

Mayor and Councillors
COUNCIL

7 JUNE 2012

Meeting Status: **Public**

Purpose of Report: For Information

REPORT ON RESULTS OF COMMUNITY CONSULTATION ON THE PROPOSED WATER CHARGING REGIME

PURPOSE OF REPORT

- 1 To report to the Council on the consultation process on the water meters charging system. The report analyses the information received on community views as a background to the final decisions to be made by Council on introduction of water meters, set out in Report SP-12-578. It identifies the range of matters raised in consultation which require consideration as part of that decision-making process.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger the Council's Significance Policy. It provides background information for use in final deliberations made under Report SP-12-578.

BACKGROUND

- 3 In June 2011 the Council approved an amendment to the 2009 Long Term Council Community Plan for consultation. This formal amendment identified that a key preferred approach to addressing water management issues on the Kapiti Coast was to introduce water meters from 1 July 2012, with consumption, or volumetric charging to be introduced from 1 July 2014, alongside a range of existing water conservation tools.
- 4 On 23 June 2011, the Council gave final approval to the proposed 2011 Amendment to the 2009 LTCCP, with the following steps to be undertaken during 2011/12:
 - o establishment of a Charging Regime Advisory Group (CRAG), which would need to report to Council prior to 30 June 2011. CRAG would:
 - o undertake development and examination of a range of charging models;
 - o seek input from interested members of the community on any models;
 - o make a recommendation to Council as part of the 2012 Long Term Plan process on a preferred model, and undertake formal consultation;

- detailed planning and preparation for the installation of meters, such that the project could proceed rapidly after 30 June 2012, should Council make a decision to do so;
 - review of the outcomes of the CRAG report, final costs and community feedback for final decision by 30 June 2012.
- 5 CRAG reported back to Council on 5 April 2012 (Report SP-12-509) and recommended that Council use the following charging structure:
- a flat charge dividing 50% of the cost of the water service equally across all connections
 - a charge per unit of water consumed which would fund the remaining 50% of the cost of the water service.
- 6 The draft 2012-2022 Long Term Plan was adopted for public consultation on 5 April 2012 (SP-12-501 refers). The draft LTP specifically referred to the inclusion of expenditure on water meters and Stage 1 of the River Recharge project, as well as other water management projects. It sought feedback from the community on the matters raised. All information went through the independent audit process.
- 7 The Council chose to run a parallel formal consultation process highlighting information on the impacts of the proposed charging formula and seeking feedback. People were encouraged to submit on the matter via this process as well. Hearings were held for those who wished to speak further to their submissions. Council also felt that it was important to try and gather information from people who might not normally use a submission process. It decided to undertake a survey across the District which was structured to provide a representative sample geographically and by household size.
- 8 The outcomes of the submission and survey processes are discussed below.
- 9 The recommendation in this report is that Council note the matters raised in the consultation process which require consideration prior to Council making its decision. These matters are specifically addressed in the following report, SP-12-578.

CONSIDERATIONS

Overall Approach to Consultation

- 10 The Council has undertaken an extensive consultation process which goes well beyond the requirements of the Local Government Acts 2002. It can be confident that it has more than discharged its responsibilities to ensure residents and ratepayers are well-informed and have access to information on the matter. The main features of the process are:
- residents and ratepayers were given access to the full range of information available to Council leading up to its initial decision made in June 2011 about the preferred approach for water meters and water supply;

- Council conducted a formal special consultative procedure with hearings on the proposed 2011 Amendment to the 2009 LTP. This process required audit sign-off;
- all base information driving water services costs as set out in the Water Asset Plan and the Water Supply Projects were made available during 2011 and 2012, so that people could understand what was driving the costs of the service over time;
- considerable effort was made to provide the community with information during the 2011/12 year about how water services are run, what was driving costs and the options available.
- Council resolved to not make a final decision on water meters until it and the community had seen the potential impacts of a preferred charging formula on a range of groups, in particular low income households;
- all information considered by CRAG was made available on Council's web-site;
- further formal consultation under a special consultative procedure was undertaken as part of the 2012 LTP review. This process required audit sign-off;
- a parallel consultation process was held which enabled people to drill down into the information and consider impacts on their own household circumstances. This included sending a material showing impacts on the full range of household types and circumstances to each household;
- a separate independent random survey by UMR of 1200 residents was undertaken to gauge people's views, to further inform Council in parallel to the more self-selected submission process.

