

ORDER PAPER

HUNTERVILLE RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Monday, 21 November 2022

Time: 4.00 pm

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Mr Sam Weston

Membership: Mr Bob Crawford
Mr Mark Dawson
Mr Bernie Hughes
Mr John McManaway
Mr Sam Duncan
Mr Patrick Henderson
Cr Richard Lambert
HWTM Andy Watson

For any enquiries regarding this agenda, please contact:

Kezia Spence, Governance Advisor, 0800 422 522 (ext. 917), or via email

kezia.spence@rangitikei.govt.nz

Contact:	0800 422 522 info@rangitikei.govt.nz www.rangitikei.govt.nz (06) 327 0099
Locations:	<u>Marton</u> Head Office 46 High Street Marton <u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape <u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls
Postal Address:	Private Bag 1102, Marton 4741
Fax:	(06) 327 6970

Notice is hereby given that a Huntermville Rural Water Supply Management Sub-Committee Meeting of the Rangitikei District Council will be held in the Council Chamber, Rangitikei District Council, 46 High Street, Marton on Monday, 21 November 2022 at 4.00 pm.

Order Of Business

1	Welcome / Prayer	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	12
7.1	Follow-up Action Items from previous Huntermville Rural Water Supply Meetings.....	12
8	Chair’s Report	14
8.1	Chair’s Report - November 2022	14
9	Reports for Decision	15
9.1	Huntermville RWS - 2022/23 Financial Summary	15
9.2	Rural water supplies-options under the Government’s three waters reform programme.....	17
9.3	Operations Report-November 2022.....	27
10	Next Meeting	28
11	Meeting Closed	28

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 **Huntermville Rural Water Supply Management Sub-Committee Meeting held on 25 July 2022** are attached.

Attachments

1. **Huntermville Rural Water Supply Management Sub-Committee Meeting – 25 July 2022**

Recommendation

That the minutes of Huntermville Rural Water Supply Management Sub-Committee Meeting held on 25 July 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: HUNTERVILLE RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Monday, 25 July 2022
Time: 4.00 pm
Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present Mr Sam Weston
Mr Bob Crawford
Mr Bernie Hughes
Cr Richard Lambert

In attendance Mr Arno Benadie, Chief Operating Officer
Mr Dave Tombs, Group Manager – Corporate Services
Mr Sam Zhang, Manager – Financial Services
Mr Dave Flintoff, Reticulation Team Leader
Mr Ivan O’Reilly, Reticulation Serviceman
Mr Steven Parkinson, Reticulation Serviceman
Mr Ash Garstang, Governance Advisor
Cr Fi Dalgety [*via Zoom*]

Order of Business

1 Welcome..... 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 Follow-up Action Items from Previous Meetings 4

7.1 Follow-up Action Items from previous Huntermville Rural Water Supply Meetings..... 4

8 Chair’s Report 4

8.1 Chair's Report - July 2022 4

9 Reports for Decision 4

9.1 Reduction in Water Usage (Mac Keene) 4

9.2 Huntermville RWS - 2021/22 Financial Update..... 5

10 Reports for Information..... 5

10.1 Operations Report - July 2022..... 5

1 Welcome

The meeting opened at 3.58 pm.

2 Apologies

Resolved minute number 22/HRWS/017

That the apologies for Mr Henderson and Mr Dawson be received.

Cr R Lambert/Mr B Hughes. Carried

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

No conflicts were declared.

5 Confirmation of Order of Business

There was a late item (water supply to Mr Hurley's tank) discussed as part of item 10.1 (Operations Report – July 2022).

6 Confirmation of Minutes

Resolved minute number 22/HRWS/018

That the minutes of Hunterville Rural Water Supply Management Sub-Committee Meeting held on 30 May 2022, as amended, 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.

Amendment:

Correct the first sentence of page 6 (grammatical error).

Mr B Crawford/Mr B Hughes. Carried

7 Follow-up Action Items from Previous Meetings

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

Mr Flintoff advised that the repair at Lilburns farm (action item 1) will cost around \$16,000 + GST. The Committee confirmed that they were happy for this repair to proceed.

