

ORDER PAPER

HUNTERVILLE RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Monday, 17 July 2023
Time: 4.00pm
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 Fi Dalgety
Cr Richard Lambert
HWTM Andy Watson

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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, 17 July 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 **Huntermville Rural Water Supply Management Sub-Committee Meeting held on 15 May 2023** are attached.

Attachments

1. **Huntermville Rural Water Supply Management Sub-Committee Meeting - 15 May 2023**

Recommendation

That the minutes of Huntermville Rural Water Supply Management Sub-Committee Meeting held on 15 May 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: HUNTERVILLE RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Monday, 15 May 2023
Time: 4.00pm
Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present Mr John McManaway
Mr Mark Dawson
Mr Sam Duncan
Mr Sam Weston
Cr Fi Dalgety
Cr Richard Lambert
HWTM Andy Watson

In attendance Mr Dave Tombs, Group Manager Corporate Services
Ms Kezia Spence, Governance Advisor
Mr Andrew van Bussell, Operations Manager

Order of Business

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Unconfirmed

1 Welcome / Prayer

2 Apologies

Resolved minute number 23/HRWS/008

Apologies received Patrick Henderson, Bernie Hughes and Bob Crawford.

Mr S Weston/Mr M Dawson. Carried

3 Public Forum

4 Conflict of Interest Declarations

5 Confirmation of Order of Business

6 Confirmation of Minutes

In section 9.1 that *therefore* be changed to *however*.

Resolved minute number 23/HRWS/009

That the minutes of Huntermville Rural Water Supply Management Sub-Committee Meeting held on 13 March 2023 **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.

Mr S Weston/Cr R Lambert. Carried

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

Cr Dalgety arrived during this item at 4.07pm.

The report was taken as read.

Recommendation

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

7 Chair's Report

8.1 Chair's Report - May 2023

No updates.

Recommendation

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

8 Reports for Decision

9.1 Operations Report-May 2023

Mr Van Bussell took committee members through his report.

Mr Van Bussell gave an update on the Makohine viaduct that kiwi rail will pay for the pipe replacement. Mr Van Bussell has sent the invoices for this, and they have accepted.

Resolved minute number 23/HRWS/010

That the 'Huntermville Rural Water Supply – Operations Report 1 May 2023' to the Huntermville Rural Water Supply Sub-Committee be received.

Mr S Weston/Mr J McManaway. Carried

9 Reports for Information

10.1 Huntermville RWS - 2022/23 Financial Summary

Committee members discussed that the CAPEX is in a positive position.

The committee discussed the Three Waters reform and that rural water schemes are still part of the transition. The committee noted that the new date for transition is now 2026.

Resolved minute number 23/HRWS/011

ITEM 6.1

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

Cr F Dalgety/Mr J McManaway. Carried

The meeting closed at 4.40pm .

ATTACHMENT 1

The minutes of this meeting were confirmed at the Hunterville Rural Water Supply Management Sub-Committee held on 17 July 2023.

.....

Chairperson

Unconfirmed

7 Follow-up Action Items from Previous Meetings

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

Author: Kezia Spence, Governance Advisor

1. Reason for Report

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

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
	15-May-23	To follow up on reporting on the water flow to scheme users	Kezia Spence		In progress
1	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	Updated 9 May 2023 This is included in the operations report to discuss with committee	In progress
2	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	Updated 9 May 2023 Andrew will provide an update at the meeting.	In progress
4	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.	Andrew Van Bussell/CE	Updated 17 July 2023 Andrew will provide an update at the meeting.	In progress

8 Chair's Report

8.1 Chair's Report - July 2023

Author: Sam Weston, Chair

1. Reason for Report

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

Recommendation

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

9 Reports for Decision

9.1 Operations Report-July 2023

Author: Andrew van Bussel, Operations Manager

1. Leaks and Repairs

There have been a number of repairs during this period:

- 26-04 Put restrictors in at Charlie Duncan's property
- 26-04 Replace fittings at Mark Graces' tank
- 28-04 Flow problems at Mark Dawsons
- 01-05 Leak on Leedstown line
- 02-05 Low flow on Shane Brennans
- 03-05 Leak by Kenny Duncan's tank
- 03-05 Clean round Leedstown tank with digger
- 04-05 Leak at Robert Nydegger's place
- 09-05 Spray around tanks
- 09-05 Water leak on old highway Cooks Road forest
- 12-05 Clean out Duncan Rowes restrictor
- 14-05 Replace pipework through creek at Otairi
- 18-05 Clean out meter at Rata
- 18-05 Clean meter out at Jeffersons Line
- 22-05 Leak on main line to Huntermville town
- 23-05 Leak on Richard Lambert's property
- 23-05 HRWS offline
- 23-05 Kaikarangi Tank overflowing
- 08-06 Leak on Ongo Road – Roy Roundtree's place
- 09-06 Hook up new tank at Patrick Henderson's property
- 13-06 Change ballcock at Henry Potaka's place
- 21-06 Clean out Alex Dalgety's restrictor
- 27-06 Middle pump station pump tripping out.