Information Provided

- 11 It was a notable aspect of the consultation process for the 2009 LTCCP Amendment during April/May 2011 that there was a limited understanding among residents and ratepayers about how a water service is run and what drives costs. Of particular concern was the apparent view that people did not pay for water services and water was free and that all water loss occurred on the public side of the network. Considerable effort was made during 2011/12 to provide information about the service, how it was paid for, the cost of options and the sorts of services available, leak detection etc.
- 12 The final piece of information provided was the impact on households of the CRAG recommended charging formula. It is encouraging to note that the UMR survey (discussed later in the report) reported that 85% of residents surveyed had read this information in some way, with a large number taken an in-depth look at what it might mean.
- 13 However, during the period it was still apparent that there was misinformation about some aspects of water management and this is apparent when looking at

some of the detailed reasons given for the position taken. For example, a flyer stated that introduction of water meters would force people to fix private leaks. It is not clear whether the Group opposes people having to fix their leaks but it has been a requirement for people to fix known leaks on the private network for many decades. This is standard practice across the country.

Results of the Submission Process

- 14 The intent of a submission process is for Council to understand what people are thinking about an issue and what considerations are driving them to take their particular position on an issue. This helps Council to assess whether the concerns raised have been addressed before they make a decision on a matter. It is particularly helpful where the issues are complex and the impacts fall differently on different groups.
- 15 Submissions can also help to give Council some sense of the degree to which there is community agreement on an issue or an option. Given that the submission process is self-selected and not a random sample, this is not a simple process of adding numbers; however, the submission process can help give a sense of the depth of feeling for those holding a particular view on a matter.
- 16 A large number of submissions on the question of water meters were received, 1563 via the parallel water meters consultation process and some via the LTP process. Forty people submitted to both processes; this number is small and does not have any material impact on understanding the views of residents and ratepayers.
- 17 A small number of people believed that in signing a copied submission form provided to them that they were expressing a view on water meters. Unfortunately they failed to actually note their views as the form was blank. There is one known case of a visitor from out of District signing a form and expressing their views. These numbers are small and again do not have a material impact on Council understanding of community views.
- 18 A large number submitted against water meters but provided no further information about their views as to why they were opposed. A further large group submitted in favour of a dam and no water meters but gave no further information about their reasons. Other submitters did expand on their views and these are helpful in identifying the range of themes that need to be considered. These themes are identified below. One submitter advised that she had been told by someone organising for people to put in submissions on water meters that simply to state opposition was sufficient. This is unfortunate as it would have been useful to receive more information on why people held the views they did.
- 19 Looking at the submissions overall, the vast majority of individual submissions were opposed to the introduction of water meters. A small number indicated support. Some submissions provided a more complex position. For example, Greypower concluded that:

'Kapiti Coast Grey Power Association believes there are potential benefits in the introduction of water meters for low water users. Whilst appreciating the work and effort that went into the CRAG report there are unanswered concerns.'

These concerns included clarification of what happened with the existing flat charge, peer review and impacts of amalgamation.

- 20 The submission concluded that ‘given the lack of information around these and other issues, Kapiti Coast Grey Power believes Council should defer any decision on the implementation of water meters’. The issues raised in the submission are addressed along with other matters in SP-12-578.
- 21 There were only a small number of submissions on the actual charging structure itself.
- 22 Table 1 below summarises the themes of submissions and gives some sense of the relative importance for submitters.