Mr Weston confirmed that himself and Mr McManaway were satisfied with the opening cash balance that has led to the 30 June 2021 balance (action item 3), and that this item can now be closed.

Resolved minute number 22/HRWS/019

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

Mr B Hughes/Cr R Lambert. Carried

8 Chair's Report

8.1 Chair's Report - July 2022

Mr Weston advised that he had attended a discussion around the Three Waters Reform. The task force from this have made several recommendations, which he has distributed to Committee members. He has suggested to the Mayor and Chief Executive that a meeting be held with the chairs of the three rural water scheme Committees (Huntermville, Erewhon and Omatane) and is awaiting a response to this.

Resolved minute number 22/HRWS/020

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

Mr S Weston/Mr B Crawford. Carried

9 Reports for Decision

9.1 Reduction in Water Usage (Mac Keene)

Taken as read.

Resolved minute number 22/HRWS/021

That the Committee agrees to reduce Mr Keene's water usage to 5 units.

Mr S Weston/Mr B Hughes. Carried

9.2 Huntermville RWS - 2021/22 Financial Update

Taken as read.

Resolved minute number 22/HRWS/022

That the report 'Huntermville RWS – 2021/22 Financial Update' be received.

Mr S Weston/Cr R Lambert. Carried

Resolved minute number 22/HRWS/023

That the members of the Huntermville RWS confirm that they are satisfied with:

- The format of the financial information that is now being presented at their quarterly meetings; and
- That any material accounting anomalies that may have been included in earlier reports have been addressed.

Mr B Crawford/Mr B Hughes. Carried

10 Reports for Information

10.1 Operations Report - July 2022

Mr Weston advised that Mr van Bussel had indicated to him that he would put together a basic assets register for the scheme. Mr Benadie advised that he would prefer to avoid this, and instead provide information to the Committee from the existing assets register. Mr Benadie confirmed that he will liaise with Mr van Bussel to ensure that this information is provided to the Committee.

Mr Hurley's Tank

Mr O'Reilly advised that there are several slips on the Otiri line going to Mr Hurley's property, which is affecting the pipes. The Committee agreed that a short-term fix was required so that Mr Hurley would have water throughout summer. The Committee also agreed that a long-term fix around the placement of the pipes should be investigated in the future.

Resolved minute number 22/HRWS/024

That the Operations Report – July 2022 be received.

Mr B Hughes/Mr B Crawford. Carried

Resolved minute number 22/HRWS/025

That staff completes a temporary fix to get water into Mr Hurley's tank, and notes that a permanent fix will be investigated at a later stage.

Mr S Weston/Mr B Crawford. Carried

The meeting closed at 4.26 pm.

The minutes of this meeting were confirmed at the Huntermville Rural Water Supply Management Sub-Committee held on 21 November 2022.

.....
Chairperson
Chairperson

ITEM 7.1 **7 Follow-up Action Items from Previous Meetings**

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

Author: Kezia Spence, Governance Advisor

1. Reason for Report

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

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	25-Jul-22	The Committee requested a breakdown of their assets. Mr Benadie will liaise with Mr van Bussel on this and ensure that this information is provided from Council's current Assets database, in a digestible format.	Arno Benadie	Andrew has this information and will supply it to the Committee.	In progress
2	25-Jul-22	As per resolution 22/HRWS/021 : the Committee agreed to reduce Mr Keene's water usage to 5 units.	Tania Whale	This has now been completed.	Closed
3	30-May-22	As per resolution 22/HRWS/015 : Staff to investigate and implement the best solution for the repair at Lilburns farm, with Mr van Bussel advising the Chair of approximate costs when known.	Andrew van Bussel / Ivan O'Reilly	25 July Committee meeting: Mr Flintoff advised that the repair will cost around \$16,000 + GST. The Committee advised that they were happy with this figure and for the solution to proceed.	In progress
4	28-Mar-22	As per resolution 22/HRWS/004 : That the Committee directs staff to replace the Rathmoy break Pressure Tank with a timber tank (of the same size) in a new site, at a cost of \$50,000.	Andrew van Bussel / Anna Thompson	Andrew will provide an update at the meeting.	In progress
5	13-Dec-21	Regarding section 2.2 of the Operations Report (engine failure for pumps): Staff to approach the supplier and request compensation / replacement pumps. If the supplier does not agree to do this, staff will bring a full report to the March 2022 HRWS meeting.	Andrew van Bussel / Anna Thompson	Update 28 Mar 22 : Noting the refusal of either company to cover the cost, Mr van Bussel will seek assurances / a warranty from them to help avoid any repeat of this situation in the future.	In progress
6	20-Sep-21	HWTM and the CE offered their assistance with negotiations with KiwiRail, for the purpose of getting a water line installed on the viaduct. Mr Flintoff to provide the Chief Executive with an email summary of this issue.	Dave Flintoff / CE	Update 28 Mar 22 : Mr Flintoff has received advice from the Chief Executive and is pursuing this issue with Kiwirail.	In progress

