ā-Rohe o Ngāmotu
New Plymouth District Council

# WA2019 – Universal Water Metering

## *Options Analysis*

## *Low Income, Fixed Income and Vulnerable Households & Volumetric Charging*

March 2025

# Glossary

| Term | Meaning |
|---|---|
| SUIP | Separately Used or Inhabited Part of a rating unit. It includes:<br>• any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement; or<br>• any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use |
| SWMP | Shared Water Meter Property<br>• SUIP that shares a single water supply connection and water meter with other SUIPs. |
| UAWC | Uniform Annual Water Charge |
| UWM | Universal Water Metering |
| LTP | Long-Term Plan |
| DIA | Department of Internal Affairs |
| LWDW | Local Water Done Well which is the Government's plan to address New Zealand's long-standing water infrastructure challenges. |

# Table of Contents

# 1. Executive Summary

When volumetric charging is introduced, it will change the way domestic ratepayers pay for their water. The current system of UAWC will change to the new volumetric tariff (see separate document *Options Analysis – Volumetric Charging).* This document considers how this change may affect low income, fixed income and vulnerable households [1], provides an options analysis and suggests options for consultation.

The Consultation Document - Saving Water and Water Meters was considered by Council on 19 May 2021 and a resolution was carried to install water meters and commence volumetric charging for all properties by 01 July 2024.

The approved Outline Business Case Water Conservation included for the UWM project to review the existing tariff for volumetric charging arrangements and develop a new tariff for volumetric charging arrangements to cover all properties.

Due to central government mandates to reform the way three waters assets are managed, the development of the tariff structure for volumetric charging was delayed, but this has now recommenced as set out in the adopted LTP 2024-2034, whereby we will consider charging by volume in the LTP 2027-2037.

Two options have been considered, and it is suggested that both options are used in consultation:

**Option 1** – Continue with the current Rates Remissions and Postponement Policy

**Option 2** – Continue with the current Rates Remissions and Postponement Policy and introduce new Water Rates Remission for Vulnerable Households Relating to High Water Usage

[1] Vulnerable children and families: Some findings from the New Zealand General Social Survey | Stats NZ

# 2. NPDC Existing Arrangements

The Department of Internal Affairs (DIA) runs a rates rebate scheme that in some cases allows for a partial discount on rates bills. The scheme is administered by NPDC and generally applies to those on benefits or on very low incomes. Details of the scheme and how it operates are at NPDC rates rebates information and Get a rates rebate | New Zealand Government.

A rates rebate is a partial discount on rates bill and people may be eligible if they own their own home and are on low income. A maximum rebate of $790 per year is available dependent on the total amount of rates paid, number of dependents living at the same address, total household income, ownership of property and living situation. It must be applied for each year.

International guidelines highlight that water utilities need to strike a balance between recovering debt, in the interest of all customers, and dealing sensitively with those customers who find themselves in financial difficulty. To achieve these aims, many water utilities provide financial assistance to customers in financial difficulty.

As provided for by section 85 of the Local Government (Rating) Act 2002, NPDC has Information on NPDC Rates Remission and Postponement Policies. The policy is at NPDC Rates Remission and Postponement Policies.

The policy includes **Rates Policy 3: Postponement or remission of rates for financial hardship**. The objective of the policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates. It covers postponement for the owner/ratepayer and remission for near ownership situations. NPDC Rates Policy 3 is included in Appendix A for reference.

Applications for remissions received and granted will receive remissions from the date of application and can be backdated to the start of the rates year (but not previous rate years). Remissions apply for near ownership situations for residential property held in trust where the applicant resides at the property and can prove financial hardship.

Applications for postponement received and granted will receive postponement from the beginning of the year in which the application is received. In some circumstances postponement may cover previous years. It is available in cases of extreme financial hardship and any postponed rates will be registered on the property title and must be paid at the end of the granted postponement term or when the property is sold.

Under Section 25(1) of the Water Services Act 2021[2], a drinking water supplier (other than a water carrier) must ensure that a sufficient quantity of drinking water is provided to each point of supply to which that supplier supplies drinking water. The extract from section 25(7) below covers situations where accounts are unpaid.

> (7) To avoid doubt, a drinking water supplier—
>
> (a) may restrict supply to a point of supply if the relevant customer has unpaid accounts for any previous supply of drinking water or has failed to remedy water leaks that the customer is obliged to remedy; but
>
> (b) must, despite any non-payment or failure referred to in paragraph (a), continue to provide a sufficient quantity of drinking water in accordance with subsection (1).

