



**RANGITIKEI**  
DISTRICT COUNCIL  
*Making this place home.*

# ORDER PAPER

## OMATANE RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

**Date:** Tuesday, 10 May 2022  
**Time:** 3.00 pm  
**Venue:** Kokako Street Pavilion  
2 Kokako Street  
Taihape

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**Chair:** Mr Lance Kelly

**Membership:** Mr Luke Bird  
Mr Neil Gregory  
Mr Richie Law  
Mr Alex McKay  
Mr Don Tweeddale  
Cr Gill Duncan  
HWTM Andy Watson

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**Notice is hereby given that a Omatane Rural Water Supply Management Sub-Committee Meeting of the Rangitīkei District Council will be held in the Kokako Street Pavilion, 2 Kokako Street, Taihape on Tuesday, 10 May 2022 at 3.00 pm.**

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## **AGENDA**

### **1 Welcome**

### **2 Apologies**

### **3 Public Forum**

No public forum.

### **4 Conflict of Interest Declarations**

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

### **5 Confirmation of Order of Business**

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, [enter item number](#) be dealt with as a late item at this meeting.

## 6 Confirmation of Minutes

### 6.1 Confirmation of Minutes

**Author:** Ash Garstang, Governance Advisor

#### 1. Reason for Report

- 1.1 The minutes from the Omatane Rural Water Supply Management Sub-Committee meeting on 20 April 2021 are attached.

#### Attachments

1. **Omatane Rural Water Supply Management Sub-Committee Meeting - 20 April 2021**

#### Recommendation

That the minutes of the Omatane Rural Water Supply Management Committee meeting held on 20 April 2021, **[with amendment/without amendment]**, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this committee be added to the official minutes document as a formal record.



**RANGITIKEI**  
DISTRICT COUNCIL

# MINUTES

**Omatane Rural Water Supply Management  
Committee Meeting  
Tuesday, 20 April 2021**

**Order of Business**

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**ITEM 6.1  
ATTACHMENT 1**

UNCONFIRMED

**MINUTES OF RANGITĪKEI DISTRICT COUNCIL  
OMATANE RURAL WATER SUPPLY MANAGEMENT COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, TAIHAPE TOWN HALL, 90 HAUTAPU STREET, TAIHAPE  
ON TUESDAY, 20 APRIL 2021 AT 3.00 PM**

ITEM 6.1  
ATTACHMENT 1

**Present:** Mr Lance Kelly, Mr Luke Bird, Mr Neil Gregory, Mr Richie Law, Mr Alex McKay, Ms Ruth McKay, Cr Gill Duncan.

**In Attendance:** Mr Peter Beggs, Chief Executive  
Mr Dave Tombs, Group Manager - Corporate Services  
Mr Girish Meher, Financial Services - Team leader  
Mr Andrew van Bussel, Operations Manager  
Ms Rochelle Baird, Administration

## 1 Welcome

Mr Kelly opened the meeting at 3:02pm.

## 2 Apologies

**Resolved minute number** 21/ORWS/001

That the apologies from His Worship the Mayor Andy Watson, Mr Andrew Ramsay and Mr Arno Benadie, Group Manager – Assets and Infrastructure be accepted.

Mr McKay/Cr Duncan. Carried

## 3 Conflict of Interest Declarations

There were no conflicts of interest.

## 4 Confirmation of Order of Business

Mr Beggs asked to speak and said it was evident there is room for improvement for reports for the rural water schemes and that Michael Hodder is now investigating all historical records of the schemes so that anyone coming in will know the history including maintenance and depreciation of assets. Mr McKay asked if there is a record of materials used, heights, distances, flushing valves, maps etc. Mr van Bussel said there should be in the archives the original design “as built”. Mr Tombs said the main focus at this stage is assets and finances. Mr Gregory asked if the bylaws and rules were up to date, and said he



had an original book as well as the change of rule book. Mr Beggs advised the committee to let council know what they would like to see in the report.

## 5 Confirmation of Minutes

**Resolved minute number** 21/ORWS/002

That the minutes of the Omatane Rural Water Supply Management Committee Meeting held on 11 November 2020 be confirmed.

Mr McKay/Cr Duncan. Carried

## 6 Reports for Decision

### 6.1 Proposed rate for 2021/22

Mr Kelly asked what would be the advice from finance for the proposed rate. Mr Meher said at this stage the amount could stay the same, unless there is some future maintenance to do. Mr van Bussel said if the committee decided to get a new telemetry expenses could increase. Mr Kelly asked if Horizons would cover that cost, Mr van Bussel would look into it.