2. General

The following upgrades have taken place or are on the list to be completed:

2.1 Rathmoy break pressure tank is installed, and commissioned.

2.2 Lilburn's job has not been started as we are still waiting on the contractor, programmed for second week in August.

2.3 Top pumps are 80% completed.

2.4 Progress is being made with Kiwirail regarding pipe replacement on the Makohine viaduct. I will update you further at the meeting.

Recommendation

That the 'Huntermville Rural Water Supply – Operations Report 1 July 2023' to the Huntermville Rural Water Supply Sub-Committee be received.

10 Reports for Information

10.1 Huntermville 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 Operating Statement for to 2022/2023. Some of these figures may change as the financial year end adjustments are finalised.

2. Commentary

2.1 This shows:

2.1.1 Operating Cash Surplus of \$219k

2.1.2 Capital Expenditure of \$242k

2.1.3 Financial Year Cash Deficit of \$22.5k

2.1.4 Notional Cash Reserves of 714k at 30 June 2023.

Attachments

1. HRWS Financial Summary - June 2023 [↓](#)

Recommendation 1

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

Hunterville Rural Water Scheme
Operating Statement 2022/23

		YTD Actual 12 Months Ended		Full Year Budget 2022/23	Full Year Actual 2021/22	Full Year Budget 2021/22
		June 2023				
INCOME						
	Metered Charges	528,702	522,108		528,745	522,110
	Finance Revenue	10,920	0		0	0
	Kiwi Rail : for pipe realignment	10,445				
	Penalty	0	2,064		8,356	2,004
		550,067	524,172		537,101	524,114
EXPENSES						
	Phone rentals	2,488	2,328		2,883	2,256
	Electricity	258,864	229,452		243,657	181,500
	Insurance	23,011	20,598		22,244	12,476
	Rates - Utility	24,979	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	7,875	19,056		11,171	18,456
	Treatment Costs - staff	0	0		2,450	0
	External Contractors	7,559	14,316		31,930	13,872
	Resource Consents	0	2,588		1,556	0
	Chemicals/consumeables	0	3,612		0	3,504
	Materials/Other	5,723	12,900		1,986	12,504
		330,499	327,386		343,006	266,408
less	Depreciation	175,083	161,160		204,835	153,600
	Internal Charges	131,118	143,582		0	0
	Accounting Surplus/(Deficit)	(86,633)	(107,956)		(10,740)	104,106
Add back	Depreciation	175,083	161,160		204,835	153,600
	Finance Costs	0	6,493		0	0
	Internal Charges	131,118	143,582		0	0
Plus	Notional Interest Income	0	0		6,696	0
	Operating Cash Surplus	219,568	203,279		200,791	257,706
Capital Expenditure						
	Contractor - Reticulation	67,373	26,000		3,272	24,996
	Contractor - Treatment	0	20,800		0	20,004
	Staff - Reticulation *	99,696	0		49,297	0
	Horricks Pipe Upgrade	47,247	0		0	0
	Webb Pipe Upgrade	27,774	0		0	0
		242,090	46,800		52,569	45,000
	Cash Surplus/(Deficit)	(22,522)	156,479		148,222	212,706
	Notional Bank bf	736,513			588,291	
	Notional Bank cf	713,991			736,513	
Note	Some year end accruals have not yet been processed					

ITEM 10.2

10.2 Update on Rural Water Supply- Three Waters Briefing

Author: Michael Hodder, Advisor to the Chief Executive

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

1.1 The reason for this report is to provide an update on the Three Waters Reform.

Attachments:

1. **Update on Three Waters Reform (May)** [↓](#)

Recommendation

That the report be received.



Memorandum

To: Peter Beggs
From: Michael Hodder
Date: 30 May 2023
Subject: **Rural water supply schemes – change in Government policy**
File: 3-OR-3-5

1. Summary

The Water Services Legislation Bill, introduced into Parliament just before Christmas 2022, provided for all small mixed-use rural water services to transfer to the new water services entities, but allowed subsequent consideration of a business case for any such scheme to transfer to an alternative operator (to be followed by a binding referendum).

