

# ORDER PAPER

## EREWHON RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

**Date:** Tuesday, 5 September 2023

**Time:** 4.00pm

**Venue:** Kokako Street Pavilion  
2 Kokako Street  
Taihape

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**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)  
HWTM Andy Watson  
Cr Greg Maughan  
Cr Jeff Wong (Alternative)

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<b>Locations:</b>	<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, 5 September 2023 at 4.00pm.**

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## **AGENDA**

### **1 Welcome**

### **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 June 2023** are attached.

#### Attachments

1. **Erewhon Rural Water Supply Management Sub-Committee Meeting - 6 June 2023**

#### Recommendation

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 6 June 2023 **[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 June 2023

**Time:** 4.00pm

**Venue:** Kokako Street Pavilion  
2 Kokako Street  
Taihape

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**Present**

- Mr Peter Batley
- Mr Geoff Duncan
- Mr Barry Thomas
- Mr Simon Plimmer
- Mr Paul McLaren
- Mr Steven Stoney (Aorangi Awarua Trust Representative)
- HWTM Andy Watson
- Cr Greg Maughan
- Cr Jeff Wong

**In attendance**

- Mr Peter Beggs, Chief Executive
- Mr Andrew Van Bussell, Operations Manager
- Ms Kezia Spence, Governance Advisor
- Mr Dave Tombs, Corporate Services- Group Manager (Zoom)
- Mr Chris Pepper, Special Projects Manager
- Mr Dene Smith, Taihape Plumbing

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Unconfirmed

## 1 Welcome

Mr McLaren opened the meeting at 4.00pm.

## 2 Apologies

Apologies received from Mr Jock Stratton and Benjamin Mallalieu. His Worship the Mayor will be late.

## 3 Public Forum

## 4 Conflict of Interest Declarations

## 5 Confirmation of Order of Business

Tabled reports received from Mr Van Bussell.

## 6 Confirmation of Minutes

**Resolved minute number 23/ERWS/008**

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 7 March 2023 **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 B Thomas/Mr P McLaren. Carried

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

Report taken as read.

## 7 Chair's Report

### 8.1 Chair's Report - June 2023

There was no report.



## 8 Reports for Information

### 9.1 Financial Summary - Mid-May 2023

Mr Tombs took the committee through the report.

It is expected the committee will operate with a cash surplus in the next financial year.

The committee spoke of the financial impact from the Three Waters Reform and Mr Tombs responded that Three Waters has made it a different situation. Council can enable an overdraft for the scheme, if necessary, but Council can't control anything once three waters transition occurs.

The committee spoke of last year doubling the schemes rates and that as the committee do not have a budget for the coming year, the committee would prefer to keep it stable.

The committee also spoke of needing an asset management plan in place before an increase in rates,

Mr Beggs suggested extending the recommendation noting that any capital could be funded by borrowing against council.

**Resolved minute number 23/ERWS/009**

That the report 'Financial Summary – Mid-May 2023' be received.

Mr P McLaren/Mr P Batley. Carried

**Resolved minute number 23/ERWS/010**

Members of the Erewhon Rural Water Scheme nominate a preferred rate increase for the Erewhon Rural targeted rate for 2023/24 of 0%, noting that any capital expenditure excess of the years available income, could be funded by borrowing against Council.

Mr P Batley/Mr S Plimmer. Carried

### 9.2 Operations Report-June 2023

His Worship the Mayor arrived during this item at 4.45pm.

Mr Andrew Van Bussell took the committee through the report.

Mr Van Bussell spoke of there being slightly less water available and this has caused the pressure to drop in some areas, specifically the Pukerimu. Further information on this will come to committee members at the next meeting.

Chris Pepper took the committee through his report that was tabled at the meeting.

Mr Pepper stated that it is a concise overview of the scheme, and the scheme is in good condition and is well maintained.

The committee discussed the formal safety plan and whether the committee need to do this urgently. This is not the case however Mr Pepper will provide further information on this.

Mr Pepper and Mr Van Bussell will work together on the renewal process and pricing.

Mr Pepper responded to questions regarding the reason the model has a factor of 140, this is the industry standard. Mr Pepper will send the table to Mr Stratton and provide further clarity on this.

**Resolved minute number 23/ERWS/011**

That the Operations Report- 06 June 2023 Erewhon Rural Water Supply Committee be received.  
Mr P Batley/Mr S Plimmer. Carried

**Possible recommendations**

To be discussed with Operations Manager/Scheme committee

- Complete renewals programme as recommended by Operations Manager
- Update model to show how extra demand be delivered
- Develop a long-term capital programme including renewals, potential capacity upgrades and consent renewal costs
- Develop a detail risk management plan including contingency plans.

