



RANGITIKEI
DISTRICT COUNCIL
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ORDER PAPER

EREWHON RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Tuesday, 29 November 2022

Time: 4.00 pm

Venue: Kokako Street Pavilion
2 Kokako Street
Taihape

Chair: Mr Jock Stratton

Membership: Mr Peter Batley
Mr Geoff Duncan
Mr Barry Thomas
Mr Simon Plimmer
Mr Paul McLaren
Mr Benjamin Mallalieu
Mr Steven Stoney (Aorangi Awarua Trust Representative)
Cr Greg Maughan
HWTM Andy Watson

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Locations:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <u>Marton</u> Head Office 46 High Street Marton </td> <td style="width: 50%; vertical-align: top;"> <u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls </td> </tr> <tr> <td style="vertical-align: top;"> <u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape </td> <td></td> </tr> </table>	<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape	
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Notice is hereby given that a Erewhon 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, 29 November 2022 at 4.00 pm.

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AGENDA

1 Welcome / Prayer

2 Apologies

3 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 as a late item at this meeting.

6 Confirmation of Minutes

6.1 Confirmation of Minutes

Author: Kezia Spence, Governance Advisor

1. Reason for Report

- 1.1 The minutes from **Erewhon Rural Water Supply Management Sub-Committee Meeting held on 6 September 2022** are attached.

Attachments

1. **Erewhon Rural Water Supply Management Sub-Committee Meeting - 6 September 2022**

Recommendation

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 6 September 2022 **[as amended/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.

ITEM 6.1
MINUTES



ATTACHMENT 1

**UNCONFIRMED: EREWHON RURAL WATER SUPPLY
MANAGEMENT SUB-COMMITTEE MEETING**

Date: Tuesday, 6 September 2022

Time: 4.00 pm

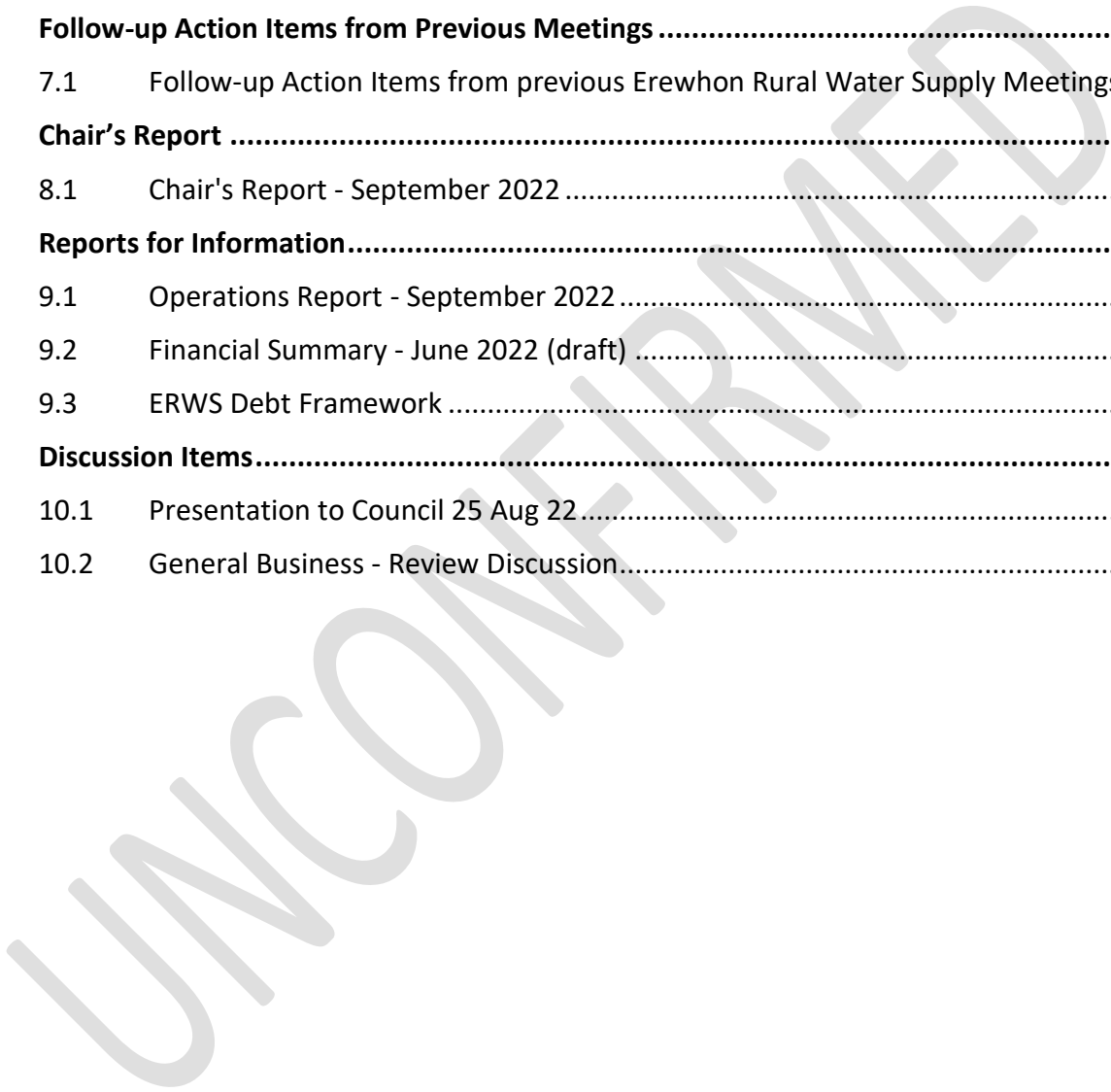
Venue: Kokako Street Pavilion
2 Kokako Street
Taihape

