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**APPROACHES TO WATER PRICING  
IN LOCAL GOVERNMENT:  
FOUR NEW ZEALAND CASE STUDIES**

By

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*We have acted as if water were like air - free,  
so omnipresent as to exist beyond our conscious thought;  
so unquestionably necessary to life on this planet  
that it would be foolish to spend any time  
or energy thinking about it.  
~ Fred Powledge "Water" (1982)*

## ABSTRACT

This thesis is an examination of water pricing techniques adopted by territorial authorities in New Zealand. The overall goal is to determine if current pricing mechanisms for the residential supply of water encourage conservation of the resource. This thesis examines some international conservation techniques, and evaluates them with reference to selected case studies in New Zealand.

Four case-studies were carried out in an attempt to understand the effectiveness of water pricing in New Zealand. These were Christchurch City Council, Hamilton City Council, Palmerston North City Council and Tauranga District Council. Questionnaires were sent to the water supply managers of each of the territorial authorities and interviews were carried out with these people to investigate water conservation issues in their districts.

The research findings show that all four territorial authorities have problems with meeting the peak demands of water consumption. Therefore, various bans and restrictions are in place across many areas at different times of the year. Although water conservation is an issue in the regional and district plans for each of these territorial authorities, measures to reduce consumption at peak times have been relatively unsuccessful. All of the territorial authorities under-price the supply of water and barely meet operational costs. Currently, there is no consideration of a rate that would *penalise* consumers for the overuse of water.

The international literature indicates that once a suitable pricing framework is established, water meters are the best tool for effectively reducing consumption. Although water meters are installed in two of the four cases, they are not being effectively utilised to promote conservation and reduce demand. For those territorial authorities not using water meters, a review of current conservation programmes is recommended. The current pricing structure is not proving to be sufficient in reducing either peak demand, or minimising water wastage.

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# New Zealand



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Figure 1.0 Map of New Zealand.