Parliament's Finance and Expenditure Committee is due to report back on this Bill (and the Water Services Economic Efficiency and Consumer Protection Bill) on 8 June 2023. Until the Committee's recommendations are considered by the Government and final amendments made, there is uncertainty about the future requirements (and options) for rural water supplies managed by local councils.

The changes to the reform programme announced on 13 April 2023 made no mention of rural water supplies.

In the meantime, the provisions of the Local Government Act 2002 allowing transfer of small water services remain in place. To progress consideration of that option, the suggested next steps include estimating the various costs which a community-operated entity would need to manage. In addition, meetings with the National Transition Unit Rural Sector Interface Manager would be useful to ensure accurate understanding of how the new water services entity will relate to rural water schemes.

2. Introduction

- 2.1 In January 2023, meetings with members of all four rural water supply schemes to discuss the future arrangements for rural water supplies under the Government's three waters reform programme were postponed.
- 2.2 In June 2022, Cabinet had agreed to an 'exception' process allowing rural water schemes to apply to be transferred to a body owned by scheme users, and Council had been advised that this process was best started early. Scheme members needed to support such a decision, and it was this that prompted the meeting planned for January 2023.
- 2.3 However, the situation changed after discussion with Erewhon and Huntermville scheme committees.

- a. The Water Services Legislation Bill introduced into Parliament just before Christmas requires all rural water supply schemes (other than those used entirely for stock-water) to be transferred to the new regional entities by 1 July 2024 and application for the ‘exception’ option can proceed only *after* 1 July 2024 – i.e. when the scheme committee is no longer operating.
 - b. The new Prime Minister signalled his intention to discuss with Cabinet about resetting some of the Government’s programmes, potentially extending to the three waters reform programme.
- 2.4 On 13 April 2023, the Prime Minister and the Minister of Local Government announced changes to the three waters reform. There are to be ten water services entities instead of two: Rangitikei will now form part of ‘Entity E’ whose boundaries are the same as Horizons Regional Council. No comment was made about the rural water supply schemes, which makes it unlikely that the further legislation giving effect to the April announcement will alter requirements for rural water supplies.
- 2.5 On 22 May 2023, Heather Shotter, Executive Director of the National Transition Unit (NTU), advised local government chief executives that
 - While council-owned mixed-use rural water schemes are due to transfer to the new WSEs, the Government has agreed that users of qualifying schemes may seek to take user community ownership and operation of them separate to the new WSEs.
- 2.6 The Finance and Expenditure Select Committee is due to report to Parliament on 8 June 2023 on the Water Services Legislation Bill and the Water Services Economic Efficiency and Consumer Protection Bill.
- 3. The current provisions for transferring small water services.**
- 3.1 Sections 131-135 of the Local Government Act 2002 sets out the requirements.
- 3.2 To qualify as a small water service, there must be no more than 200 consumers. This means Erewhon, Omatane and Putorino qualify but Huntermville does not. Council sought legal advice in 2021 to ascertain whether Huntermville township could be deemed a single consumer. The advice was that each consumer in the township had to be counted. The population recorded for Huntermville township in the 2018 Census was 408.
- 3.3 The Council must develop a management plan under which the proposed community entity would operate, including an assessment of the likely future capital and operating costs and the ability of proposed community entity to maintain and operate the scheme.
- 3.4 The Council must consult with Taumata Arowai
- 3.5 The Council must make publicly available –
 - the management plan for the proposed community entity, and
 - the views expressed by Taumata Arowai

- 3.6 The proposal must be supported by more than 50% of residential or ratepayer voters who are members of the scheme, through a binding referendum conducted by the Council’s electoral officer under the provisions of the Local Electoral Act 2001.
- 3.7 These requirements are substantially less onerous than that included in the Water Services Legislation Bill for transferring a qualifying scheme to an alternative operator (from the water services entity after its establishment). The binding referendum under clause 236 of that Bill requires at least 75% (rather than 50%) of residential and ratepayer electors who subscribe to the scheme. The prescription for what is termed the business plan in clause 239 of the Bill is considerably more detailed but they might be usefully incorporated into the management plan required by the Local Government Act for the proposed community entity, particularly –
 - i. an asset management plan which includes investment priorities for the scheme’s infrastructure assets,
 - ii. a funding and pricing plan for at least ten years and an associated financial strategy, and
 - iii. a drinking water safety plan prepared in accordance with section 30 of the Water Services Act 2021.
- 3.8 The requirement in the Water Services Legislation Bill for an independent assessment by a panel of experts (clause 238) is not a requirement of the Local Government Act provisions but Council could choose to arrange that prior to the matter being publicised and voted on.
- 3.9 These provisions will be repealed by clause 97 of the Water Services Legislation Bill. However, clause 2 (Commencement) provides that this does not come into effect until 1 July 2024 or a date set by the Governor-General. Thus they are (at least for the time being) available for the Council to apply to the Erewhon, Omatane and Putorino schemes. Any scheme transferred to an alternative operator under these provisions is not eligible to transfer to the new water services entity.
- 3.10 There appears to be no legislative impediment to Council continuing to provide for rating of any schemes transferred under the Local Government Act to a community entity and passing the revenue on to such an entity.