Common themes on water meters introduction	
1	Against water meters – no reason given
2	Against water meters – prefer a dam – no reason given
3	<p>Dam provides a long term solution/ water meters do not create more water.</p> <ul style="list-style-type: none"> ○ This has a number of nuances – e.g. have been waiting a long time, need to just do it. Inherently better option as stores water. Better environmental solution.
	<p>Against water meters – favour full river recharge</p> <ul style="list-style-type: none"> ○ smart solution – less damage than a dam
4	<p>Affordability concerns</p> <ul style="list-style-type: none"> ○ water meters will cost more for households [by implication] than other options. ○ concerns will pay two bills – current fixed component plus new fixed and variable charge ○ wealthy will be willing and able to pay for using extra water, poorer people will suffer ○ there will be an unacceptable impact on people’s incomes ○ water will cost so much will lead to health problems as people save money ○ continuation of supply in the event of a water bill not being paid.
5	<p>Privatisation and commercialisation concerns</p> <p>Water meters make it easier to privatise water ownership and/ or management</p> <p>Council has an agenda to privatise water and water meters is the first step</p> <p>Water meters are being introduced in order to make a profit from water</p> <p>Standing Orders can be easily changed again</p> <p>Concern that wastewater will be next</p>
6	More information is needed before a decision is made
7	Should use other water conservation methods
8	Paekakariki should not be included if water meters are approved

Common themes on water meters introduction	
9	Should not take Otaki river water for southern use
10	A view that not all costs have been factored in therefore option for water meters is misleading Meters have ongoing costs, e.g. maintenance, reading
11	Impacts on multi dwelling properties / cross lease property concerns / schools
12	Water leaks What action is being taken to fix leaks? More leaks on public network side What financial assistance will there be to repair private leaks?
13	Is there a deadline for water shortages – if so when.
14	No system can be fair if it involves water meters

Results of the Survey

- 23 A telephone survey was undertaken from 12 - 17 May 2012 by UMR which asked questions about the preferred option for households: Option 1 water meters and staged river recharge, Option 2 no water meters and full river recharge and Option 3 no water meters and a dam. The sample was based on household size and whether or not a household had a standard, or small garden, or none at all. The full survey report has been provided separately. There is a margin of error of plus or minus 2.8%.
- 24 The approach to the question about options was to provide people with an indication of the costs they would be likely to pay. This allowed people to weigh up both financial and non-financial considerations by deciding how important non-financial concerns were relative to cost while also ensuring they were informed about those costs. Clearly some people were comfortable about incurring higher costs as a trade-off against other considerations.
- 25 Table 1 below taken from the report summarises the results in relation to the peoples' views on options. The responses were relatively consistent across household size and location although Otaki residents were less supportive of the dam and had a higher don't know response rate. This is understandable, given that the dam option is not directly applicable to that area. The views on Option 1 and Option 2 are consistent across the District.

OPTION PREFERENCE					
	All	Paraparaumu	Paekakariki- Raumati South	Otaki	Waikanae
	%	%	%	%	%
Base:	1,200	450	261	204	285
Option 1	29	27	29	30	29
Option 2	15	17	14	15	16
Option 3	38	40	40	28	40
None of the above	18	16	17	27	15

Base: All respondents

- 26 It is important to note the number of people who when asked about their preferred option indicated that they were unsure or did not answer. It is possible that they found it difficult to decide between any non-financial concerns they may have had and the financial impacts. This group cannot be seen as anti-water meters or pro-water meters but simply as undecided.
- 27 It is useful to look at why people chose the options they did. Clearly those supporting water meters did so on the grounds of cost, environmental conservation and that it was a fairer system. In contrast those supporting Option 2 seem to have done so primarily because they were against water meters but Option 2 presented a lower cost than a dam. Interestingly 15% were specifically opposed to a dam. The report writes note that 17% explained why they were against water meters offering the reasons that the cost would be prohibitive, it would lead to higher costs [presumably than the other options] and increased risk of privatisation. Others felt they were high water users and therefore would face high costs.
- 28 It is possible to see two broad drivers for Option 3 selection. The first is a relatively large number within the overall group who simply believe that a dam is the best long term option. They feel that the other solutions are interim and that it would be more sensible to provide a dam now. Another group (22%) identified their reason as being distrust of water meters for similar reasons as those given in Option 2: would lead to privatisation, would lead to a higher cost for water and costs would be prohibitive. The report notes that Paekakariki/ Raumati residents were more inclined to the view that water meters would lead, or were intended to lead, to privatisation or commercialisation.

Table 2 shows the results for the question on the charging structure.