**Resolved minute number** 21/ORWS/003

That the proposed rate is \$72.84 per cubic meter, but to be reviewed in November

Mr Kelly/Mr McKay. Carried

## 7 Reports for Information

### 7.1 Financial Statements and Commentary for the 8 months ended 28 February 2021

Mr Meher spoke to his report and said he had kept the report the same as the previous financial reports but asked the members what would they like to see in the report. Mr Meher explained that he is looking into the general rate and why it was received in 2017/18 and 2018/19. Mr Gregory said he would go through all the information he had and would let Mr Meher know. Mr Meher explained the public good rate and that it was used to balance the budget. Mr Kelly asked for justification of the costings from the services provided from Council. Mr Kelly also asked if the scheme is a utility as he was told at another council meeting that it was not. Mr Meher said he believed that councils were to consider schemes as a utility and he would look into it further. Mr Tombs said they hoped the initial review of the scheme would be done in the next two months.

Mr van Bussel asked when was the last time restrictors were looked at. Mr Gregory said when the scheme was built it was done at a cheaper option and feared more damage would be done if any investigation was done.

**RESOLVED MINUTE NUMBER 21/ORWS/004**

THAT A REPORT IS AVAILABLE AT THE NEXT MEETING OF ALL USERS OF THE SCHEME.

Mr van Bussel/Mr Gregory. Carried

**Resolved minute number 21/ORWS/005**

That the report 'Financial Statements and Commentary for the 8 months ended 28 February 2021' be received.

MR KELLY/MR MCKAY. CARRIED

**7.2 Operations Report**

Mr Bird said most members are doing their own maintenance now. Mr Kelly suggested nominating two people to be in charge of maintenance, Ms McKay said she would help Mr Kelly and Mr Gregory offered to help if needed.

**7.3 Water Managers Report**

Mr van Bussel spoke to his report and said the flow meter needs recalibrating and that he was getting a quote from Alf Downs and will on charge the costs to Horizons. He also asked Horizons to make contact if the data stops coming in. Mr Kelly asked why did the Horizons and RDC information vary. Mr van Bussel said he is having similar issues elsewhere and is looking into it. He said there is better equipment available now and could source quotes if the committee was interested. Mr McKay asked if this cost would be covered from Horizons, Mr van Bussel would look into it.

**Resolved minute number 21/ORWS/006**

That the tabled Water Managers Report be received.

Mr van Bussel/Cr Duncan. Carried

**8 Members/Questions**

Ms McKay had investigated a radar system that is placed on the tanks and indicates a leak or low water with an alert system every 6 hours, an estimate was \$780 per tank and an ongoing cost of \$97 per year but it would save a lot of time looking for a leak. Mr Kelly said it would be good to look at for individual farmers.

Mr McKay thanked council staff for their effort in finally getting the answers that they have been asking for.

**9 Next Meeting**

**10 Meeting Closed**

The Meeting closed at 4:25pm.

The minutes of this meeting were confirmed at the Omatane Rural Water Supply Management Committee held on .

.....  
Chairperson

UNCONFIRMED

**ITEM 7.1**

## **7 Follow-up Action Items from Previous Meetings**

### **7.1 Follow-up Action Items from previous Omatane Rural Water Supply Meetings**

**Author:** Ash Garstang, Governance Advisor

#### **1. Reason for Report**

- 1.1 On the list attached are items raised at previous Omatane Rural Water Supply meetings. Items indicate who is responsible for follow up, and a brief status comment.

#### **Attachments**

1. **Follow-up Actions Register** [↓](#)

#### **Recommendation**

That the report 'Follow-up Action Items from previous Omatane Rural Water Supply Meetings' be received.

**Current Follow-up Actions**

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	20-Apr-21	Mr Kelly asked if the scheme is a utility as he was told at another council meeting that it was not. Mr Meher advised that he believed that councils were to consider schemes as a utility and he would look into it futher.	Dave Tombs (formerly Girish Meher)	This matter to be discussed at the May 2022 meeting so Mr Tombs can resolve.	In progress

## **8 Chair's Report**

### **8.1 Chair's Report - May 2022**

**Author: Lance Kelly, Chair**

Omatane rural water scheme has again performed well over the last 12 months.

A big thanks to the members of the scheme, for their continued efforts of maintaining the main line and clearing the intake when necessary.

We have only had to call an outside contractor this season to repair a broken tap just below the intake.