Present Mr Peter Batley
Mr Geoff Duncan
Mr Barry Thomas
Mr Simon Plimmer [*via Zoom*]
Mr Paul McLaren
Mr Benjamin Mallalieu
Cr Tracey Hiroa [*via Zoom*]

In attendance Mr Arno Benadie, Chief Operating Officer [*via Zoom*]
Mr Dave Tombs, Group Manager – Corporate Services
Ms Rochelle Baird, Community Services Officer

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1 Welcome

Mr McLaren took the chair and welcomed everyone to the meeting.

2 Apologies

Resolved minute number 22/ERWS/017

That the apology for Mr Jock Stratton be received.

Mr B Thomas/Mr P Batley. Carried

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

There were no conflicts of interest.

5 Confirmation of Order of Business

There were no changes to the order of business.

6 Confirmation of Minutes

Resolved minute number 22/ERWS/018

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 21 June 2022, 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.

Mr G Duncan/Mr B Mallalieu. Carried

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from previous Erewhon Rural Water Supply Meetings

Mr Benadie emailed the Committee members the scope report, and apologised for the lateness. Mr Benadie said this is just a start and the Committee can adjust to what they want.

Mr Tombs said regarding the lease payments that they are up to date as of March, with another one due.

Mr McLaren said he had spoken with a few outside entities to give a review unless Council would like to recommend one. Mr Benadie said he could give some recommendations if the Committee needed. Mr McLaren said once the scope is finalised they may need some advice on how to manage it.

Mr Duncan said he would still like a Glossary of terms and would let Dave know.

Resolved minute number 22/ERWS/019

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

Mr P Batley/Mr G Duncan. Carried

8 Chair's Report

8.1 Chair's Report - September 2022

Mr McLaren spoke on behalf of Mr Stratton and said that the Sub-Committee had spoken with engineers from Worleys, WSP and Lumino and the options available and have a reasonable list of people that could do the review. Mr Duncan had found the review from 1996 done by Worleys and had given a copy to Mr Stratton. Mr McLaren said he could send a copy to members but it mainly related to the steel pipes corroding and the health and safety issues.

Resolved minute number 22/ERWS/020

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

Mr B Thomas/Mr P Batley. Carried

9 Reports for Information

9.1 Operations Report - September 2022

Mr McLaren said they need to learn more about the resource consent procedures.

Resolved minute number 22/ERWS/021

That the Operations Report – September 2022 be received.

Mr B Thomas/Mr B Mallalieu. Carried

9.2 Financial Summary - June 2022 (draft)

Mr Tombs spoke to his report and explained that operating expenses had increased by \$10k with an extra \$160k with a capex of \$200k cash surplus and if it remains the same the debt should clear.

Mr Plimmer asked if there is a budget. Mr Tombs said yes there is a budget and could circulate if the Committee wanted and the Committee should decide how they want to spend the money. Mr Plimmer asked for confirmation of the additional increase in December and May. Mr Duncan asked if the invoicing could be done more frequently instead of 6 monthly he suggested 3 or 4 times a year. Mr Tombs said the financial year is set but they could change if for the next financial year.