[2] Water Services Act 2021 No 36 (as at 03 September 2024), Public Act 25 Duty to provide sufficient quantity of drinking water – New Zealand Legislation

# 3. Other Councils' Existing Arrangements

A cross section of councils where universal water metering is operational were selected for comparison of their existing arrangements.

**Auckland Council and Watercare**

To assist domestic customers who could not afford to pay their bills, Watercare set up the Water Utility Consumer Assistance Trust in October 2011. The Trust is charitable and has five trustees. Watercare can appoint two of the trustees, and the other three trustees represent community organisations. The Trust is an independent charitable trust entirely funded by Watercare. The Trust's major budget items are the amount of debt remissions or customer write-offs approved by the Trust and the costs of a full-time administrator.

Watercare provides details on their website about the support available for financial hardship at Watercare Financial hardship Guidance. This includes information on contacting the Ministry of Social Development and Auckland City Council Rates Rebate Scheme. It also provides details about the Water Utility Consumer Assistance Trust (WUCAT) and how the trust provides financial support to residential customers who are struggling to manage their water and wastewater costs (Watercare bills only). The Trust can also provide information on leak testing and ways to save water.

Auckland Council administers the DIA rates rebate system and provides guidance at Auckland City Council Help for low income households and community groups. It also has an Auckland City Council Rates Remission and Postponement Policy. This policy includes a scheme to address any inequity that results from ratepayers being unable to include water and wastewater charges when applying for central government's rates rebate scheme due to the Watercare and Veolia arrangements.

**Waipā District Council**

Administers the DIA rates rebate system and provides guidance at Rates rebates - Waipa District Council. It also has a Waipa District Council Remission and Postponement of Rates and Water Charges Policy. The remissions policy has no specific water remissions for hardship situations in relation to high water consumption or leakage repairs. The postponement policy contains a general hardship provision that covers all rates charges.

**Kāpiti Coast District Council**

Administers the DIA rates rebate system and provides guidance at Help with your rates - Kāpiti Coast District Council. It also has a rates remission and postponement policy Kapiti District Council Rates Remission and Postponement Policy. The rates postponement policy includes a general provision for hardship situations and covers all rates charges.

The Rates Remission Policy includes a Water Rates Remission for Vulnerable Households Relating to High Water Usage. This is included in Appendix B for reference. The below extract from Help with your rates - Kāpiti Coast District Council explains how this provision works.

**Water rate remission for vulnerable households relating to high water use**

We know paying rates can be tough for some members of our community. Each year we offer a water rates remission to provide support to larger families who have high water costs. This rates assistance is available to tenants or homeowners, and water rates remissions can be up to $120 per household.

You could qualify if you get the tax credit **and** all of the following apply:

- you pay water rates as a property owner or tenant
- you have two or more dependants (18 years or younger) living at your property
- you're receiving a Working for Families Tax Credit
- you have total water charges from 1 July 2024 to 30 April 2025 of more than $433.

Applications are open **1 May to 30 June** each year, and you can apply once a year. If your application is successful, the remission will be paid as a credit to your (or if you're a tenant to the house owner's) water rates account.

You can find the full criteria for this assistance on page 15 of the Rates Remission Policy.

Over the 2014/15 year $585 was rebated to 10 large family households under this Policy[3].

**Christchurch City Council**

Administers the DIA rates rebate system and provides guidance at Christchurch City Council : Apply for a rates rebate: low income earners. It also has a Christchurch City Council Rates Remission Policy and Christchurch City Council Rates Postponement Policy. The remissions policy has no specific water remissions for hardship situations in relation to high water consumption or leakage repairs. The postponement policy contains a general hardship provision that covers all rates charges.

**Tauranga City Council**

Administers the DIA rates rebate system with guidance at Rates rebate for low income - Tauranga City Council. It also has a Tauranga City Council Rates Remission Policy and Tauranga City Council Rates Postponement Policy. The remissions policy has no specific water remissions for hardship situations in relation to high water consumption or leakage repairs. The postponement policy contains a general hardship provision that covers all rates charges.

**Comparison of Selected Councils**

- All the councils selected for the analysis operate the DIA Rates Rebate Scheme and have Rates Remission and Postponement Policies.
- All council Rates Postponement Policies include postponement for hardship circumstances.
- Three councils (Waipā District Council, Christchurch City Council and Tauranga City Council) do not operate a specific water charges remission policy for hardship.
- Kāpiti Coast District Council operates a specific Water Remissions Policy for hardship relating to high usage.
- Auckland Council has a Remission of Rates to top up any rebates not available to residents through the DIA Rates Rebate Scheme for Watercare charges. This is most likely due to Watercare charging not being able to be classed as a rate by the DIA. The Water Utility Consumer Assistance Trust is set up in Auckland to assist with hardship in relation to paying Watercare charges.