We have been approached by Don and Christine Gregory at 103 Omatane North Rd, and Peter Fitzgerald at 360 Mokai Rd to join the scheme, these are both very small lifestyle blocks (1-2 acres).

This is up for discussion.

#### **Recommendation**

That the Chair's Report – May 2022 be received.

## 9 Reports for Information

### 9.1 ORWS Financial Summary 2017 to 2021

**Author:** Dave Tombs, Group Manager - Corporate Services

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

#### 1. Reason for Report

- 1.1 To provide Members with an overview and update of the financial reporting provided in recent years.
- 1.2 To enable discussion with Members to consider an appropriate rate increase for 2022/23 and future years.

#### 2. Context

- 2.1 Officers have identified that the format of financial reporting provided to members has changed considerably in recent years.
- 2.2 The financial reporting essentially comprises three types of statements:
  - 2.2.1 Statement of Financial Performance (basically Income less Operating Expenses)
  - 2.2.2 Statement of Financial Position (basically Assets, Liabilities and Equity)
  - 2.2.3 Subsidiary Information

##### **Statement of Financial Performance**

- 2.3 The key numbers included in the Statement of Financial Performance are:

##### **Income**

- 2.3.1 Metered Supply Charges (amounts charged to Members).
- 2.3.2 General Rates allocation (an allocation designed to offset the internal charges – see below).
- 2.3.3 Interest earned/charged on notional Bank Balance and Internal Loan Balance (see below).

##### **Internal Charges**

- 2.3.4 Accounting adjustments designed to allocate overheads to the Scheme. An internal allocation of General Rates is also made, designed to offset these costs.

##### **Operating Expenditure**

- 2.3.5 A range of different types of operating expenditure that can be split between:
  1. Cash Items (Contractor costs, Insurance etc: items that are actually 'paid for')
  2. Non-Cash Items: Depreciation (which is an accounting adjustment that does not result in 'money being directly paid out'. However, over a period of time, it does represent an approximate amount of capital expenditure that should be undertaken to maintain the asset base of the Scheme).

**ITEM 9.1**

- 2.4 The nett total of the items listed in Section 2.3 provides an Accounting Surplus or Deficit. The Accounting Surplus or Deficit is added to Equity within the Statement of Financial Position but is not really directly used in any 'decision making'.
- 2.5 However, adding back the Depreciation figure to the Accounting Surplus or Deficit provides an 'Operating Cash Available for Capital Expenditure (or Increase to Bank)' figure which is a useful management figure.

**Statement of Financial Position**

- 2.6 The key numbers included in the Statement of Financial Position are:
  - 2.6.1 Infrastructure Assets balance
  - 2.6.2 Equity Account (which has previously included an amount of Working Capital, which is essentially the Scheme's notional Bank Balance)
  - 2.6.3 Internal Loan Balance (an amount owed by the Scheme to Council).

**3. Discussion**

- 3.1 Officers have identified that:
  - 3.1.1 The allocations of General Rates (S2.3.2 above) have not always matched the Internal Charges (S2.3.4); and
  - 3.1.2 The movement on the Working Capital account does not always equal the Operating Cash Surplus, adjusted for Capital Expenditure; and
  - 3.1.3 Interest earned/charged has not always been administered consistently.
- 3.2 As mentioned above, the reporting currently includes a Bank Balance and an Internal Loan Account. Officers are unaware of any benefit of separately reporting these two items and suggest combining them in future reporting.

**4. Financial Implications**

- 4.1 The reporting format used up to June 2017 appeared to exclude the issues identified in s3.1 above.
- 4.2 Officers have restated the figures since 2017 using the 2017 reporting format as attached. This Financial Summary provides a 'clear' Bank position of the Scheme as at 30 June 2021.
- 4.3 A separate report in this Agenda includes greater detail around the 2020/21 and 2021/22 financial activity.

**5. Considerations**

- 5.1 Officers suggest that Committee Members refer to the attached summary and consider:
  - 5.1.1 Using 2022/23 as a 'planning year' where it considers:
    1. a Bank Balance it wishes to work towards and
    2. future levels of asset maintenance/replacement that will be required; and
  - 5.1.2 Adopting the 'council wide' rate increase of 7.29% for 2022/23; and



5.1.3 how Interest is to be earned/charged by the Scheme for 2020/21 onwards.

Officers suggest using the method adopted by similar Schemes:

*'set a rate (to be applied to the opening bank/loan balance each year) every 2 years.'*

Suggest:

- using an interest rate of 2% for 2020/21 and 2021/22 and that this rate also be retrospectively applied to 2018/19 and 2019/20.
- The rate to be used for 2022/23 and 2023/24 to be 2.5%

(Note these rates are loosely based around being 50% of Council's weighted average cost of borrowing at the time of setting the rates)

### Attachments

1. **ORWS Financial Summary** [↓](#)

### Recommendation 1

That the report 'Financial Summary 2017 to 2021' be received.