Mr Tombs said there is a meeting on September 20 and said no one from the Committee had confirmed attendance. Mr Benadie said the CE of Ruapehu is very knowledgeable in regards to rural water schemes and it would benefit the Committee for someone to be present. Mr McLaren said a representative from the scheme would attend.

Resolved minute number 22/ERWS/022

That the report 'Financial Summary – June 2022 (draft)' be received.

Mr P McLaren/Mr P Batley. Carried

9.3 ERWS Debt Framework

Mr Tombs said high levels of debt can have up to a years of rates without question it can be looked at as an overdraft of \$320k before a debt repayment plan would need to be looked at. Mr Plimmer said is there a limit on the amount borrowed, Mr Tombs said it would depend on the repayment plan.

Resolved minute number 22/ERWS/023

That the report 'ERWS Debt Framework' be received.

Mr P McLaren/Mr B Thomas. Carried

10 Discussion Items

10.1 Presentation to Council 25 Aug 22

Mr Stratton and Mr McLaren approached His Worship the Mayor and Mr Peter Beggs, CE and asked for Council to subsidise the review cost up to 50%. Mr Tombs asked if it would be a loan or a grant. Mr McLaren said they would like a contribution from council of 50% or \$50,000.00 excluding GST. Mr Tombs would present to the next Council meeting 29 September.

10.2 General Business - Review Discussion

Mr McLaren asked if the local marae are provided with water, Mr Batley said no but they are allowed to take the overflow.

The meeting closed at 4.33 pm.

The minutes of this meeting were confirmed at the Erewhon Rural Water Supply Management Sub-Committee held on 29 November 2022.

.....
Chairperson

UNCONFIRMED

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from previous Erewhon Rural Water Supply Meetings

Author: Kezia Spence, Governance Advisor

1. Reason for Report

- 1.1 On the list attached are items raised at previous Erewhon 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 Erewhon Rural Water Supply Meetings' be received.

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
	6-Sep-22	Mr Duncan asked if the invoicing could be done more frequently instead of 6 monthly he suggested 3 or 4 times a year. Mr Tombs said the financial year is set but they could change if for the next financial year. Mr Tombs also noted that all ratepayers can set up (regular) payment plans to avoid 'peaks' in their rate obligations (also, having a Payment Plan avoids the account be subject to penalties).	Committee Members	Committee Members to let Council know if they wish to change the rating cycle (in sufficient time for the appropriate Communications and system changes to be made).	Open
	8-Mar-22	As per resolution 22/ERWS/011 : Staff to discuss and recommend someone to review the hydraulics, material and technology for the scheme.	Andrew van Bussel / Anna Thompson	AVB is in discussion with Arno and hopefully they will have a resolution by 29th August – if not they will update the committee at the meeting.	In progress
	8-Mar-21	Financial Statements: Mr Duncan asked for a glossary of terms.	Dave Tombs	Dave asked for clarification as to 'what terms' need to be clarified at the December 2021 meeting. Awaiting response.	In progress

ITEM 8.1

8 Chair's Report

8.1 Chair's Report - November 2022

Author: Jock Stratton, Chair

1. Reason for Report

- 1.1 The Chair may provide a report at the meeting.

Recommendation

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

9 Reports for Decision

9.1 Rural water supplies-options under the Government's three waters reform programme

Author: Michael Hodder, Advisor to the Chief Executive

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 Attached is a briefing paper which backgrounds the three waters reform programme, the Government's consideration to rural water supplies, the characteristics of Rangitīkei's rural water supply schemes and suggested next steps.

2. Context

- 2.1 Committee members will be aware that the Water Services Entities Bill, introduced into Parliament in June 2022, proposes setting up four regional entities which would manage the provision of drinking water, wastewater and stormwater currently provided by territorial authorities such as Rangitīkei District Council. Rangitīkei is in the Western-Central Services Entity (initially known as 'Entity B'). A National Transition Unit (under the auspices of the Department of Internal Affairs) is already working with councils to ensure the handover is in place by 1 July 2024.
- 2.2 The government has been clear that the focus of reform for water supplies is *drinking* water and that supplies which are demonstrably non-potable and solely used for stock (or irrigation) purposes will not be transferred to the new entities. However, as detailed in the briefing paper, a working group appointed to consider rural water supplies concluded that most of these supplies were 'mixed use' (i.e. providing drinking water as well as stock water to scheme subscribers). The working group considered that the vast majority of such rural supplies should be transferred to the regional entities but recommended that there could be a case for exceptions. Cabinet agreed to that.
- 2.3 Council has been clear for a while that all its rural water supply schemes are for stock water only. However, any connections to premises which are for drinking water (even if given some additional treatment prior to the water entering the premises), will be deemed as providing drinking water. In every case they will be subject to the requirements set by Taumata Arowai – the Water Services Regulator. This agency has recently approved an alternate solution for mixed use rural supplies (essentially ultra-violet disinfection just before the water enters the premises).
- 2.4 In declaring the characteristics of each scheme to the National Transition Unit, Council will need to demonstrate knowledge of all connections made within subscriber properties. As outlined in the briefing paper, the outcome of such an audit is the basis for determining the options available to each scheme. It is not intended to stop current use of the rural supply for drinking water if that is what a farmer has put in place.
- 2.5 The agreement between the Council and the Aorangi Awarua Trust, signed in 2004, and the possible provision of surplus water to the nearby marae is noted in para 3.4 of the

