



**Southland District Council is currently considering whether increased operational costs for its water supplies and sewerage schemes should be paid for from 1 July 2010 and also how the increased costs should be recovered.**

Council's current water and sewerage operation and maintenance contract for all its schemes throughout the District was last let 12 years ago and will expire in June. Council is in the final stages of agreeing to a new contract, which is expected to result in a cost increase of 16%, much lower than previously expected.

Council is aware this increase will place extra pressure on ratepayers, but the new contract will provide an essential service. Council has also been discussing how the cost of the schemes are paid for and whether in the short-term operating costs should be the same for each connection or different for different schemes.

Community boards, CDAs and water supply committees were made aware of the likely increase at local estimate meetings in February, and provided with a further update at a meeting in April. The new contract comes into place on 1 July 2010 and although Council's draft Annual Plan (currently out for consultation) indicated the price rise would be put off until 2011/2012, the local representatives at April's meeting indicated it would be better to incorporate the extra costs into the final Annual Plan so that it gets added onto rates from 1 July, rather than have scheme costs go into arrears.

Despite earlier suggestions the new operating costs should be shared out to each scheme based on the number of connections each have, it is more likely at this stage that the extra cost will be recovered by an

even percentage increase. Using this approach, the increases for each scheme would range from about \$9 through to \$59 depending on the historical cost of the water and sewerage services within individual townships.

An alternative approach as suggested by the contractor has calculated costs on a district-wide cost per connection basis. This results in a number of rating increases and decreases – from a \$162 reduction to a \$215 increase depending on the scheme.

*The table on the reverse shows the following:*

- The water and sewerage rate as proposed in the draft Annual Plan, excluding the effect of any contract increase (Column 1)
- The water and sewerage rate if the impact of the contract was applied on an even basis (Column 2)
- The water and sewerage rate if the impact of the contract was applied on a district-wide per connection basis (Column 3)

It is likely the per connection option will be looked at further in the future as part of revisiting an earlier proposal to fund water and sewerage district-wide, rather than by individual communities. The proposal put up in the Council's draft 10-year plan meant ratepayers on water and sewerage schemes will pay the same across the district for both maintenance and renewal costs.

***If you have a view on the issues in this flyer, the Council encourages you to make a submission to the Draft Annual Plan on the attached submission form. Submissions close on May 19.***

***Please also indicate if you want to be added to a consultation database on the future funding of water and sewerage schemes.***



		EVEN % INCREASE		CONNECTION BASIS	
	Annual Plan				
	Rate (GST inc)	Rate	\$	Rate	\$
<b>Water Connections (Treated)</b>	2010-2011 (Column 1)	GST (inc) (Column 2)	Variance	GST (inc) (Column 3)	Variance
Edendale/Wyndham					
Lumsden	\$381.16	\$408.01	\$26.85	\$343.09	-\$38.07
Manapouri	\$287.24	\$307.40	\$20.16	\$295.42	\$8.18
Mossburn	\$239.76	\$278.63	\$38.87	\$130.83	-\$108.93
Ohai/Nightcaps/Wairio	\$461.26	\$515.40	\$54.14	\$264.95	-\$196.31
Orawia	\$277.78	\$316.25	\$38.47	\$89.30	-\$188.48
Otautau	\$261.65	\$288.11	\$26.46	\$245.88	-\$15.77
Riverton	\$288.03	\$312.87	\$24.84	\$274.67	-\$13.36
Te Anau	\$131.32	\$144.05	\$12.73	\$236.37	\$105.05
Tuatapere	\$392.02	\$431.77	\$39.75	\$291.98	-\$100.04
Winton	\$347.66	\$365.31	\$17.65	\$384.00	\$36.34
Eastern Bush	\$374.15	\$405.70	\$31.55	\$200.49	-\$173.66
Otahu Flat	\$445.93	\$489.50	\$43.57	\$201.20	-\$244.73
Lumsden/Balfour	\$246.51	\$264.54	\$18.03	\$174.33	-\$72.18
<b>Rural Water Connections (Untreated)</b>					
Matuku	\$94.77	\$103.85	\$9.08	\$43.39	-\$51.38
Te Anau Rural	\$306.54	\$324.24	\$17.70	\$219.71	-\$86.83
<b>Waste Water Connections</b>					
Balfour	\$382.99	\$414.12	\$31.13	\$337.58	-\$45.41
Browns	\$444.85	\$487.88	\$43.03	\$330.23	-\$114.62
Gorge Rd	\$382.41	\$424.84	\$42.43	\$273.90	-\$108.51
Lumsden	\$148.17	\$159.95	\$11.78	\$217.51	\$69.34
Manapouri	\$239.73	\$252.98	\$13.25	\$295.31	\$55.58
Nightcaps	\$154.45	\$166.36	\$11.91	\$220.18	\$65.73
Ohai	\$446.79	\$475.22	\$28.43	\$440.09	-\$6.70
Otautau	\$289.11	\$311.38	\$22.27	\$298.39	\$9.28
Riversdale	\$157.66	\$168.17	\$10.51	\$237.17	\$79.51
Riverton	\$150.49	\$158.07	\$7.58	\$246.72	\$96.23
Stewart Island	\$639.35	\$685.67	\$46.32	\$485.30	-\$154.05
Te Anau	\$277.67	\$284.36	\$6.69	\$372.67	\$95.00
Tokanui	\$371.04	\$399.71	\$28.67	\$337.68	-\$33.36
Tuatapere	\$277.48	\$308.51	\$31.03	\$234.18	-\$43.30
Wallacetown	\$205.88	\$231.62	\$25.74	\$189.68	-\$16.20
Winton	\$136.37	\$145.02	\$8.65	\$228.15	\$91.78