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Sent: Thursday, 3 May 2018 3:46 PM
To: Consultation
Cc: jasonc@tkmeats.co.nz; Ryan Spencer
Subject: TK Meats Submission re Water by Meter Rates 2018-28 WDC Long Term Plan Proposal
Attachments: Submission to WDC re proposed 2018-2019 water rate increases.pdf

To whom it may concern,

Please find attached submission from Te Kuiti Meat Processors Ltd in response to the long term plan proposal for water by meter rates.

Could you please acknowledge receipt of this submission.

Regards

Alastair Bayliss

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Submission on Waitomo District Council Proposed Water by Meter Rates

Te Kuiti Meat Processors Ltd

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Date of submission: 3 May 2018

Introduction:

Te Kuiti Meat Processors Ltd operates a sheep, bobby calf and goat slaughter, and further processing facility located on Rangitoto Rd, Te Kuiti.

The plant operates all year. For the majority of the year, it runs a seven day roster to accommodate demand. TK Meats is one of the largest employers in the Te Kuiti area. About 230 staff are employed on a year round basis.

TK Meats makes a significant contribution to the local economy via employment as well as supporting local suppliers, businesses and organisations.

TK Meats has made significant investments in its operation over recent years in its processing facilities, staff amenities and waste water treatment. Also, it has just commenced a major project to extend the boning room.

TK Meats operates in a highly competitive and regulated industry. Primarily a sheep-meat processor, it is facing the challenge of a rapidly declining livestock supply. Last season alone the North Island lamb kill dropped more than 750,000 head; equivalent to significantly more than the throughput of the TK Meats plant for an entire year.

In the current environment, the impact of proposed increases in water charges will seriously inhibit Te Kuiti Meats ability to be competitive.

Proposed Water by Meter Rate Increases:

The proposed water rate increase from \$2.15 to \$2.70 per m³ represents a 26% increase and as an extraordinary user of water in the district, TK Meats, based on historical volume usage would be facing an increase of approximately \$60,000 per annum.

In our view the Council's supporting rationale for this proposed increase is flawed. One can assume that the higher current rates in Piopio, Benneydale and Mokau are directly attributable to the cost of infrastructure and operating costs required to service these communities. By proposing to flatten the rate across the entire district, the Council is effectively asking Te Kuiti based metered water users such as TK Meats to subsidise rate payers across the wider district.

Before the proposed fees and charges would take effect, the cost of metered water to our Te Kuiti operation already well exceeds that of our other processing sites in Gisborne (\$1.27 per m³) and Feilding (\$1.22 per m³). We will end up with a rate that is over double that of these other sites if the proposed \$2.70 per m³ is adopted.

TK Meats is very concerned about the seemingly ever increasing municipal costs associated with operating in the Waitomo District. Two weeks prior to receiving the Council's letter regarding these proposed water rate increases, TK Meats received another letter signalling the possibility that its trade waste costs could be rising by at least 20% in 2021. TK Meats has invested significant capital in upgrading its waste water treatment to lessen the burden on the town's waste water treatment plant, however any financial rewards for making such improvements seem to be quickly eroded by ever increasing council charges.

As a significant contributor to the local economy, TK Meats would like to think that this contribution is recognised and considered when determining how costs of running municipal services are recovered from the region and users.

Summary:

As a significant user of Council supplied water, TK Meats expects that it will be charged fair and reasonable costs for doing so. However, we have serious concerns with the changes and additions to the charging that have been proposed by WDC, as follows:

- The magnitude of the proposed increases will have significant impact on the profitability of TK Meats and its competitiveness in an industry that is currently experiencing many challenges.
- The WDC metered water rate is already a lot higher than what we pay in other districts where we have meat slaughter and processing plants. The proposed increase would take the WDC rate to a level that is in excess of double that of the next highest metered water rate we are charged.
- Has there been any recognition made for the contribution TK Meats makes to the local economy when determining how the cost of Council supplied water services is recovered?

TK Meats does not accept the proposed water rate increases and requests Council to review these proposed charges taking into consideration the points listed above.