briefing memo. However, the marae has not received any water from the scheme as no surplus water has been available.

- 2.6 A second Bill, the Water Services Entities Amendment Bill, is due to be introduced into Parliament before Christmas. This is unlikely to change the situation outlined in the briefing paper as the provisions in this Bill were foreshadowed by Cabinet in June 2022

Attachments:

1. **Rural water supplies – options under the Government’s three waters reform programme** [↓](#)

Recommendations

- 2.7 That the memo (and attached briefing paper) ‘Rural water supplies – options under the Government’s three waters reform programme’ be received.
- 2.8 That the Erewhon Rural Water Supply Management Subcommittee recommends to Council that it undertakes following next steps:
- a. conduct an audit to determine the scale of drinking water on all rural properties on the Erewhon scheme (to be funded as a transition cost rural water supply met by the Government).
- EITHER
- b. if the supply to farmers on the Erewhon scheme is demonstrably 100% stock water (i.e. found to have no drinking water connections) and thus not transferred to the Western Central Services Entity, decide the future arrangement for managing the scheme in consultation with scheme members.
- OR
- c. if the supply to farmers on the Erewhon scheme is found to be ‘mixed use’ decide (in consultation with scheme members) whether the Erewhon scheme is to be put forward as an exception to automatic transfer to the Western Central Services Entity.

Rural water supplies – options under the Government’s three waters reform programme

Summary

- a. The Government’s programme for reforming the three waters (i.e. drinking water, wastewater and stormwater) will see the ownership and management of the Council’s three waters assets transferred to the Western-Central Services Entity, with effect from 1 July 2024,
- b. There are two factors which determine the options available to the Council’s four rural water supply schemes.
 - I. Schemes which are wholly for stock water and not providing any drinking water **will not** be transferred to the proposed Western Central Services Entity. This means that the management arrangements could continue as now, with one exception: after 1 July 2024, Council will not have any technical support staff to undertake maintenance of such schemes. Council and members of a scheme may agree to a transfer from the Council to another entity managed by scheme participants.
 - II. Schemes which are ‘mixed use’, i.e. providing some drinking-water alongside the major element of providing stock water **will** normally transfer to the proposed Western Central Services Entity, but the Government will allow Council to make a case for an exception so that a particular scheme is transferred to another entity managed by the scheme participants.
- c. Any drinking water provided through a rural water supply scheme will be required to comply with requirements set by Taumata Arowai, the Water Services Regulator. The simplest approach is to adopt the ‘acceptable solution for mixed-use rural water supplies’ finalised by Taumata Arowai in October 2022. This requires each property receiving drinking water to install a treatment system for water entering the premises to have ultra-violet disinfection (but not chlorination).
- d. This briefing paper contains the following sections:
 - Background
 - Government’s consideration to rural water supplies
 - Characteristics of Rangitikei’s rural water supply schemes
 - Suggested next steps.

