

ORDER PAPER

EREWHON RURAL WATER SUPPLY MANAGEMENT COMMITTEE MEETING

Date: Wednesday, 29 September 2021

Time: 4.00 pm

Venue: Taihape Supper Rooms
Taihape Town Hall
90 Hautapu Street
Taihape

Chair: Mr Jock Stratton

Membership: Mr John Bird
Mr Peter Batley
Mr Geoff Duncan
Mr Barry Thomas
Cr Tracey Hiroa
HWTM Andy Watson

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Notice is hereby given that a Erewhon Rural Water Supply Management Committee Meeting of the Rangitikei District Council will be held in the Taihape Supper Rooms, Taihape Town Hall, 90 Hautapu Street, Taihape on Wednesday, 29 September 2021 at 4.00 pm.

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AGENDA

1 Welcome

2 Apologies

3 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.

4 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 with as a late item at this meeting.

5 Elections

5.1 Election of New Chair for the Erewhon Rural Water Supply Sub-Committee

Author: Ash Garstang, Governance Administrator

1. Purpose

- 1.1 The purpose of this report is to provide a voting mechanism to allow for the election of a new Chair for the Erewhon Rural Water Supply Sub-Committee.

2. Statutory

- 1.2 Clause 25 of Schedule 7 of the Local Government Act 2002, which relates to voting systems for certain appointments (including the election or appointment of the chairperson of a committee), states that:
- 1.3 ... a local authority or a committee (if the local authority has so directed) must determine by resolution that a person be elected or appointed by using one of two systems of voting:

3. System A

- 3.1 Requires that a person is elected or appointed if he or she receives the votes of a majority of the members of the local authority or committee present and voting; and
- 3.2 Has the following characteristics:
 - a. There is a first round of voting for all candidates; and
 - b. If no candidate is successful in that round there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and
 - c. If no candidate is successful in the second round there is a third, and if necessary subsequent, round of voting from which, each time, the candidate with the fewest votes in the previous round is excluded; and
 - d. In any round of voting, if 2 or more candidates tie for the lowest number of votes, the person excluded from the next round is resolved by lot.

4. System B

- 4.1 Requires that a person is elected or appointed if he or she receives more votes than any other candidate; and
- 4.2 Has the following characteristics:
 - a. There is only 1 round of voting; and
 - b. If 2 or more candidates tie for the most votes, the tie is resolved by lot.

Recommendation 1

That the 'Election of New Chair for the Erewhon Rural Water Supply Sub-Committee' report be received.

Recommendation 2

That the Erewhon Rural Water Supply Sub-Committee, for the purpose of electing or appointing persons under Clause 25 of Schedule 7 of the Local Government Act 2002, adopt System A **or** System B [**delete one**].

Recommendation 3

That be appointed Chair of the Erewhon Rural Water Supply Sub-Committee.

6 Confirmation of Minutes

6.1 Confirmation of Erewhon Rural Water Supply Minutes

Author: Ash Garstang, Governance Advisor

1. Reason for Report

- 1.1 The minutes from the Erewhon Rural Water Supply meeting held on March 2021 are attached.

Attachments

1. ERWS Meeting Minutes - 08 March 2021

Recommendation

That the minutes of the Erewhon Rural Water Supply meeting minutes held on 08 March 2021, [**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.

Rangitīkei District Council



Erewhon Rural Water Supply Sub-Committee Meeting

Minutes – Monday, 8 March 2021 – 4:00 pm

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Present:

Mr J Gilbert, Chairperson
Mr P Batley
Mr G Duncan
Mr P McLaren
Mr B Thomas
Mr J Stratton
His Worship the Mayor, Andy Watson
Cr T Hiroa

In Attendance:

Mr A van Bussel, Operations Manager
Mr G Meher, Financial Services Team Leader
Ms R Baird, Administration

1 Welcome

Mr Gilbert welcomed everyone to the meeting and stated this would be his last meeting and he would be retiring as chairperson.

2 Apologies

Resolved minute number

21/ERWS/001

That the apologies from Mr D Smith, Mr J Bird, Mr S Stoney, Mr A Benadie and Mr D Tombs for absence be received.

Mr Gilbert/Mr Thomas. Carried

3 Members' conflict of interest

There were no conflicts of interest.

4 Confirmation of order of business

There was no change in the order of business.

5 Confirmation of Minutes

Mr Stratton stated that there were questions asked at the previous meeting that had not been minuted. Mr Gilbert said after the previous meeting there was a members only meeting held and he had written down questions and sent them to council to be answered.

Mr McLaren asked if there was a constitution or charter on how this committee should run. His Worship the Mayor said there is a document on how all the schemes should be run on the website, Mr McLaren said he had looked at the website but there was more information on the Hunterville Scheme and not the Erewhon Scheme. Mr McLaren asked if all members could have a copy as he would like to know the purpose of the committee and what kind of governance is there. His Worship the Mayor explained all of the rural schemes were started at the same time and that the funding was split between Government and farmers and that governance of the scheme was council. Mr McLaren questioned the accounts and said he was confused as to what the committee does and what was the role of council. His Worship the Mayor said because the Government had given the grant they invested their interest back to council and he would approach the Chief Executive to get the relevant documents.