[3] CRAG 2016 review Report

A comparison of councils is shown in the table below.

| Criteria: | Auckland Council (Watercare) | Waipā District Council | Kāpiti Coast District Council | Christchurch City Council | Tauranga City Council |
|---|---|---|---|---|---|
| **Volumetric Charges** | Y | Y | Y | Y | Y |
| **DIA Rates Rebate Scheme** | Y | Y | Y | Y | Y |
| **General Rates Remissions for Financial Hardship** | N | N | Y | N | N |
| **General Rates Postponement for Financial Hardship** | Y | Y | Y | Y | Y |
| **High Usage Water Remissions for Financial Hardship** | N<br>But top up if no rebate on Watercare charges available | N | Y<br>Based on meeting hardship criteria and annual charge above $433 | N | N |
| **Tenants able to directly apply for remission** | N | N | Y<br>If two or more dependants | N | N |

# 4. Options Analysis

Based on the analysis of how other councils apply their Rates Rebate Scheme and Rates Remissions and Postponement Policies, the following options are available to consider.

**Option 1 – Continue with the current Rates Remissions and Postponement Policy**

The current Rates Rebate Scheme and Rates Remissions and Postponement Policy contain general provisions to deal with hardship that cover water charges.

**Option 2 – Continue with the current Rates Remissions and Postponement Policy and introduce new Water Rate Remission for Vulnerable Households Relating to High Water Usage**

The current Rates Rebate Scheme and Rates Remissions and Postponement Policy contains general provisions to deal with hardship that cover water charges. The introduction of volumetric charging means that some households in a hardship situation may be charged more for water consumption than the existing UAWC charge e.g. high occupancy households. This option would provide additional assistance to the general hardship provisions. A process would need to be developed by which the ratepayer could verify qualifying criteria. Provision would need to be estimated and included in annual budgets for the extra costs associated with this option (hardship fund). The value of the remission available and the reduced charge to be applied would also need be established. The reduced charge could be the district average charge i.e. same as the existing UAWC. Kāpiti Coast District Council introduced such a remission in 2012 when they commenced volumetric charging. The details of this are included in Appendix B.

Consideration could be given to also including a cap on total remission value to ensure that leakage is dealt with responsibly. Special circumstances could also be applied e.g. dialysis patients.

## Options Impact Analysis

| Assessment criteria: | Option 1 | Option 2 |
|---|---|---|
| **Easy to develop?** | **High**<br>No change to existing policy. | **High**<br>Existing policy would need to be changed, and new additional provision developed. |
| **Easy to administer?** | **High**<br>No change to existing policy. | **Medium**<br>Additional administration may be required to assess applications. |
| **No additional cost to Council?** | **High**<br>No change to existing policy. | **Medium**<br>Some additional provision would be needed to fund this. |
| **Additional water remission for high consumption in qualifying hardship situations?** | **Low**<br>No change to existing policy. | **High**<br>Yes – a new provision would be developed and included in policy. |
| **Seen to be fair by the community?** | **Low**<br>Change to volumetric charging causing higher water charges in some circumstances may be seen to disadvantage some of the district's most vulnerable households. | **High**<br>Support to be made available to compensate for change to volumetric charging causing higher water consumption charges to some of the district's most vulnerable households. |

## Suggested Options for Consultation

Both options considered are suggested for consultation. Option 1 is no change from the existing arrangements where both central government and Council provisions exist to assist hardship situations, and these arrangements include water charges. Option 2 continues the current arrangements and, given the potential impacts of changing to volumetric charging, adds a new remission policy for high water usage by households in hardship circumstances.

## Other Considerations

As noted above, Auckland Council has a rates remission policy to top up any rebates not available to residents through the DIA Rates Rebate Scheme for Watercare charges. This is due to Watercare's charges not being classed as a rate by the DIA and hence not qualifying for the Rebate Scheme.

Recent advice obtained from the DIA is that the current Local Government (Water Services) Bill includes an amendment to the Rates Rebate Act 1973 to expand the definition of rates to include water services charges (Local Government (Water Services) Bill 108-1 (2024), Government Bill Schedule 12 Consequential amendments – New Zealand Legislation).

DIA has also proactively released advice to the Minister on the rates rebate scheme, para 108-114 page 44-45 Paper-3-Local-Water-Done-Well-stage-3-further-decisions-redacted.pdf.

The Bill is currently at the Select Committee stage.