4 The uncertainties

Scope

- 4.1 While discussion with members of the Erewhon and Huntermville scheme management committees confirmed that both supplies were ‘mixed use’ – i.e. used to supply dwellings and other accommodation on farms serviced by the schemes, the definition of ‘small mixed-use rural water service’ in the Water Services Legislation Bill¹ suggested that Erewhon would be excluded as that scheme did not supply water to any dwelling not on farmland – a situation which would be the same for the Omatane and Putorino schemes. However, the NTU was unable to provide clarity on this point ahead of the Select

¹ Clause 234.

Committee's report. Their general view is that every rural water supply scheme which is owned by Council (and recorded on its asset register) must – by that fact – transfer to the new entity.

- 4.2 Getting clarity on this definition is crucial. If Erewhon, Omatane and Putorino are outside the scope of the definition of 'small mixed-use rural water service', they could continue to operate under the current arrangements with Council, including rating.
- 4.3 However, it is important to bear in mind that Manawatu District Council (through the shared infrastructure services with Rangitikei District Council) provides oversight of the contractor engaged to service the Erewhon scheme so an alternative arrangement would need to be considered (and funded). In addition, the contractor for the Erewhon scheme uses Rangitikei District Council equipment such as the four-wheeler to get around and taps into spare part supplies held at Rangitikei District Council's Taihape office. That equipment and supplies would transfer to the new entity so some alternative arrangements would need to be put in place for these.

Timing

- 4.4 The Rural Supplies Technical Working Group convened during 2021 by the Department of Internal Affairs, which included members from several councils with rural water supplies, recommended that councils take a lead role in the consideration of whether mixed-use rural supplies should transfer to their users and that councils identify whether any council-owned, mixed-use rural supplies should be eligible to be transferred to their users and that this should happen well before 1 July 2024, then the effective start date for the new water services entities.²
- 4.5 At its meeting on 17 November 2022, considering the introduction of the Water Services Legislation Bill, Cabinet Legislation Committee noted that the transfer would occur from a water services entity *after* July 2024, rather than from local government (as proposed by the Working Group).³ No reason was given in the Cabinet paper for this change; nor was it mentioned in the Departmental disclosure statement for the Bill,⁴
- 4.6 The advice from the NTU Executive Director seemed to imply that qualifying schemes may elect to move to community ownership *before* implementation of the relevant water services entity (which could now be as late as 1 July 2026) rather than *after* (as is currently provided in the Water Services Legislation Bill). However, checking with Craig McKibbin, NTU Regional Sector Interface Manager, confirmed this is an incorrect interpretation: in his view, all the Executive Director is doing is reminding local government chief executives of the provisions in the Local Government Act on transfer of small water supplies.
- 4.7 However, if the NTU Executive Director *is* hinting at a change to when transfers into community ownership may occur – and this is formalised by amendments to the Water Services Legislation Bill following consideration of the recommendations of the Finance and Expenditure Select Committee – this would open up a possible transfer for the Hunterville

² Paras 33-35. The announcement on 13 April 2023, establishing ten water services entities instead of four, also moved the implementation date to 1 July 2026, although any entity ready ahead of that time would be allowed to implement earlier.

³ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme-2022/\\$file/Cabinet-paper-and-Minute-Water-Services-Legislation-Bill-Approval-for-introduction-17-November-2022.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme-2022/$file/Cabinet-paper-and-Minute-Water-Services-Legislation-Bill-Approval-for-introduction-17-November-2022.pdf) page 10, para 27.

⁴ <https://disclosure.legislation.govt.nz/assets/disclosures/bill-government-2022-210.pdf>

scheme – assuming the definition of ‘small mixed-use water service’ remains. This is because that definition is:

- (a) 85% or more of the total volume of water supplied by the service is for agricultural or horticultural purposes; and
- (b) 1,000⁵ or fewer dwellings (not being dwellings on farmland) rely on the service for drinking water supply and other domestic household purposes.