ITEM 8.1

8 Chair's Report

8.1 Chair's Report - November 2022

Author: Sam Weston, Chair

1. Reason for Report

- 1.1 A verbal update may be provided by Mr Weston.

Attachments

Recommendation

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

9 Reports for Decision

9.1 Hunterville RWS - 2022/23 Financial Summary

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 This Report provides the draft YTD Operating Statement for the four months ended October 2022.

2. Commentary

2.1 This shows:

- 2.1.1 A draft Operating Cash Deficit of \$77k for the two months (primarily as Income is not recognised until later in the year)
- 2.1.2 Capital Expenditure of \$21.7k for the two months
- 2.1.3 Notional Cash Reserves of \$637.5k at 31 October 2022

Attachments

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

Recommendation 1

That the report 'Hunterville RWS – 2022/23 Financial Summary' be received.

ITEM 9.1 ATTACHMENT 1

Hunterville Rural Water Scheme
Operating Statement 2022/23

		YTD Actual 4 Months Ended Oct 2022 (draft)	Full Year Budget 2022/23	Full Year Actual 2021/22 (draft)	Full Year Budget 2021/22
INCOME					
	Metered Charges	506	522,108	528,745	522,110
	Penalty		2,064	8,356	2,004
		506	524,172	537,101	524,114
EXPENSES					
	Phone rentals	915	2,328	2,883	2,256
	Electricity	70,308	229,452	243,657	181,500
	Insurance	7,323	20,598	22,244	12,476
	Rates - Utility	0	20,124	22,569	19,500
	Member Remuneration	0	0	2,560	0
	MDC Professional Services	0	1,176	0	1,140
	Operational Costs - Contractor	0	1,236	0	1,200
	Reticulation Costs - staff	1,238	19,056	11,171	18,456
	Treatment Costs - staff	0	0	2,450	0
	External Contractors	461	14,316	31,930	13,872
	Resource Consents	0	2,588	1,556	0
	Chemicals/consumeables	0	3,612	0	3,504
	Materials/Other	0	12,900	1,986	12,504
		80,245	327,386	343,006	266,408
less	Depreciation	53,789	161,160	204,835	153,600
	Internal Charges	41,696	143,582	0	0
	Accounting Surplus/(Deficit)	(175,224)	(107,956)	(10,740)	104,106
Add back	Depreciation	53,789	161,160	204,835	153,600
	Finance Costs	0	6,493	0	0
	Internal Charges	41,696	143,582	0	0
Plus	Notional Interest Income	2,455	0	6,696	0
	Operating Cash Surplus	(77,284)	203,279	200,791	257,706
Capital Expenditure					
	Contractor - Reticulation	1,083	26,004	3,272	24,996
	Contractor - Treatment	0	20,796	0	20,004
	Staff - Reticulation *	20,624	0	49,297	0
		21,707	46,800	52,569	45,000
	Annual Cash Surplus	(98,991)	156,479	148,222	212,706
	Notional Bank bf	736,513		588,291	
	Notional Bank cf	637,522		736,513	

Notes

* Staff - Reticulation : monthly charges paid to MDC (between \$2.9k and \$7.2k per month)
Depreciation, Internal Charges and Capital (Staff Reticulation) include estimates for the month of October

	Sept	Oct est	As above
Depreciation	40,289	13,500	53,789
Internal Charges	31,696	10,000	41,696
Capital (Staff Reticulation)	15,624	5,000	20,624

9.2 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 Rangitikei'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 Rangitikei District Council. Rangitikei 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).
- 2.3 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.
- 2.4 From the outset the Huntermville scheme was unique in providing water both to farmers and to the Huntermville township. Even though the water provided to the town is subject to secondary treatment, it is not yet clear to Council whether that service automatically means that the whole of the Huntermville rural water supply scheme is deemed 'mixed use', irrespective of any drinking water connections on farms. This issue needs to be resolved with the National Transition Unit.