# 5. Appendices

## Appendix A – Extract from NPDC Rates and Remissions Policy

7. The Council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the Council's administration and financial costs of the postponement.
8. The postponement will continue to apply until:
   a) the ratepayer ceases to be the owner or occupier of the rating unit;
   b) the ratepayer ceases to use the property as their residence;
   c) the ratepayer notifies the Council of a change in circumstance that means the ratepayer is no longer eligible;
   d) a date specified by the Council;

   whichever is the sooner.
9. A rating charge will be registered on the certificate of title. The postponed rates will remain as a charge against the property and must be paid either at the end of the postponement term or when the property is sold. Postponed rates may include rate arrears owing from a previous financial year.

### B. Remission - near ownership situations

#### Conditions and criteria

1. Property Held in Trust
   a) The amount of the remission will be equal to the Council's Uniform Annual General Charge.
   b) The applicant may have savings up to a maximum of $10,000 for the purpose of funeral expenses.
   c) The applicant's sole income is from a Central Government benefit (including New Zealand superannuation) and earnings on interest from savings for funeral expenses.
   d) The applicant must be the ratepayer and supply proof from the Trust Deed.
   e) The applicant must not be a financial beneficiary of the Trust.
   f) The applicant must not be eligible for a rates rebate.
   g) The applicant must provide an explanation and proof of hardship.
   h) The Rating Unit must be rated as Residential.
   i) The applicant must reside at the property.
2. Habitat for Humanity
   a) The amount of the remission will be equal to the Council's Uniform Annual General Charge.
   b) The applicant must provide proof of the long term sale and purchase agreement for the property with Habitat for Humanity.
   c) The applicant's sole income is from a Central Government benefit or their income is at or below the Central Government equivalent benefit and proof of income is supplied.
   d) The property must not be eligible for a rates rebate.
   e) The applicant must provide an explanation and proof of hardship.
   f) The Rating Unit must be rated as Residential.
   g) The applicant must reside at the property.

# Appendix B – Kāpiti Coast District Council Rates Remission Policy Extract

**3. Water rate remission for vulnerable households relating to high water use**

**Policy objectives**

To enable the Council to provide relief for vulnerable households who have incurred high water rates charges.

**Policy conditions and criteria**

Applications are open from 1 May each year until 30 June or available funding under the Rates Assistance remission policy is fully subscribed, whichever occurs first.

Applications will be assessed against the following criteria:

*A. Ratepayer: owner of property – water variable charge paid by property owners*

A property owner with two or more dependents living at the property may apply for a water rate remission provided that:

- the applicant owns the property;
- the applicant resides at the property at the time of application;
- the property owner is receiving a working for family's tax credit; and
- total water rate charges from 1 July to 30 April have exceeded the amount which is 5/6ths of the current Districtwide water supply fixed rate (FC) multiplied by 2 (FC x 2 x 5/6).



*B. Landlord and tenant: water variable charge – paid by landlord and on- charged to tenant.*

A tenant with two or more dependents living at the property may apply for a water rate remission provided that:

- the tenant has a rental agreement for no less than six months and a copy of the rental agreement is provided;
- the tenant resides at the property at the time of application and the property is also classified as residential;
- the tenant is receiving a working for family's tax credit;
- total water rate charges from 1 July to 30 April have exceeded the amount which is 5/6ths of the current Districtwide water supply fixed rate (FC) multiplied by 2 (FC x 2 x 5/6); and
- their landlord is informed and agrees to adjust any on-charged variable water charge to their tenant by the amount remitted by the Council.

Should the landlord receive the remission and then not continue to pass on the remission to the tenant, the amount of the remission will be subsequently charged to the relevant rateable property.

General conditions

- no rates remission will be provided for any variable charge for water use where that water use is for other than internal or essential household use.

Assessment

All rates remission applications will be treated on a case-by-case basis and will be approved/declined by the Group Manager Corporate Services (with sub-delegation to the Chief Financial Officer). Other information or evidence may also be requested in certain circumstances (for example, information supporting what change of circumstance may have occurred to cause temporary financial difficulty).

# WA2019 – Universal Water Metering

## *Options Analysis*

## *Leakage Remission Policy*

March 2025

# Glossary

| Term | Meaning |
|---|---|
| SUIP | Separately Used or Inhabited Part of a rating unit. It includes:<br>• any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement; or<br>• any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use |
| SWMP | Shared Water Meter Property<br>• SUIP that shares a single water supply connection and water meter with other SUIPs |
| UAWC | Uniform Annual Water Charge |
| UWM | Universal Water Metering |
| LTP | Long-Term Plan |

# Table of Contents

# 1. Executive Summary

The introduction of water meters for volumetric charging of domestic customers will enable leakage on domestic customer-owned water supply pipework to be identified and quantified. This report assesses the existing arrangements in place for rates remissions for significant water leaks, considers options to revise these existing arrangements due to the introduction of volumetric charging in the domestic sector, and suggests preferred options for consultation.

