

CRAG report – Summary

The Charging Regime Advisory Group (CRAG) has made recommendations for a fair and equitable water tariff structure. The following provides some background to CRAG's work and outlines a summary of its main findings.

1. Background

In mid-2011, Council appointed representatives of a range of interests to a 'Charging Regime Advisory Group' (CRAG) to review charging options for residential water meters.

CRAG has eleven members, plus a chair. They are:

- Jean Chamberlain representing community interests and low income households from the north of the District;
- Don Richards representing community interests and low income households from the south of the District;
- Ross Leggett representing the Chamber of Commerce;
- Bernard Parker representing landlord and tenant interests;
- Charles Lloyd representing Grey Power;
- Jill Stansfield representing the Council of Elders;
- Manaahi Baker for Te Ati Awa;
- Caleb Royal for Ngati Raukawa; and,
- Councillors Tony Lester and Mike Cardiff representing Council.

The group is chaired by former State Services Commissioner Don Hunn, who has previously assisted Council with matters related to water supply.

CRAG was tasked with developing a draft charging formula for water which can be applied to both residential and non-residential properties using the reticulated water supply. It is also responsible for on-going monitoring of the pricing and charging for water by Kāpiti Coast District Council.

CRAG was not asked to comment on the merits or otherwise of water meters.

2. CRAG's findings

CRAG was asked by Council to find a tariff structure that:

- is as affordable as possible for low income households
- ensures that the water required for essential use is affordable for households
- results in a meaningful and effective reduction of water use
- is fair, i.e., similar users should pay the same for similar amounts of water used
- is transparent and easily understood
- is simple, i.e., easy to use and operate
- is future proofed so that it is flexible and able to be adjusted as circumstances change over time

- provides sufficient and stable revenue to run water supply over time.

CRAG tested how different tariff structures would affect different types of households.

CRAG found that a tariff structure of 50% fixed charge and 50% variable charge to meet the total cost of water supply would provide the most fair and equitable outcomes while encouraging reduced demand and more sustainable use of water, and encouraging more efficient use of infrastructure.

CRAG noted that the preferred tariff structure will usually result in lower charges for low income households which do not use much water.

CRAG also recommended that the Council:

- review the tariff structure after 2 years of operation;
- manages the introduction of charging for water carefully to assist residents to make the transition by providing:
 - for a transition period, of 6 months or two billing periods, in which ratepayers can fix leaks and gain experience in measuring water use before they have to pay water bills;
 - assistance to ratepayers who are unable to afford to fix leaks, for example, allowing the interest free water loans scheme to be used for this purpose.
- provides assistance through its Rates Remission – Financial Hardship Policy for low income residents who qualify under that Policy;
- provides targeted advice to schools and other public institutions to help them find ways of saving water and reducing costs;
- provides targeted advice for businesses to help them find ways of saving water and reducing costs;
- provides targeted advice for landlords and tenants on rebates that might be available and to tenants to help them find ways of saving water and reducing costs;
- provides assistance to ratepayers to deal with leaks on an on-going basis by:
 - providing advice to ratepayers on identifying and fixing leaks, and
 - allowing a period of 1 month in which a ratepayer can fix a leak before they have to pay a water bill in situations where a ratepayer has received a high water bill caused by a leak.
- monitors the effects on tenants and low income households on an on-going basis;
- keeps under review the effects of the water charging system on economic development within the Kāpiti District;
- continues with its ground breaking water conservation initiatives, for example, interest free water loans and requiring all new households in reticulated water supply catchments to include on-site systems for non-potable water for toilet flushing and outdoor use (Plan Change 75);
- continues to account for water costs separately and provides regular information to the community on a fully transparent basis;
- adopts an active communications policy including regular consultation with tangata whenua and appropriate community groups such as Grey Power and the Chamber of Commerce.