- 2.5 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** [↓](#)

Recommendation

That the memo (and attached briefing paper) ‘Rural water supplies – options under the Government’s three waters reform programme’ be received.

Recommendation

- 1.1 That The Hunternville 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 Hunternville scheme (to be funded as a transition cost rural water supply met by the Government);
- b. get clarification from the National Transition Unit whether the provision of water to the town of Hunternville will be deemed a separate supply (and managed by the Western Central Services Entity) with the supply to farmers deemed a separate supply;

EITHER

- c. if the supply to farmers on the Hunternville 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

- d. if the supply to farmers on the Hunternville scheme is found to be ‘mixed use’ *and* if the National Transition Unit deems the supply to farmers on the Hunternville scheme is a separate supply, decide (in consultation with scheme members) whether this portion of the Hunternville 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, Huntermville, 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

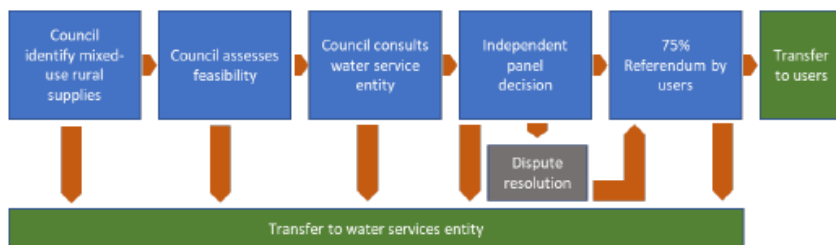
² The same dates apply to the bill to provide for a new economic regulation and consumer protection framework for the three waters system

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 Huntermville:
- 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"
 - Huntermville's scheme was established as providing potable water – and this water was (and still is) supplied as a take-off to the Huntermville 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 Huntermville rural supply [i.e. outside the township] is used for domestic purposes." During the 1990s secondary treatment was introduced for Huntermville 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 Huntermville 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 Huntermville 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 Huntermville 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 Huntermville 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 Huntermville 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.

9.3 Operations Report-November 2022

Author: Andrew van Bussel, Operations Manager

1. Leaks and Repairs

1.1 There have been a number of repairs during this period:

- 31-08 Leak on Horricks
- 07-09 Replace bearing in middle pump Station
- 08-09 Put new pressure valve in Otairi Line
- 09-09 No water at Charlie Duncan's- leak on hillside
- 12-09 Middle pump station- replace seal in pump
- 13-09 Start Rolling out pipe on Shane Hurley's
- 15-09 Change pressure valve at Gibbons Road
- 03-10 No water Richard McIntyres tank- Murimotu Road
- 07-10 Leak at Horricks property
- 10-10 Leak at Horricks by water tank, broken tee on line
- 19-10 Meet with Sam on Mellington Dairy to discuss units
- 19-10 No water at Otairi
- 28-10 Check Otairi Pump station for fault
- 28-10 Leak at Horricks property
- 01-11 Leak on Otairi – Shane Hurley's line, slip on hillside
- 02-11 Leak on Mrs Webb's property

2. General

2.1 New pumps and motors have arrived, pipe work is underway completion end November.

2.2 Rathmoy break pressure tank has been finalised with land owner site access completed, tank supplier has been booked in for early January.

2.3 River pump has been installed due to recent river levels and is pumping when needed.

2.4 Leedstown line from Web's to Horrock's pipe replacement cost \$34,000.00

2.5 Will table Horrock's line pipe replacement cost.

Recommendation

That the 'Huntermville Rural Water Supply - Operations Report' to the 1 November 2022 Huntermville Rural Water Supply Sub-Committee be received.

10 Next Meeting

The next meeting is to be advised.

11 Meeting Closed