Huntermville township has fewer than 1,000 dwellings and the quantity of water supplied is approximately 14% of the total volume drawn for the scheme.

4.8 However, if this is the Government’s intention, some amendment (or earlier repeal) to the current provisions in the Local Government Act 2002 – or the definition of ‘small mixed use rural water service’ in the Water Services Legislation Bill – would be needed to ensure the scope and requirements of both pieces of legislation were aligned.

5. Advantages and disadvantages of community ownership

5.1 The most recent detailed consideration of this issue was undertaken for Clutha District Council, by Morrison Low, in a study overseen by a steering committee with representatives from local farmers, the Council and the Department of Internal Affairs. The results were published in January 2023⁶. The study considered two models of ownership – community and the proposed water services entity.

5.2 The overall assessment of the two ownership models is

	Benefit	Risk
Community ownership	Utilises local knowledge	Challenges in accessing debt and an increased cost of debt Exposes staff and directors of community-owned schemes to legal and personal risks Operational challenges difficult to meet at this scale
	Enhanced local control	
	Clear and accountable levels of service for the agricultural water users	
		Exposed to future price risks due to small customer base
Entity ownership	Scale provides capability and capacity through systems, resources and improved access to capital	Loss of involvement and influence Concern that the economic use is not given appropriate priority during events impacting supply Uncertainty over future price
	Management of risk transferred to the entity	
	Ability to better respond to natural hazard risk, including access to Government contributions	
	Subject to full economic regulation and consumer protection to ensure efficient operation	

⁵ This higher number than allowed in the Local Government Act provisions reflected recognition that many rural water supply schemes supply more than 200 consumers.

⁶ <https://www.cluthadc.govt.nz/transport-and-water/three-waters-reform/assessment-of-rural-drinking-water-schemes?ed-step=1>

- 5.3 Morrison Low identified a number of issues requiring consideration for successful community ownership of a scheme, particularly –
- cost of debt, depreciation and overheads (including insurance). Council is able to access debt at a lower rate (as will be the case for the new water services entity) and both the Council and the new entity is able to spread overhead costs over more users.
 - access to scheme infrastructure – likely to require agreements with every customer since the community entity would not have the same legislative powers of entry as the Council.
 - meeting the acceptable solutions requirements from Taumata Arowai for drinking-water provided to dwellings on farmland.
 - no exemptions from income tax, complicating accumulating asset replacement reserves as a surplus would be taxable.
- 5.4 Morrison Low considered that for Clutha a community model ownership model would be most effective covering all 12 schemes (because of scale) rather than having one for each scheme. However, given the substantial amount of investment required for its schemes, and the interest cost in servicing the associated debt, Clutha District Council is unlikely to pursue the community ownership model. This echoes the perspective at Tasman District Council.

6. Suggested next steps

- 6.1 Review the final provisions in the Water Services Legislation Bill to ensure certainty on the arrangements for rural water supplies, in particular –
- the scope of the provisions and the timing for transfer to an alternative operator, and
 - any addition to the entity governance structure to allow for representation from rural water supply scheme members.

Note:

‘Scope’ will determine what choices are available to each scheme. The default option will be *either* transfer to the new entity *or* remain with Council.

‘Timing’ will determine whether transfer is an option *before* implementation under the Water Services Legislation Bill provisions (which will allow Huntermville to be considered) or only available under the provisions of the Local Government Act (which is too restrictive for Huntermville).

- 6.2 Undertake a high-level assessment for each scheme of the estimated likely costs, using the modelling calculations in Appendix H of the detailed assessment report prepared for Clutha District Council, for example –
- value of debt to be transferred from Council and the proposed payment terms for that debt.
 - infrastructure investment required over the next ten years.
 - cost of insurance (and whether this could still be managed within Council’s insurance policies).
 - energy consumption
 - compliance costs of meeting Taumata Arowai’s requirements (for installing and monitoring the acceptable solution for each dwelling) and Horizons’ monitoring of water takes.

- accounting and legal fees
- IT costs (including Water Outlook for recording water takes)
- estimated cost for establishing and operating the consumer entity, including staff and directors.

These estimates would form the basis of discussion with each scheme to gauge their interest in adopting such an arrangement under the Local Government Act provisions.

- 6.3 Arrange for a meeting with Craig McKibbin (NTU Rural Sector Interface Manager), initially (perhaps July) with the Council Chief Executive and Chief Operating Officer, and subsequently (perhaps September) with scheme members, to confirm the new entity arrangements for rural water supplies, including pricing. This will enable an informed consideration of that option.

Michael Hodder
Advisor to the Chief Executive

11 Meeting Closed.