The Consultation Document - Saving Water and Water Meters was considered by Council on 19 May 2021 and a resolution was carried to install water meters and commence volumetric charging for all properties by 1 July 2024.

The approved Outline Business Case Water Conservation included for the UWM project to review the existing tariff for volumetric charging arrangements and develop a new tariff for volumetric charging arrangements to cover all properties.

Due to central government mandates to reform the way three waters assets are managed, the development of the tariff structure for volumetric charging was delayed, but this has now recommenced as set out in the adopted LTP 2024-2034, whereby we will consider charging by volume in the LTP 2027-2037.

The existing NPDC policy included a 50% remission of volumetric water rates based on the difference between the estimated consumption without the leak to the actual consumption.

Five options are suggested for consultation:

**Option 1** – Change existing 50% leak remission policy to include residential customers

**Option 2** – Change leak remission policy to 50% for residential, and exclude commercial customers

**Option 3** – Change leak remission policy to 100% for all customers

**Option 4** - Change leak remission policy to 100% for residential, and exclude commercial customers

**Option 5** - Change leak remission policy to 100% for residential, and 50% for commercial customers

All five options are suggested for consultation. The exclusion of business customers would encourage faster leak fixing in this sector as they would have to pay for 100% of the leaked water. Some domestic customers may have less ability to meet the cost for paying for leaking water and hence changing to 100% leakage remission may assist this sector more.

For all options, the development and introduction of some additional criteria, including time to fix from leak identification and time to claim remission, could be considered to encourage timely fixing of leaks.

# 2. NPDC Existing Arrangements

The Department of Internal Affairs (DIA) runs a rates rebate scheme that in some cases allows for a partial discount on rates bills. The scheme is administered by NPDC and generally applies to those on benefits or on very low incomes. Details of the scheme and how it operates are at NPDC rates rebates information and Get a rates rebate | New Zealand Government.

NPDC also has Rates Remission and Postponement Policies at Rates Remission and Postponement Policies. The policy is at ECM_9255410_v2_Rates Remission and Postponement Policies. The policy includes the following sections that are relevant to the water charge (and all other) components of rates.

### Rates Policy 10: Rates remission for significant water leaks

Section 85 of the Local Government (Rating) Act 2002.

**Objectives of the policy**

The objective of this policy is to provide an incentive for ratepayers to fix water supply leaks through providing a partial remission of volumetric charges upon a leak being fixed in a timely and diligent manner.

**Conditions and criteria**

1. The Council may remit a portion of the water volumetric charge rate in accordance with the provisions of the New Plymouth District Council Bylaw 2008: Part 14: Water, Wastewater and Stormwater Services clause 9.7.11, or any such provision in a bylaw that replaces that clause.

Section 9.7.11 of NPDC Water Wastewater and Stormwater Services Bylaw is extracted below. This is aimed at dealing with remissions where a customer is currently paying volumetric charges in the non-domestic sector. Cases are assessed individually and where a remission is eligible, the customer receives a credit on their next water bill. The remission amount is half the value attributable to the leak.

| | | |
|---|---|---|
| **9.7.11** | Where a leak is identified at a customer's property, and the customer undertakes a diligent and timely approach to fixing the leak, the Council will remit half of the rates attributable to the leak. A customer is eligible for only one such remission in any 24 month period.<br><br>The Council shall estimate the consumption that would have otherwise occurred without the leak to determine the rates attributable to the leak. The Council shall estimate the consumption that would have occurred for the period since the previous reading of such meter (based on the average of the previous four billing periods charged to the customer). Provided that when, by reason of a large variation of consumption due to seasonal or other causes, the average of the previous four billing periods would be an unreasonable estimate of the consumption, the Council may take into consideration other evidence for the purpose of arriving at a reasonable estimate.<br><br>The Council will only apply this remission if there is an applicable rates remission policy under section 102(3)(a) of the Local Government Act 2002. | **Remission of volumetric water rates due to leakage** |

The Ministry of Social Development (MSD) Work and Income system offers assistance for home repairs and maintenance for people on a benefit[1]. This covers essential services including water supply.

# 3. Other Councils' Existing Arrangements

A cross-section of councils where universal water metering is operational was selected for comparison of their existing arrangements.