CHARGING STRUCTURE					
	All	Paraparaumu	Paekakariki- Raumati South	Otaki	Waikanae
	%	%	%	%	%
Base:	1,200	450	261	204	285
Yes - fair	44	42	45	42	47
No - not fair	35	36	38	35	32
Unsure	21	22	17	23	21

Base: All respondents

- 29 The analysis provided in the report suggests that on balance the proposal is seen as fair but that the high number of unsure responses could be driven by respondents against water meters overall. An important point is that household size did not seem to be a factor when looking at fairness.

Overall Comments on Consultation Outcomes

- 30 The survey process has provided valuable information about the spread of views in the community which goes beyond the more self-selected submission process. Both provide valuable insight into why people hold the views they do.
- 31 In the case of the large numbers of submitters who stated they were against water meters but provided no reason, the range of views can only be tentatively extrapolated back against this group. It is unlikely they have no reason for their preference. Perhaps the most problematic aspect of these submissions is not knowing whether the people have understood that there is not a do-nothing option for any of the reticulation system and that therefore costs will rise. This is discussed in the report following. The survey helped with this by clearly setting out the financial impacts.
- 32 Overall the following can be concluded about preferred options from the consultation processes:
- a small majority of those surveyed (53%) do not support water meters;
 - 38% express a preference for a dam. This is an important point as the submissions suggest a more solid preference for a dam and certainly some of the arguments put up against water meters argue that this is the case;
 - between the three options a slightly larger majority (44% to 38%) prefer a solution other than a dam for the immediate (20-30 year) period;

- some who support water meters or full river recharge support a dam in the long-term support the other options first because it achieves staging and defers costs. This is consistent with the message Council has been trying to convey about a 100 year solution which avoids unnecessary cost and social impacts in the short term;
- for people opposed to water meters the primary drivers continue to be:
 - a view water meters will, or are more likely, to lead to privatisation or commercialisation and, for some, the view that this is Council's intention;
 - water meters are more expensive
 - water meters will lead to rising costs over time.
 - water is free and a right
- for those opposed to water meters, the above considerations outweigh the social impact shown in the figures provided for discussion;
- for those who favour a dam as an immediate solution, this consideration outweighs the social impact shown in the figures provided for discussion;
- in some cases the arguments about affordability appear inconsistent. It is questionable that Council could take from the fact that the 53% who chose a higher cost option for a range of reasons, technical or opposition to water meters, are equally unconcerned about rates impacts generally. Certainly the material used to encourage people to attend a recent protest about water meters suggests that it is seen very much as a matter of affordability.
- The conclusion is that there is a disconnect and some of those whose opposition to water meters brings them to select a more expensive unconstrained supply option are not necessarily supportive of higher rates overall. The fact that many of the submissions supporting a dam also seemed to be of the view that water meters was more expensive, means that this information needs to be approached with caution.

Key Issues for Consideration in Making a Final Decision

- 33 The areas identified for particular consideration arising from the consultation process are as follows:
- social impact and affordability
 - privatisation and commercialisation concerns
 - questions about information quality
 - further information requested
 - management of water leaks
 - inclusion of Paekakariki

- the question of possible local government amalgamation

34 Very few submissions raised the issue of actual water consumption reduction performance arising from introduction of water meters. This was well-canvassed previously and on-going information provided during the year. The question of water leaks was raised by some submissions although not on the scale of previously. It is useful to canvass this area again. A few submissions were received which advocated water education and non-charging tools as the best solution.

Financial Considerations

35 There are no financial considerations.

Legal Considerations

36 There are no legal considerations. The final decision on the installation of water meters and introduction of volumetric charging will be conducted as part of the LTP deliberations. These have passed through a special consultative procedure. Council Auditors, Ernst & Young audited the draft LTP and will provide a final audit prior to Council's final decision on 28 June 2012.

Delegation

The Council may make decisions on the matters in this report.

Consultation

37 The consultation was undertaken via a special consultative procedure in relation to the draft LTP and via a parallel consultation process over the period. Extensive consultation material was provided to all households within the reticulated water supply system and an independent survey conducted at the same time.

Policy Implications

38 There are no policy implications:

Tāngata Whenua Considerations

39 There are no tangata whenua considerations.

Publicity Considerations

40 All submissions and the results of the survey have been made available on Council's website.

RECOMMENDATIONS

41 That the Council receives the report.

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Draft document