

Mayor and Councillors
COUNCIL

18 JULY 2013

Meeting Status: **Public**

Purpose of Report: For Decision

PROPOSED DISCOUNT ON FIXED WATER CHARGES FOR MULTI-UNIT AND MULTI-OWNED PROPERTIES

PURPOSE OF REPORT

- 1 To consider a proposed discount on fixed water charges for multi-unit and multi-owned properties.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger Council's significance policy.

BACKGROUND

- 3 Multi-unit and multi-owned property owners, with more than 10 dwellings/units that are collectively supplied through one or more large water meters, have requested that Council consider providing a discount to those water consumers because they are providing potential savings to the Council for the annual costs of maintaining, reading and billing for separate water meters. There are also potential savings for Council in relation to the internal water reticulation network costs, covering on-going maintenance and depreciation costs.
- 4 The Charging Regime Advisory Group (CRAG) Committee met on 3 July 2013 to discuss Council's approach to charging for water for multi-unit and multi-owned properties as set out in this report. They adopted the following resolution:

"That the CRAG Committee endorse the Council's approach to charging for water for multi-unit and multi-owned properties subject to review after two years"

- 5 The review of charging for water after two years ties in with Council's review of the water charging policy (50% fixed charges 50% consumption charges).

CONSIDERATIONS

Issues

- 6 The potential savings from multi-unit and multi-owned properties, being collectively supplied through one or more large water meters, has been calculated for a small sample of multi-unit and multi-owned properties to establish what those potential savings would be. A copy of the calculations for the sample is attached as Appendix 1.
- 7 On average the potential savings is just over \$50 per water connection but there was quite a wide range of potential savings from as low as \$11 to \$68.

- 8 The wide range arises from differences in the set up of each individual water supply network and the number of dwellings/units supplied through one or more large water meters.
- 9 To provide a discount that reflects the approximate potential savings for Council it is proposed that in the interest of simplicity a discount of 20% of the proposed fixed charge for the 2015/16 year (\$235) i.e. \$47 be applied where there are 20 or more dwellings or units being collectively supplied through one or more large water meters.
- 10 To cover the transition from the 20% discount to full charges, it is proposed that where there are more than 10 but less than 20 dwellings/units supplied through one or more large water meters that a discount of 10% of the fixed charge be applied (10% of \$235 = \$23.50). The savings are not significant enough to warrant discounts for where there are less than 10 dwellings/units being collectively supplied through one or more large water meters.
- 11 The total number of dwellings/units in each of these two categories is as follows:
 - 1,592 (including 201 for Rymans) dwelling/units with 20 or more dwellings/units where the water is collectively supplied through one or more large water meters (20% discount on fixed charge)
 - 252 dwellings/units with 10 or more but less than 20 dwellings/units where the water is collectively supplied through one or more large water meters (10% discount on fixed charge)
- 12 The total discount that would be applied, based on the current number of dwellings in those categories, is as follows:

1,592 dwelling/units @ \$47	=	\$74,824
252 dwellings/units @ \$23.50	=	<u>\$5,922</u>
		\$80,746
Net of GST	=	\$70,214

Financial Considerations

- 13 The proposed discount for multi-unit and multi-owned properties can be funded from the projected savings in debt servicing costs in the 2014/15 and 2015/16 years without impacting on the projected fixed water charges for residential ratepayers for those two years.
- 14 If not funded by the savings in debt servicing costs then this discount would need to be funded by increasing the proposed fixed charge for all other water consumers by around \$4 per annum.
- 15 The ongoing provision of this discount past the 2014/15 year will be subject to review after two years by both CRAG and by the Council.

Legal Considerations

- 16 Simpson Grierson has reviewed the proposed rating differentials that would need to be introduced to implement these discounts and are satisfied that they meet legal requirements.

Delegation

- 17 The Council can make decisions on the matters within this report.

Consultation

- 18 The CRAG committee has been consulted on this proposal and endorsed the Council's approach, subject to review after two years.

Policy Implications

- 19 The Council's rating policy for the 2014/15 year will change if the recommendations are approved.

Tāngata Whenua Considerations

- 20 There are no Tāngata Whenua considerations.

Publicity Considerations

- 21 A press release will be prepared on this report to ensure there is adequate publicity on this proposal. Extensive publicity will be provided on the water charging regime.

RECOMMENDATIONS

- 22 That the Council approve a discount on water fixed charges on multi-unit and multi-owned properties from 1 July 2014, subject to review after two years, as follows:
- 20% discount on water fixed charges for 20 or more dwellings/units where their water is collectively supplied through one or more large water meters;
 - 10% discount on water fixed charges for 10 or more but less than 20 dwellings/units where their water is collectively supplied through one or more large water meters.
- 23 That the Council approves that the discount on water fixed charges for multi-unit and multi-owned properties be funded from the projected savings in debt servicing costs in the 2014/15 and 2015/16 years.

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Appendix 1: Examples of potential savings for Council in water meter/reticulation costs relating to multi-unit and multi-owned properties with 10 more dwellings/units collectively supplied through one or more large water meters.