1. Background

- 1.1 Council's asset register includes four rural water supply schemes – Erewhon, Hunterville, Omatane and Putorino.
- 1.2 With the exception of Putorino, the schemes have management sub-committees of the Council, formed from participants in the scheme. These sub-committees operate under delegation from Council and recommend the charges to be levied. Council uses these recommendations to set a targeted rate under section 19 of the Local Government (Rating) Act 2002. Putorino has not had an active management sub-committee since 1994/95. Its annual rate is set on the land value of each rating unit within the scheme.
- 1.3 The Government is actively pursuing changes to the way in which three waters (i.e. drinking water, wastewater and stormwater) are managed. This was prompted by the Havelock North incident, leading to investigations which showed the costs of reaching satisfactory standards across New Zealand could not be managed by local authorities, especially in rural areas.
- 1.4 The first change was the Water Services Act 2021 which established Taumata Arowai - the Water Services Regulator. This means oversight of drinking-water by the Ministry of Health has ceased. While primarily concerned with drinking-water, Taumata Arowai also has (from 4 October 2023) an advisory role over environmental performance of wastewater and stormwater systems.
- 1.5 The second change was the introduction into Parliament of the Water Services Entities Bill (on 2 June 2022). It is now with Parliament's Finance and Expenditure Committee which, having considered the numerous public submissions, is due to report back to Parliament on 11 November 2022. This Bill proposes to establish four regional entities across New Zealand: Rangitikei would be in the Western-Central Water Services Entity (previously identified as 'Entity B'). Prior to the introduction of the Bill, most local authorities had given consideration to regional collaboration to improve the management of the three waters: Rangitikei contributed to the Horizons' considerations.
- 1.6 The Bill requires the Council to co-operate with the new entity in preparing its allocation schedule which will specify assets, liabilities, and other matters that relate wholly to the Council's current provision of water services¹.
- 1.7 Further legislation, the Water Services Entities Amendment Bill is due to be introduced into Parliament before the end of 2022 to be fully enacted before the

¹ Schedule 1, clause 5.

2023 general election.² It will set out the detailed operating requirements for the entities.

2. Government's consideration to rural water supplies.

2.1 Written guidance from Internal Affairs is explicit on three aspects:

- Under current proposals, the Water Service Entities will not manage rural stock schemes, as the primary purpose is for farmers/private landowners to manage their stock.
- There are a range of rural water schemes that provide a combination of drinking water and stock water to rural communities and/or supplies that have mixed ownership.
- Councils will not be left with any residual services/obligations following the reform and transfer of their assets and expertise.³

2.2 In October 2021, Cabinet agreed to established a working group to consider transitioning rural community supplies.⁴ This group worked with officials from the Department of Internal Affairs and Taumata Arowai and reported back to the Minister of Local Government on 31 May 2022. Many of the group's recommendations were included in the Cabinet decisions made on 7 June 2022. This paper set out the Minister's intention of the scope of the Water Services Amendment Bill.

2.3 The Rural Supplies Technical Working Group's general position was that:
For many rural New Zealanders, drinking water comes from the same water supply that sustains their livelihoods, supporting stock health, crops and the viability of their business operations. There is often a greater connection between rural water users and their supply through direct involvement in the governance and management of water schemes.

2.4 The Group considered that "the vast majority of mixed-use rural supplies should transfer to entities, and that most users will not have the capability or resources to directly own and operate these schemes."⁵ However, it considered that there should be an opportunity to transfer council-owned, mixed use rural supplies to users, having regard for a number of factors, including "capability, capacity and

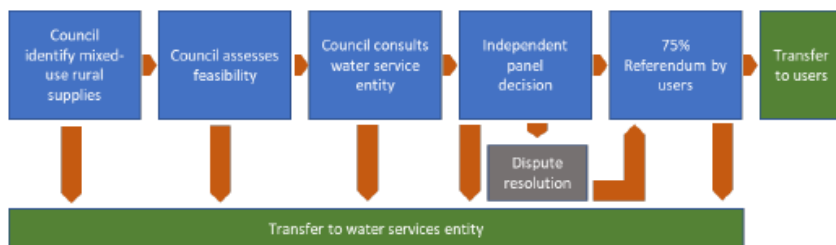
² The same dates apply to the bill to provide for a new economic regulation and consumer protection framework for the three waters system

³ <https://www.dia.govt.nz/three-waters-reform-programme-interaction-with-rural-water-schemes> See also [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/Cab-Paper-Policy-proposals-for-three-waters-service-delivery-legislative-settings_Redacted.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/Cab-Paper-Policy-proposals-for-three-waters-service-delivery-legislative-settings_Redacted.pdf) Minute

⁴ The role of the group was to provide advice to the Department of Internal Affairs to support policy development and implementation related to rural drinking water supplies and rural communities – and also to consider general issues for rural drinking supplies in complying with regulatory requirements for safe drinking water, regardless of who owns the supply.

⁵ Para. 30

financial ability... to ensure safe drinking water is supplied to consumers a scheme to users”. The Group set out a suggested high-level process for considering such a transfer.⁶



2.4 Paras 20-23 of the Cabinet decision on 7 June 2022 reflects recommendations from the Technical Working Group, and (as noted above) are intended to be included in the Water Services Entities Amendment Bill.