**Auckland Council – Watercare**

Watercare offers a partial leak allowance to encourage everyone to repair leaks as soon as possible[2]. To be eligible the leak needs to be fixed within 21 days of receiving a letter or email alerting the customer of a higher-than-normal bill, or the leak was fixed by the customer before receiving a letter about a higher-than-normal bill. There is no indication on the Watercare website that defines or quantifies "partial leak allowance", so this will be discretionary and depend on individual circumstances. This only applies to domestic customers, with non-domestic customers not qualifying for a water leak allowance.

**Waipā District Council**

A rates remission policy is in place to assist people in situations where water usage is high and attributed to a water leak. This is shown in the extract below and more details are at Water remissions - Waipa District Council and the application form is at Application for Water Leak Remission. The remission is available to all domestic and non-domestic customers, and the amount is the value calculated above the customer's average consumption.

**PART 5 - REMISSION OF WATER CHARGES**

**5.1 WATER CHARGES REMISSION**

5.1.1 ***Objective***

The objective of this part of the policy is to assist people in situations where water usage is high and attributed to a water leak.

5.1.2 ***Conditions and criteria***

The ratepayer (or authorised agent) must make an application to Council for consideration.

Council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter. The leak has been repaired within one month of being identified (unless evidence is provided that the services of an appropriate repairer could not be obtained within this period). Proof of the leak being repaired has been provided to Council promptly after repair of the leak.

The amount of the remission will be the difference between the average consumption of the property prior to the leak, as deemed reasonable by Council, and the consumption over and above that average.

Remission for any particular property will generally be granted only once every year. Where a remission for a water leak has been granted to a property within the last year, the remission is to be made by the Finance Manager.

[1] Home repairs and maintenance - Work and Income
[2] Apply for a leak allowance

**Kāpiti Coast District Council**

A rates remission policy is in place to provide relief for ratepayers who have incurred excess volumetric water rates due to a leak on their private water supply pipes. This is shown in the extract below and more details are at Kapiti District Council Rates Remission Policy and the application form is at Water Leak Rates Remission Application. The remission is available to all domestic and non-domestic customers and the amount is the value calculated above the customer's average consumption.

### Part 10 - Water Leak Rates remission

**Policy Objectives**

To enable the Council to provide relief for ratepayers who have incurred excess volumetric water rates charges due to a leak on their private water supply pipes.

**Policy conditions and criteria**

The Council may remit water consumption rates (districtwide water supply volumetric rates) where all the following apply:

- a remission application has been received;
- the leak was on a private water supply pipe. Private Water supply pipe is the section of pipe between the point of supply and the ratepayers' premises through which water is conveyed to the premises. The private water supply pipe will not include any check meter installed on the pipe;
- the leak has been repaired upon discovery or within 21 days from the date of notification from the Council;
- proof of the leak being repaired has been provided; and
- application is made within three months of the date the leak was repaired.

It does not include:

- reasonably discernible water loss from leaking taps, shower heads, toilet cisterns or other water appliances;



- water loss from property sprinkler or other irrigation system, pools, ponds, or similar systems; or
- Leaking hot water systems or plumbing relating to a faulty hot water system.

The amount of the remission will be determined by the difference between the average of the four previous quarterly volumetric water rates charges prior to the leak as deemed reasonable by the Council and the consumption as recorded by the water meter over and above that average.

In the absence of four previous quarterly readings, normal water consumption estimates may be assessed using the mean water use for an equivalent sized household using the invoice usage comparison chart; plus, any other identified water use.

Remissions for a Private Water Leak will be considered on a case-by-case basis limited to the period between:

- the date of leak identification and the date of repair; where repairs are carried out upon discovery; or
- the date of leak notification by the Council to the ratepayer and the date of repair, where repairs are carried out within 21 days of notification.

Remission for any particular property will generally be granted only once every year, unless there are extenuating circumstances.

Any remission will only be applied to the Districtwide Water supply volumetric rates and the Districtwide water supply fixed rate will still apply.

All rates remission applications will be treated on a case-by-case basis and will be approved/declined by the Group Manager Corporate Services (with sub-delegation to the Chief Financial Officer). Other information or evidence may also be requested in certain circumstances to enable an application to be considered.

**Christchurch City Council**

A rates remission policy is in place to waive the payment of excess water supply rates where it is fair and equitable to do so. This is shown in the extract below and more details are at Christchurch City Council Rates Remission Policy and the application form is at Remission form for excess water charges. The remission is available to all domestic and non-domestic customers and the amount is the value calculated by the difference between normal consumption and actual consumption.

**Remission 7: Excess Water Rates**

**Objective**

The Council expects that, in general, excess water rates must be paid in full by the ratepayer. However, the Council recognises that in some limited instances it is unreasonable to collect the full amount of excess water rates payable by a ratepayer.