### Recommendation 2

That Members discuss 'general principles' that will apply to setting future years' rates increases.

### Recommendation 3

That Members confirm an appropriate model for applying Interest on its notional bank surplus/deficit.

### Recommendation 4

That the Committee proposes a rate of \$\_\_\_\_\_ per cubic metre for the 2022/23 financial year.

**Attachment 1  
Omatane Rural Water Supply  
5 Year Financial Summary**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 (Mar)
Rates ***	15,641	13,467	6,788	6,936	7,055	88
General Rates Alloc	3,598	3,521	3,521			
Interest	164	394				
<b>Income</b>	<b>19,403</b>	<b>17,382</b>	<b>10,309</b>	<b>6,936</b>	<b>7,055</b>	<b>88</b>
Other Expenses ***	8,853	5,110	5,825	4,351	6,016	2,919
Depreciation	16,621	16,621	16,621	12,000	11,979	8,984
Internal Charges *	3,598	3,521	3,521	4,569	4,962	
Finance Costs	112		65	52		
<b>Expenses</b>	<b>29,184</b>	<b>25,252</b>	<b>26,032</b>	<b>20,972</b>	<b>22,957</b>	<b>11,903</b>
<b>Accounting Deficit</b>	<b>(9,781)</b>	<b>(7,870)</b>	<b>(15,723)</b>	<b>(14,036)</b>	<b>(15,902)</b>	<b>(11,815)</b>
<b>Add back</b>						
Depreciation	16,621	16,621	16,621	12,000	11,979	8,984
Internal Charges **				4,569	4,962	
<b>Cash Surplus</b>	<b>6,840</b>	<b>8,751</b>	<b>898</b>	<b>2,533</b>	<b>1,039</b>	<b>(2,831)</b>
<b>Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,246</b>
<b>Opening Cash</b>	<b>1,034</b>	<b>7,874</b>	<b>16,625</b>	<b>17,523</b>	<b>20,056</b>	<b>21,095</b>
Bank	3,281					
Loan	(2,247)					
<b>Closing Cash</b>	<b>7,874</b>	<b>16,625</b>	<b>17,523</b>	<b>20,056</b>	<b>21,095</b>	<b>17,018</b>

\* 2017/18 and 2018/19 Internal Charges as previously reported have been adjusted to equal General Rates Allocation

\*\* no Rates allocation was made in 2019/20 onwards so these charges have been 'added back'

\*\*\* 2020/21 figures previously reported included - in error - Other Expenses (Rates Allocation) and Public Utility Rates Income. These amounts have been excluded from the summary above.

## 9.2 Omatane RWS Expenses 2020/21

**Author:** Dave Tombs, Group Manager - Corporate Services

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

### 1. Reason for Report

- 1.1 To provide Members with a summary of the financial activity of the Scheme for 2020/21 (and interim figures for 2021/22).

### 2. Context

- 2.1 A separate report to this Agenda provides a high-level overview of recent financial reporting that has been provided to members in recent years.
- 2.2 Subject to members agreeing with the new proposed formats and historic balances, Officers consider that the main area of interest for Members regarding the 2020/21 finances will be 'where the money was spent'.
- 2.3 This Report provides a summary of where the 2020/21 expenses were incurred and provides a year-to-date summary for 2021/22.

### Attachments

1. **2020/21 Summary of Expenses** [↓](#)

### Recommendation

That the report 'Omatane RWS Expenses 2020/21' be received.

**ATTACHMENT 1**  
**Summary of Expenses**

	2020/21	2021/22 (March)
<b>OPERATING EXPENSES</b>		
External Contractor		
Neal Gregory	1,943	
Alf Downs	1,369	
Insurance	897	949
Rates *	1,626	1,970
Resource Consents	<u>181</u>	<u>          </u>
<b>Other Expenses</b>	<b>6,016</b>	<b>2,919</b>

\* File Note :The amount charged in RDC's ledger is higher than this but Officers have reduced the figure to the amount above as they feel the above figure is more appropriate.

**CAPITAL EXPENSES**

<b>Taihape Plumbing</b> (dig up valves)	<b>1,246</b>
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## **10 Next Meeting**

The next meeting will be held in 2023; date yet to be determined.

## **11 Meeting Closed**