20: the general policy position is that all rural drinking water supplies (that also provide water for other farming-related purposes, such as stock water, agriculture or horticulture) owned by a local government organisation will transfer to the water services entities, as part of the general approach to transfer arrangements outlined above;

21: to recognise and provide for the diversity of governance arrangements relating to rural drinking water supplies, and the wishes of users, the Bill will provide a mechanism for some of these schemes to be able to be transferred from the water services entities into community ownership, on an ‘exceptions’ basis and following the process proposed below;

22: Part 7 of the Local Government Act 2002 contains provisions that enable local authorities to close down or transfer small water services (serving 200 or fewer people) in certain circumstances, following a referendum of users, which will remain in place until the water services entities commence operations;

23: the Bill will:

- repeal provisions from Part 7 of the Local Government Act 2002, and transfer relevant provisions into the new legislation so that they apply to the water services entities’ small, rural drinking water schemes;
- amend the provisions to ensure they are fit for purpose in the new context, including to ensure the eligibility criteria for consideration of a transfer are focused on the predominant use of the water supply scheme (that is, that it predominantly serves agricultural, stock or horticultural purposes, rather than drinking water purposes);

24: the amended transfer process would include that:

⁶ Para. 33.

- a rural water supply scheme's eligibility to commence a referendum process will be determined by an assessment against prescribed criteria, by a decision maker jointly appointed by the water services entity and a representative of the scheme users;
- a rural water supply scheme may only be transferred from a water services entity to user ownership;
- a referendum must achieve a 75 percent majority of users to succeed.

2.5 For any Rangitikei rural water supply scheme transferred to the Western Central Services Entity, that entity would:

- assume the ownership of the scheme, meaning that access to pipes will remain the same as currently with Council;
- determine the capital and maintenance programmes as with other water/wastewater/stormwater networks transferred from councils;
- arrange ongoing maintenance work directly, or contracted out to current providers or provided through a 'rural scheme management services agreement' as suggested by the Rural Supplies Technical Working Group; and
- set subscriber costs – the Water Services Entities Amendment Bill is expected to provide clarification on how rural and urban schemes will interact.

Council's rural water supply management sub-committees for such schemes would be dissolved. It is unclear what representation could be available on the regional sub-group for any rural scheme

3. Characteristics of Rangitikei's rural water supply schemes

3.1 To inform its deliberations, the Rural Supplies Technical Working Group requested information from councils owning rural water supply systems. Rangitikei responded noting the four schemes, 'all 100% stock water'. Most replies from other councils confirmed that their rural water supplies were 'mixed use', i.e. providing drinking-water as well as stock water, although the latter was the predominant use.

3.2 However, given the view from the Rural Supplies Technical Group that most rural water supply systems do provide drinking water, it is likely that Council will be asked to provide evidence for its statement that no drinking water is supplied. A recent enquiry to the Three Waters team at the Department of Internal Affairs yielded the following answer:

If a water scheme is demonstrably stock water only with no human drinking water connections, it will not transfer over from council ownership to the new water services.

- 3.3 An example of 'demonstrably' is Ōtorohanga District Council, which in collaboration with Waikato District Health Board and scheme members, recently undertook an audit of the Ranginui scheme to confirm that it had converted to stock water only.
- 3.4 Historically, the Council's statement to the Rural Supplies Technical Working Group does not look completely accurate, at least in the case of Erewhon and Hunterville:
- Erewhon's scheme was not specifically deemed potable, it being left to individual farmers to determine how the supply would be used within their own properties. The Scheme's first newsletter noted that the water quality from the Reporoa Bog had been tested and found to be chemically neutral but also that the Health Department "stipulated that if this water is to be used for domestic purposes, chlorination treatment must be supplied". The agreement which Council entered into with the Aorangi-Awarua Trust in 2004 providing an easement over the land which had the source water, i.e. the Reporoa Bog, also allowed for surplus water to be provided to the nearby marae. In the agreement the Trust acknowledged that such water "is not fit for human consumption"
 - Hunterville's scheme was established as providing potable water – and this water was (and still is) supplied as a take-off to the Hunterville township (replacing a non-potable and erratic supply drawn from a dammed tributary of the Porewa Stream). Correspondence from the Wanganui Area Health Board in 1988 notes that "only a small proportion of the water in the Hunterville rural supply [i.e. outside the township] is used for domestic purposes." During the 1990s secondary treatment was introduced for Hunterville township.
- 3.5 Notwithstanding the Council's advice in recent years to scheme members that the rural water supplies are not potable, there seems to be uncertainty whether each of Rangitikei's four rural water supplies is used exclusively for stock water (excepting the take-off for Hunterville township).