The objective of this remission is to waive the payment of excess water supply rates where it is fair and equitable to do so.

**Conditions and criteria**

Council may consider remitting up to 100% of excess water rates when:

- A ratepayer could not reasonably have been expected to know that a leak within their boundary has resulted in unusually high water consumption, and can provide evidence the leak has been repaired.
- A residential ratepayer provides evidence that water is used for personal medical purposes, and that has contributed to the high water use.
- A residential ratepayer provides evidence that the high water use is the result of a large number of family members (greater than 8) living in the residence.

**Remission applies to:**

All ratepayers liable for excess water rates.

**Tauranga City Council**

A rates remission policy is in place to provide relief to people in situations where water usage is high due to a water leak. This is shown in the extract below and more details are at Rates rebates and remissions and the application form is at Water Rates Remission Form. The remission is available to all domestic and non-domestic customers and the amount is the value calculated by the difference between the average consumption prior to the leak and the consumption over and above that average.

5.6 Water Rates Attributable to Water Leaks

5.6.1 In order to provide relief to people in situations where water usage is high due to a water leak, Council may remit water consumption rates where all of the following apply:

- a remission application has been received; and
- council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter; and
- the leak has been repaired within 14 days of being identified (an extension of 14 days may be granted if written evidence is provided that the services of an appropriate repairer could not be obtained within this period); and
- proof of the leak being repaired has been provided to Council within 14 days after repair of the leak.

5.6.2 The amount of the remission will be the difference between the average consumption of the property prior to the leak, as deemed reasonable by council, and the consumption over and above that average.

5.6.3 Remission is limited to the period where the leak was identified and fixed and the last invoice. Remission for any particular property will generally be granted only once every year. Where a remission for a water leak has been granted to a property under this policy within the last year, the remission decision is to be made by the Manager: Transactional Services.

**Comparison Summary**

| Comparison Metric | Auckland Council - Watercare | Waipā District Council | Kāpiti Coast District Council | Christchurch City Council | Tauranga City Council |
|---|---|---|---|---|---|
| **Water Leak Remission Policy** | Y | Y | Y | Y | Y |
| **Domestic Customers Covered** | Y | Y | Y | Y | Y |
| **Non-Domestic Customers Covered** | N | Y | Y | Y | Y |
| **Value Calculation Stated** | N | Y<br>Amount above the customer's average consumption | Y<br>Amount above the customer's average consumption | Y<br>Difference between normal consumption and actual consumption | Y<br>Difference between the average consumption prior to the leak and the consumption over and above that average |
| **Online Application Form Available** | Y | Y | Y | Y | Y |

# 4. Options Analysis

**Background**

The existing NPDC water leak remission policy and bylaw are designed to apply to existing volumetrically billed customers in the non-domestic sector. The introduction of water meters and volumetric charging for domestic customers will give the ability for leakage on domestic customer owned water supply pipework to be identified and quantified. The following options are available to revise the existing water leak remission policy.

**Option 1 – Change existing 50% remission to include residential customers**

This option provides for up to 50% of the value of the leak to be remitted. This currently applies to the existing billed by meter customers in the non-domestic sector. It incentivises fixing leaks quickly as the remission applies to 50% of the volume lost through leakage i.e. the longer the leak exists, the more it will need to be paid for. Businesses arguably have more capability to fund 50% of the cost of the leak. Residential customers may have less ability to meet the cost for paying for leaking water, potentially creating financial hardship.

**Option 2 – Change to 50% remission for residential, and exclude commercial customers**

This option also provides for up to 50% of the value of the leak to be remitted but excludes commercial customers, similar to existing Watercare arrangements. This would be on the basis that businesses arguably have a greater capacity to fund the cost of leakage, and it would be classed as a business expense. It incentivises fixing leaks quickly for domestic customers, as the remission applies to 50% of the volume lost through leakage i.e. the longer the leak exists, the more it will need to be paid for. Domestic customers may have less ability to meet the cost for paying for leaking water potentially creating financial hardship. As business customers would have to pay for the full leakage volume it would encourage them to fix leaks as quickly as possible.

**Option 3 – Change to 100% remission for all customers**

In this option the full value of the leaking water would be remitted. This means that there would be reduced incentive to fix a leak quickly as the full cost of the leak can be recovered. This option would, however, provide a higher remittance value that could benefit the domestic sector.

**Option 4 - Change to 100% remission, and exclude commercial customers**

This is the same as option 3 but excludes business customers on the basis that businesses arguably have a greater capacity to fund leak repairs and costs are all classed as business expenses. As business customers would have to pay for the full leakage volume it would encourage them to fix leaks as quickly as possible.

