



RANGITIKEI
DISTRICT COUNCIL
Making this place home.

ORDER PAPER

EREWHON RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Tuesday, 5 December 2023

Time: 4.00pm

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

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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 December 2023 at 4.00pm.

Order Of Business

1	Welcome	4
2	Apologies	4
3	Public Forum	4
4	Conflict of Interest Declarations	4
5	Confirmation of Order of Business	4
6	Confirmation of Minutes	5
	6.1 Confirmation of Minutes	5
7	Follow-up Action Items from Previous Meetings	11
	7.1 Follow-up Action Items from previous Erewhon Rural Water Supply Meetings	11
8	Chair's Report	13
	8.1 Chair's Report - December 2023	13
9	Reports for Information	14
	9.1 Operations Report-September/December 2023	14
	9.2 Financial Summary - June 2023 (draft)	16
10	Meeting Closed.	19

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

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

Order of Business

1 **Welcome / Prayer** 3

2 **Apologies** 3

3 **Public Forum** 3

4 **Conflict of Interest Declarations**..... 3

5 **Confirmation of Order of Business** 3

6 **Confirmation of Minutes** 3

7.1 Follow-up Action Items from previous Erewhon Rural Water Supply Meetings 3

7 **Chair’s Report** 3

8.1 Chair's Report - June 2023..... 3

8 **Reports for Information**..... 4

9.1 Financial Summary - Mid-May 2023 4

9.2 Operations Report-June 2023 4

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.

ITEM 6.1
ATTACHMENT 1

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 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.	Closed.
3	8-Mar-21	Financial Statements: 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?)	Closed.

8 Chair's Report

8.1 Chair's Report - December 2023

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 – December 2023 be received.

9 Reports for Information

9.1 Operations Report-September/December 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.

2 The following work was completed by Taihape Plumbing from 19 July to 31 October 2023:

- 19/7 Carry out Monthly check.
- 31/7 No water at Barry Thomas tank site, remove and clear blocked Maric valve in valve box in Matt Gilbert's property.
- 14/8 Load up gear for blow out beside road at Pukerimu.
- 15/8 Dig up and locate leak. Drop line and make repairs. Reinstate water supply, backfill and unload.
- 18/8 Matt Gilberts and Thompsons. AC pipe leak near top end of PE section. Dig up leak. Drop line and make repairs. Reinstate water supply and backfill.
- 24/8 Carry out Monthly check.

- 6/9 Renew Rob Colliers maric valve. Run/drain off air and sluice.
- 6/9 Low flow on Jock Strattons. Check flow and drop line. Fit temporary Maric valve and reinstate water supply. Clean up and return Rhino.
- 20/9 Carry out Monthly check.
- 21/9 Load up gear. Leak beside road Pukerimu area. Drop line, dig up leak area. Make repairs, tie down and block repair. Reinstate water and back fill.
- 22/9 Unload gear, clean and return Rhino and digger.
- 23/9 Locate leak. Renew blown gasket to sluice valve at Rangitikei pipe bridge.
- 29/9 To supply a length of 150mm galv pipe to have on hand for repairs for Erewhon Water Scheme.
- 4/10 Start of 4 monthly checks. Run lines, check tank flows and run sluices on B Duncan's, Whake, D Duncan's and Anstis.
- 5/10 Run lines, check tank flows and run sluices on John Bird's 1 & 2, Britton, Pringle, Mary Mako's and Barry Thomas properties.
- 6/10 Run lines, check tank flows and run sluices on John Batley's, John Durrant's, Hiwera, Rob Collier's, Hamish Alexander's, Tama Wipaki's, Len Gilbert's, Thompson Tee and Thompson Tank
- 9/10 Jock Stratton's property – Drop line. Fit new maric valve.
- 9/10 Run lines, check tank flows and run sluices on Mako Deer block, John Gilbert's, Jock Stratton's and Rob Collier's.
- 10/10 Run lines, check tank flows and run sluices on Makokomiko, Pete Batley's, Pukerimu and Surge Hutt.
- 11/10 Look for water main leak. Mako, Pukerimu and pipe bridge areas.
- 12/10 Locate leak in Mangaohane Station. Drop Line. Load up gear, marics, digger etc in town.
- 13/10 Dig up and repair leak. Block and tie down pipe work. Reinstate water supply. Unload, return digger etc.
- 17/10 At Rakanui. Drop line at Thompsons Tee. Dig up 63mm line leading to valve box min Durrants. Renew 63 x 50mm coupling. Reinstate water supply and backfill.
- 18/10 Run lines, check tank flows and run sluices on Mangaohane Tee and A, B, C, D tanks, Mag meter and weir.
- 19/10 Clean up Rhino and return to reservoir. (Unable to carry on due to lambing).
- 30/10 Run lines, check tank flows and run sluices on Mangaohane E & F tanks, Kelly Land Co 1, 2, 3 & 4.
- 31/10 Run lines, check tank flows and run sluices on Hennah tank, Kiangaroa, Kara's and Moores.

1. Recommendation

That the Operations Report – September/December 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
OPERATING INCOME				
Metered Charges	324,474	324,388	162,237	162,194
	324,474	324,388	162,237	162,194
OPERATING EXPENSES				
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
	137,025	131,929	128,336	126,964
Depreciation	154,000	118,572	129,117	134,580
Internal Charges	76,236	78,367	0	0
Accounting Surplus/(Deficit)	(42,787)	(4,480)	(95,216)	(99,350)
Add back				
Depreciation	154,000	118,572	129,117	134,580
Internal Charges	76,236	78,367	0	0
Operating Cash Surplus	187,449	192,459	33,901	35,230
Capital Expenditure	41,317	124,803	278,923	120,000

Capital Expenditure relates to plumbing works.

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

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

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.¹

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

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

10 Meeting Closed.