**The meeting closed at 4.58pm.**

**The minutes of this meeting were confirmed at the Erewhon Rural Water Supply Management Sub-Committee held on 5 September 2023.**

.....  
**Chairperson**

## 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
1	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
2	8-Mar-22	As per resolution <b>22/ERWS/011</b> : 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.	Closed.
3	8-Mar-21	<b>Financial Statements:</b> Mr Duncan asked for a glossary of terms.	Dave Tombs	Dave and Mr Duncan met (July 2023) & Dave provided financial info to Mr Duncan. Mr Duncan to advise of status (eg any remaining queries?)	In progress

## **8 Chair's Report**

### **8.1 Chair's Report - September 2023**

**Author:** Jock Stratton, Chair

**Authoriser:**

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

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

#### **Attachments**

#### **Recommendation**

That the Chair's Report – September 2023 be received.

## 9 Reports for Information

### 9.1 Operations Report-September 2023

**Author: Andrew van Bussel, Operations Manager**

1 The following work was completed by Taihape Plumbing from 8 May – 23 June 2023:

- 8/5 Carry out Monthly Checks.
- 29/5 Dig off slips and debris from track near intake.
- 30/5 Dig off slip and dig out drains beside intake track.
- 7/6 4 Monthly checks, run lines, check tank flows and run sluices on Mangaohane Station.
- 8/6 Run lines, check tank flows and run sluices on Mangaohane Station and Kelly Land Co.
- 9/06 Run lines, check tank flows and run sluices on Makokomiko, Pete Batley's and Pukerimu.
- 12/6 Run lines, check tank flows and run sluices on Hennah Block, Kaiangaroa, Kara Wipaki's and Moore's.
- 13/6 Run lines, check tank flows and run sluices on Makokomiko, J Gilbert's, Orums.
- 14/6 Run lines, check tank flows and run sluices on J Batley's, J Durrant's, Hiwera, R Collier's, Tama Wipaki's, L Gilbert's and Thompson's.
- 15/6 Run lines, check tank flows and run sluices on John Birds, Britton, L Gilbert, Pringle's, M Mako's and B Thomas farms.
- 16/6 Run lines, check tank flows and run sluices on B Duncan's, Whake, D Duncan's and Anstis. Clean up Rhino.
- 20/6 No reception, so no GPS – Mangaohane Station – repair leak at swamp area above big rocks on track.
- 21/6 No reception, so no GPS – Dig up main in four places to locate line before fence line renewal.
- 22/6 Load up gear. Locate leak. Drop line and dig up leak area. Make repairs. Tie down and block repair. Reinstate water and back fill. Dig up main in various places to locate line before fence renewal. Unload.
- 23/6 Pukerimu beside road bottom end, beside double gates into Makokomiko. Drop line, dig up and repair leak. Block and tie down. Reinstate water and back fill. Clean up digger and Rhino. Unload gear and return gear etc to reservoir.

#### 1. Recommendation

That the Operations Report – 1 September 2023 Erewhon Rural Water Supply Committee be received.

## 9.2 Financial Summary - June 2023 (draft)

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

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

### 1. Reason for Report

- 1.1 This Report provides the Scheme's draft Financial Results for the year ended June 2023.
- 1.2 Being financial year-end, these figures are still being finalised.

### 2. Commentary


#### Operating Statement

- 2.1 This shows:
  - 2.1.1 An operating cash surplus of \$187k for the period; and
  - 2.1.2 Capital expenditure of \$41k for the period; and
  - 2.1.3 Accumulated Funding Deficit of \$21.6k at 30 June 2023.
- 2.2 Officers suggest that members consider this Report and start considering a preferred rate increase for the Erewhon Rural targeted rate for 2024/25 and other years covered by the next LTP.

### 3. Other

- 3.1 Officers have added an extra attachment to this month's report – an excerpt from the 2013/14 Annual Plan. Officers consider that this provides some useful background to the financing of the Scheme's operations and propose including this at least annually as a useful reminder to all meeting attendees.

### Attachments

1. [ERWS Finance Summary - June 2023 \(draft\)](#) 
2. [RWS Annual Plan Excerpt](#) 

### Recommendation

That the report 'Financial Summary – June 2023 (draft)' be received.