**Option 5 - Change to 100% remission for residential, and 50% for commercial customers**

In this option the full value of the leaking water would be remitted for residential customers who may have less ability to meet the cost for paying for leaking water, while remitting half to commercial customers on the basis that businesses arguably have a greater capacity to fund the cost of leakage. Business customers are able to class leakage costs as a business expense and their having to pay half of the leakage volume would encourage them to fix leaks as quickly as possible.

**All options are contingent on timely repair.**

For all options, the development and introduction of some additional criteria, including time to fix from leak identification and time to claim remission, could be considered to encourage timely fixing of leaks.

## Options Impact Analysis

| Assessment criteria: | Option 1<br>No change - 50% remission | Option 2<br>Retain 50% remission and exclude business users | Option 3<br>Change to 100% remission | Option 4<br>Change to 100% remission and exclude business customers | Option 5<br>Change to 100% remission with existing 50% remission for commercial |
|---|---|---|---|---|---|
| **Encourages domestic customers to fix leaks?** | **High**<br>50% remission encourages leaks to be fixed promptly as customers pay half the value of the leaking water | **High**<br>50% remission encourages leaks to be fixed promptly as customers pays half the value of the leaking water | **Medium**<br>100% remission does not encourage prompt fixing of leaks as customers do not pay for any of the value of the leaking water | **Medium**<br>100% remission does not encourage prompt fixing of leaks as customers do not pay for any of the value of the leaking water | **Medium**<br>100% remission does not encourage prompt fixing of leaks as customers do not pay for any of the value of the leaking water |
| **Encourages non-domestic customers to fix leaks?** | **High**<br>50% remission encourages leaks to be fixed promptly as customers pay half the value of the leaking water | **High**<br>0% remission encourages leaks to be fixed very promptly as customers pay the full value leaking water | **Medium**<br>100% remission does not encourage leaks to be fixed as promptly as customers do not pay for any of the leaking water | **High**<br>0% remission encourages leaks to be fixed very promptly as customers pay the full value leaking water | **High**<br>50% remission encourages leaks to be fixed promptly as customers pay half the value of the leaking water |
| **Non-domestic customers do not feel disadvantaged?** | **High**<br>Non-domestic customers included | **Low**<br>No domestic customers excluded i.e. changed to 0% remission | **High**<br>Non-domestic customers included | **Low**<br>No domestic customers excluded i.e. changed to 0% remission | **High**<br>Non-domestic customers included |
| **Consistency with other councils' policies?** | **Medium**<br>Most other councils have 100% remission | **Low**<br>Only one other council excludes non-domestic customers | **High**<br>Most other councils have 100% remission | **Low**<br>Only one other council excludes non-domestic customers | **Medium**<br>Most other councils have 100% remission |

## Preferred options suggested for consultation

Based on the options analysis, all five options are suggested for consultation. For all options, the development and introduction of some additional criteria including time to fix from leak identification and time to claim remission could be considered to encourage prompt fixing of leaks.

## Considerations

**Ease of applying and administering water leak remission applications**

All the councils selected for comparison have online leak remission application forms. NPDC does not have this facility available for customers and this should be considered to complement the preferred change option. This would also make the administration of an expected significant increase in applications easier. NPDC currently receives approximately 40 leak remission applications per year from the approximately 10% of customers

charged volumetrically. This could increase to 400 per year when volumetric charging is introduced to the domestic sector.

**Notifying customers of leaks**

The new Automated Meter Reading water meters have a built-in algorithm that gives a leak alert based on set criteria. The UWM project and the NPDC Three Waters team have been targeting fixing high identified leaks by notifying customers where an alert has been received. A new policy could be considered whereby all leaks are notified to customers as soon as a leak alert is received from a meter.

**Council assistance for the cost of repairing leaks**

NPDC does not offer any assistance to customers in hardship for meeting the cost of repairing a leak on private water supply pipework. The MSD Work and Income system offers assistance for home repairs and maintenance for people on a benefit, and this may be deemed to be a sufficient system. However, NPDC could consider developing and introducing a system to also assist in these circumstances. It is noted that when Kapiti District Council introduced volumetric charges in 2012, they also introduced a rates rebate of up to $300 under their Financial Hardship Policy to repair leaks on underground customer-owned supply pipes. In the 2014/15 year $6,000 was rebated to 37 households under this Policy[3]. This rebate was subsequently withdrawn as leaks were repaired and applications dwindled.

[3] CRAG 2016 review Report