

LOCAL WATER DONE WELL IN TARARUA

Your questions answered



Who will bill us for our water – will it be Council or will it be the CCO?

Council will continue to invoice under our existing approach to providing water services. New invoicing arrangements are likely if a joint Council Controlled Organisation (CCO) is set up. Each Council may be asked to continue invoicing until such time as the CCO can start its own invoicing.

With a CCO in place, will Council be billed for the water it uses (e.g. its campsites or public toilets) by the CCO?

Yes, we expect Council to be invoiced in the same way as other users. (This is unchanged, as Council already charges itself).

Will water charges be separate for rural users (e.g. if a rural property is not connected to a water system does it still have to pay for water used in public spaces, e.g. general rates for things like public toilets)

Rural rates through land value charges for wastewater may not continue as the Government is proposing to phase these out.

For a new build, how will I be billed to be connected to the water system if it's running right past my property? (e.g. right now it can vary between different councils where TDC charge a 50% rate and some of our proposed partner councils pay nothing or pay in full) – how much would we pay? Would the amount we pay depend on which Council area we live in or will we all have the same rate?

Council half charges may still apply where these are currently in place. However a new CCO may review its charging system, and the Commerce Commission will oversee the pricing system. It is possible the universal metering will become the method of charging in the medium term. There is no proposal to standardise charges across the current Council boundaries, so different rates will continue to apply.

Because we now have 4 councils working together – and people pooled, will we still retain the same number of councillors within each district? What about water staff?

The Government is proposing to allow the Council, as the current employer, to identify staff to transfer over to the new CCO.

Under a CCO, will there be less debt to pay?

This is a difficult question to answer because the Government requires a new strategy to be quickly developed. This may change the timing of capital projects, debt requirement, revenue/pricing and therefore debt repayment. The ability to raise debt, complete projects and meet standards will be far more regulated.

What are our assets? Why have assets not been sold off to pay water debts?

Our water services assets are considered a natural monopoly and held for the public good. They cannot be legally sold off as a business, which is why the Commerce Commission will now have a role of setting pricing, with rates not being used as a source of income.

If an asset sale goes ahead, what happens to the surplus money raised? (e.g. under a CCO – if TDC sold an asset, where does the money go – TDC or CCO?)

Assets that retain value, though no longer are required to deliver water services may be sold. Usually those assets (such as vehicle trade-ins) are used to offset the cost of new assets and reduce the need to borrow for capital programmes.

Is the level of “say” the same for all CCO partners or do bigger councils have a bigger say?

Each Council will bring different net asset values. This will affect shareholdings but need not affect voting rights or appointment of directors.

In the event that the CCO fails, does the Council still retain its values?

In the event of business failure, the Minister of Local Government has multiple powers to intervene, including the appointment of experts. However, it will be the job of the two regulators to ensure that services are delivered and the CCO is financially sustainable.

In the event the CCO does not perform, meet expectations or is unduly unfair on TDC so much that it became untenable to continue – is there a “get out clause”?

The Minister has extensive powers, should either regulator detect and advise the Minister of performance issues affecting water services delivery. Ministerial powers will apply to all water service providers and shareholders of CCO’s relevant to water services delivery, including non-compliance with the economic regulation regime. The Ministerial powers to act in relation to water services will include the ability to appoint two new ministerial bodies: a Crown facilitator water services, and Crown commissioners water services of Councils will be responsible to appoint a Board of professional directors. It would be very difficult to back out of the scenario and return to how it was.

Will there be a process whereby if the public are not happy with the CCO deliverables they can escalate their concerns?

The supplier (be this Council or the CCO) is likely to receive complaints for everyday operational matters for water and wastewater, while stormwater could be an ongoing Council responsibility. The current Bill sets up a consumer protection regime that will enable the Commerce Commission to collect and analyse information relating to consumer matters, such as service quality and customer engagement.

What are the enduring maintenance incentives over time for the CCO? (For example, incentives to ensure that we are not looking at infrastructure failure in 20 years)

Quality, performance regulation, and price-quality regulation will be mandatory and independently assessed by Government agencies.

Who is accountable for our water – TDC, CCO? Who do we direct our concerns to?

CCO’s and councils will have ways to ensure complaints are received. If a CCO is formed, their accountability will be to the Shareholders, the Water Services Authority - Taumata Arowai and the Commerce Commission.

In relation to climate change – what proactive measures would a CCO take on the subject of capturing water (e.g. reusing stormwater)?

We would expect the response to climate change to come through national policy and reporting, and could be a matter that shareholders specify in their statement of intent. However all organisations will have to consider their adaptation plans as events are expected to become more extreme.

Will TDC/CCO subsidise water tanks for collecting rain water?

There are no current plans to subsidise installation of water tanks. Council consulted on this possibility two years ago in the Long Term Plan. A few people indicated that they would be interested. It is a surprisingly complicated matter while closely linked with the Water Supply Bylaw that already requires extraordinary users to have tanks.

Will TDC as a stand alone entity or, a CCO monitor the amount of water we are using?

We currently monitor all water supply systems both at source and then from plant. We supplement this information with further information from meters including a number of real time meters. This will increase if we proceed with universal metering.

What percentage of our total TDC assets are water assets?

As at 30 June 2024 we had 179.2m in water, wastewater and stormwater assets of \$1.115.8m or 16% of total assets.