**Erewhon Rural Water Scheme  
Operating Statement 2022/23**

	2022/23 Actual - Draft	2022/23 Full Year Budget	2021/22 Actual	2021/22 Budget
<b>OPERATING INCOME</b>				
Metered Charges	324,474	324,388	162,237	162,194
	<b>324,474</b>	<b>324,388</b>	<b>162,237</b>	<b>162,194</b>
<b>OPERATING EXPENSES</b>				
Contractors and Prof Services	81,661	91,344	87,267	94,116
Professional Services MDC	14,781	5,784		
Rates	14,174	11,422	12,806	11,065
Erewhon Waterboard Lease	5,893	7,086	5,594	6,866
Resource Consents	1,505	1,416	1,237	1,372
Telephone Costs	535	612	724	588
Materials	0	108	1,994	108
Insurance	14,626	13,092	12,254	7,930
Finance Costs	3,850	1,065	6,460	4,919
	<b>137,025</b>	<b>131,929</b>	<b>128,336</b>	<b>126,964</b>
Depreciation	154,000	118,572	129,117	134,580
Internal Charges	76,236	78,367	0	0
<b>Accounting Surplus/(Deficit)</b>	<b>(42,787)</b>	<b>(4,480)</b>	<b>(95,216)</b>	<b>(99,350)</b>
<b>Add back</b>				
Depreciation	154,000	118,572	129,117	134,580
Internal Charges	76,236	78,367	0	0
<b>Operating Cash Surplus</b>	<b>187,449</b>	<b>192,459</b>	<b>33,901</b>	<b>35,230</b>
<b>Capital Expenditure</b>	<b>41,317</b>	<b>124,803</b>	<b>278,923</b>	<b>120,000</b>

Capital Expenditure relates to plumbing works.

<b>Available Finance</b>				
Funding Deficit b/f	(167,783)		64,796	
Operating Cash Surplus	187,449		46,344	
Capital Expenditure	(41,317)		(278,923)	
<b>Funding Surplus/(Deficit) c/f</b>	<b>(21,651)</b>		<b>(167,783)</b>	

<b>Book Value of Fixed Assets</b>	
As at 1 July	4,610,000
Additions	41,317
Depreciation	(154,000)
<b>Current</b>	<b>4,497,317</b>

**Note** Finance Costs for 2021/22 have been amended to reflect the interest rate as per September 2022 meeting  
Finance Costs for 2022/23 are being finalised - notional amount has been included above.  
The Erewhon Water Board lease charges of \$5,893 relate to the 12 months from April 2022 to March 2023



**Results of Public Consultation on the Draft Plan**

- ✓ Rural Water Schemes
- ✓ Hunterville Urban Water Supply
- ✓ 'Public good' charge for water, wastewater and stormwater
- ✓ Funding the Community Boards
- ✓ Assisting businesses to comply with new food handling requirements
- ✓ Community and leisure assets
- ✓ Proposed application to the Irrigation Acceleration Fund
- ✓ Increased length of season for the Council's swimming pools
- ✓ Speed calming measures in Taumaihi Street, Bulls
- ✓ Youth engagement
- ✓ Mt Stewart Reserve, Taihape

**Rural Water Schemes**

There is a need to adequately address the issue of the financial difficulties being faced by rural water schemes. In the past, these schemes have been sheltered from much of Council internal charging but with the re-vamp of the overhead allocation process for the last few years, none of the schemes was spared a realistic share of these costs. Consequently the level of revenue required increased, but the appropriate level of charging received only minor adjustments and could not achieve the budget for revenue. The necessary increases would have been such that the schemes could have lost participants and become unsustainable.

An added difficulty in managing these accounts is the fact that Council has determined not to "fund" depreciation for these schemes and those that have a steady programme of renewal work have no depreciation funds to fall back on. Consequently, the need for income varies from year to year, causing 'lumpiness'.

The Hunterville rural scheme in particular, has been operating at a deficit which has been increasing, and this matter was not addressed in the Long Term Plan.

As a means of alleviating the situation, the draft annual plan proposed that the internal charges for these rural schemes be met from the wider district through the general rate. This would mean that the Erewhon, Omatane and Putorino schemes would become once again financially viable. In addition, members of the Hunterville rural scheme have agreed to a substantial increase in their charges for 2013/14.

Council decided to implement this proposal.

**Hunterville Urban Water Supply**

This supply is linked to the Hunterville rural supply because the latter supplies the former with untreated water for distribution to users in Hunterville township. This means that if the rural supply has to increase its charges, then the costs of the urban scheme increase.

The urban supply was not included in the district wide approach to rates adopted in the long term plan as were all the other urban supplies in the district, because of the unique nature of the link to the rural scheme and the limited supply of water available. It has remained on meters and is charged on consumption only, rather than the fixed charge made in all other towns.<sup>1</sup>

However, unlike all the other urban schemes, these ratepayers did not receive a 25% contribution from the district for the "public good" component of their costs. This is not considered equitable

<sup>1</sup> This different funding basis did not affect the liability by ratepayers in Hunterville for the 'public good' rate for water etc.

**10 Meeting Closed.**