4. Next steps

- 4.1 Conduct an audit to determine the scale of drinking water use within each scheme (including all rural properties on the Hunterville scheme)
- Given the emphasis by the Rural Supplies Technical Working Group on 'mixed use' schemes, the requirement from Internal Affairs for evidence that a scheme is wholly used for stock water, the historical evidence of some domestic use, and the heightened surveillance over drinking water from Taumata Arowai (and its provision of an end-treatment 'acceptable solution'), taking the initiative for an

audit before Christmas will ensure each scheme is correctly assessed in terms of future options. It will need to be made explicit that this audit will not be used to prohibit further use of a rural water supply for drinking water. Certainly, it will show properties where end treatment needs to be introduced to satisfy Taumata Arowai, but the main purpose of the audit is to provide evidence to the Department of Internal Affairs about the nature of each scheme. It may well mean that there is a difference between the schemes.

- It is preferable that the audit is conducted by a person independent of Council and the schemes. The costs would be met by the Government as part of the transition to the regional entities.
- 4.2 Get clarification from Internal Affairs whether the provision of water to the town of Hunterville will be deemed a separate supply (and managed by the Western Central Services Entity) with the supply to farmers deemed a separate supply
- The best timing for this question is when the results of the suggested audit are known for the Hunterville scheme. If it is found to be entirely stock water, this will provide the strongest case for separation.
- 4.3 Decide future arrangements for any scheme which is 100% stock water (i.e. found to have no drinking-water connections) and thus not transferred to the Western Central Services Entity
- Such a scheme would remain on Council's asset register and the current administrative arrangements could continue. However, after 1 July 2024 Council will no longer be able to offer technical assistance as all relevant staff will be transferred to the new entity. This primarily affects the Hunterville scheme as the others are serviced by scheme members or by an external contractor.
 - Legal advice has confirmed that the transfer of stock water schemes from Council to users is **not** subject to the provisions in the Local Government Act 2002 (sections 130-135) regarding closure or transfer of small water services.⁷ However, the process outlined in these sections (which Cabinet has decided will be modified by the Water Services Entities Amendment Bill) could be adopted voluntarily if the Council and scheme members wished to give formal consideration to transferring ownership and management of a scheme to an entity managed by scheme members. It would still be feasible for Council to include such a scheme within its annual rates resolution, thus ensuring a regular revenue flow

⁷ The definition of water supply as meaning 'drinking water' disappeared from section 130 as a result of the Water Services Act. Legal advice was sought whether this meant that these provisions applied to any water supply, whether potable or not. While there is no obvious explanation for why this amendment was made, the context of this part of the Act has not changed.

- 4.4 Decide whether any scheme found through the audit to be mixed use is to be put forward as an exception to automatic transfer to the Western Central Services Entity.
- This is the process outlined in para. 2.4 above. One important consideration is projecting the future renewal/capital upgrade costs which may be beyond the ability of scheme members to fund.⁸ If successful, the scheme would be transferred from the Council to an entity managed by the scheme members. Schemes may decide to form a combined entity rather than forming individual ones.⁹
 - The new entity will be accountable to Taumata Arowai for ensuring that the end-treatment of drinking water in terms of the specified 'acceptable solution for mixed use rural water supplies is installed and remains compliant.
 - It would still be feasible for Council to include such a scheme within its annual rates resolution, thus ensuring a regular revenue flow.¹⁰
 - A scheme not applying for the exception process or not being successful in it, will transfer to the Western Central Services Entity as outlined in para 2.5 above.

Michael Hodder
Advisor to the Chief Executive

10 November 2022

⁸ This is the reasoning behind Tasman District Council being in favour of transferring its rural supplies (considered 'mixed use') to the proposed regional entity. It also reflects the perspective of the Rural Supplies Technical Working Group.

⁹ This was a recommendation made by Morrison Low to Clutha District Council in its 'Rural water feasibility study', February 2022.

¹⁰ At present, Council funds this overhead cost through the general rate, i.e. all ratepayers. A servicing fee would be likely to apply if the new scheme entity wished to have Council continue to rate for the scheme.

10 Reports for Information

10.1 Financial Summary - October 2022

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

1.1 This Report provides draft Financial Results for the 4 months ended 30 October 2022.

2. Commentary

Operating Statement

2.1 This shows:

2.1.1 An operating cash deficit of \$19k for the four months; and

2.1.2 Zero Capital expenditure for the four months.

2.2 Note: Rates income is usually recorded in two instalments – December and June.

Attachments

1. [ERWS Financial Summary - Oct 2022](#) 

Recommendation

That the report 'Financial Summary – October 2022' be received.

ITEM 10.1 ATTACHMENT 1

Erewhon Rural Water Scheme
Operating Statement 2022/23

	YTD 4 Months Ended Oct 2022	2021/22 Full Year Budget	2021/22 Actual	2021/22 Budget
OPERATING INCOME				
Metered Charges	0	324,388	162,237	162,194
	0	324,388	162,237	162,194
OPERATING EXPENSES				
Contractors and Prof Services	11,915	91,344	87,267	94,116
Professional Services MDC	679	5,784		
Rates	0	11,422	12,806	11,065
Erewhon Waterboard Lease	1,459	7,086	5,594	6,866
Resource Consents	0	1,416	1,237	1,372
Telephone Costs	195	612	724	588
Materials	0	108	1,994	108
Insurance	4,655	13,092	12,254	7,930
Finance Costs	0	1,065	4,927	4,919
	18,903	131,929	126,803	126,964
Depreciation	39,523	118,572	129,117	134,580
Internal Charges	26,574	78,367	0	0
Accounting Surplus/(Deficit)	(85,000)	(4,480)	(93,683)	(99,350)
Add back				
Depreciation	39,523	118,572	129,117	134,580
Internal Charges	26,574	78,367	0	0
Operating Cash Surplus	(18,903)	192,459	35,434	35,230
Capital Expenditure	0	124,803	278,923	120,000

Capital Expenditure relates to pipe renewals

Available Finance		
Funding Deficit b/f	(167,783)	64,796
Operating Cash Surplus	(18,903)	46,344
Capital Expenditure	0	(278,923)
Funding Deficit c/f	(186,686)	(167,783)

10.2 Operations Report- November 2022

Author: Andrew van Bussel, Operations Manager

1 Work Completed

1.1 The following work was completed by Taihape Plumbing from 27 September – 22 October 2022:

5/8 Carry out Monthly Check

1/9 Renew Marric valve at Mangaohane F tanks

5/9 Go through all old job-cards and photocopy all past Asset info sheets and send through to Council (approx. 4 year worths).

13/9 Pukerimu road side. Look for and locate leak. Drop line. Load up for repairs.

14/9 Dig up leak area and make repairs. Block and tie down renewal area. Reinstate water supply and back fill. Unload.

15/9 Carry out Monthly Check

27/9 No water at Jock Stratton's, Durrants and Hiwera

29/9 4 Monthly checks, run lines, check tank flows and run sluices on Mangaohane Station.

30/9 Run lines, check tank flows and run sluices Mangaohane Station/Kelly Land Co.

1/10 Mangaohane Station – Dig up and repair leak on main.

14/10 Run lines, check tank flows and run sluices on Makokomiko Station, Peter batley's and Pukerimu.

17/10 Beign to run lines on Rhino for four monthly cehcks at Makokomiko.

18/10 Run lines, check tank flows and run sluices on Hennah block, Kaiangaroa, Kara Wipaki's and Moores.

19/10 Run lines, check flows and run sluices on mako Deer block, Steven Stoney's, John Gilberts, Jock Stratton's and Rob Stratton properties.

20/10 Run lines, check tank flows and run sluices on John Batley's, Durrant's, Hiwera, Rob Colliers, Hamish Alexandra's, Tama Wipaki's, M Gilbert and Thompson's.

21/10 Run lines, check tank flows and run sluices on John Bird's, Britton, Pringle, Mary Mako and Barry Thomas properties.

22/10 Run lines, check tank flows and run sluices on B Duncan's, Whale, D Duncan's and Anstis properties.

1.2 The intake flow meter has not been calibrated for blue tick certification to meet our resource consent requirements waiting on contractor to complete.

1.3 Andrew van Bussel and Chris Pepper will talk at the meeting how we can provide an engineering report that meets the need of the Committte and scheme.

1.4 Andrew van Bussel will table the cost to replace the Rob Collier line due to silting issues.

ITEM 10.2

Recommendation

That the Operations Report – 1 December 2022 Erewhon Rural Water Supply Committee be received.

11. Closed meeting