Cr Hiroa asked the question what would happen if the farmers withdrew from the scheme. His Worship the Mayor explained they would still be legally liable for the water allocated unless they sold it to a neighbouring property owner. Cr Hiroa asked what would happen if all the members withdrew. His Worship the Mayor said they would lose all their rights. Cr Hiroa asked what would

be the circumstances if the members ran the scheme. His Worship the Mayor said he would not recommend it and explained what other schemes down south were currently going through with Government and stated that all liabilities would be held by the members.

His Worship the Mayor said he would try to have staff provide all the reports on the scheme.

Resolved minute number**21/ERWS/002**

That the following questions be answered and in a timely manner.

1. Why is public good being charged and does the scheme get the benefit of it?
2. Does the scheme get depreciation back or does it go into Councils consolidated account?
3. What is Councils role?
4. What cash reserve sits within the scheme?

Mr Stratton/Mr McLaren. Carried

Resolved minute number**21/ERWS/003**

The Minutes from the meeting held on 11 November 2020 be taken as read and verified as an accurate and correct record of the meeting.

Mr Gilbert/Mr Batley. Carried

6 Erewhon Rural Water Supply Financial Statements and Commentary

Mr Duncan pointed out that there was charges for the Hunterville water scheme on their accounts, Mr van Bussel would let the accounts department know and said it had been coded wrong.

Mr Meher explained the options and said the current reports they were receiving were extremely repetitive and would be happy to speak on the phone or via email with members if they had questions.

His Worship the Mayor explained that there is no rating on the depreciation content and that the committee had decided not to fund depreciation.

Mr Meher spoke on the depreciation guide lines and said the last valuation on assets was done in 2018 and he would need to find out how the assets figure had come about.

Mr Meher asked why the rates had stayed the same for the past 5 years, His Worship the Mayor said the committee chose not to increase the rate.

Mr Duncan asked for a glossary of terms.

Mr Meher explained the variation in rates and that it is collected every 6 months but accumulates every month and that the January payment is not shown yet.

Mr Gilbert suggested that no decision be made on the 3 options presented and would like the members to look through the 3 options thoroughly and decide at the next meeting.

Resolved minute number 21/ERWS/004

That the 'Erewhon Rural Water Supply Financial Statements and Commentary' to the 31 January 2021 Erewhon Rural Water Supply Committee be received.

Mr Thomas/Mr Batley. Carried

7 Operations Report – March 2021

Mr van Bussel said he had spoken with Mr Smith and the scheme was running well and that he was currently working on the Mangaohane project and 50% of the work had been done.

Mr van Bussel had asked Alf Downs for a breakdown of the repairs carried out on the telemetry as he thinks Horizons may be liable for the charges.

Mr van Bussel would speak with Mr Benadie and would report back to the committee at the next meeting regarding the Rhino side by side needing to be replaced and the tender for the operational maintenance of the scheme.

Mr Batley said there is significant monthly checks done and could this be reduced, Mr van Bussel to look into it.

Mr Thomas stated there was no communication regarding the tender considering the issues there was with the tender process. Any other tenders the committee would like to be notified in writing. His Worship the Mayor apologised and said he had chaired the meeting and thought staff would relay the decision made back to the relevant parties. Cr Hiroa said it is evident that there is a communication breakdown and the system needs to be revised.

Resolved minute number 21/ERWS/005

That the 'Operations Report – March 2021 to the Erewhon Rural Water Supply Committee be received.

Mr McLaren/Mr Batley. Carried

8 Members questions/reports

His Worship the Mayor and Mr Batley thanked Mr Gilbert for his long service on the committee.

His Worship the Mayor suggested the committee meet in a months time.

9 Next Meeting

Tuesday, 1 June 2021 - 4.00 pm

10 Meeting Closed

5:21 pm

UNCONFIRMED

7 Chair's Report

7.1 Chair's Report - September 2021

Author: Chair

1. Reason for Report

- 1.1 The Chair will provide a verbal update.

Recommendation

That the Chair's Report – September 2021 be received.

8 Reports for Information

8.1 Operations Report - September 2021

Author: Andrew van Bussel, Operations Manager

1. Work Completed

1.1 The following work was completed by Taihape Plumbing from 1 February 2021 – 15 July 2021:

- 1/2 Kelly Land Co – Dig up section of H/P PVC pipe.
- 2/2 3 Monthly checks – Kelly Land Co and Mangaohane Stations, Run Lines, check tank flows and run sluices.
- 3/2 Mangaohane Station. Run lines, check tank flows and run sluices.
- 4/2 Pete Batley's, Makokomiko Station and Pukerimu, run lines, check tank flows and run sluices.
- 5/2 Hennah block, Kaiangaroa, Kara Wipaki's and Moores, run lines, check tank flows and run sluices.
- 5/2 Sheps 1 tank site – Fit isolation valve on inlet supply line.
- 6/2 John Gilbert's, Mako Deer block, (Tim Orum's Steven Stoneys), Jock Stratton's and Rob Stratton's. Run lines, check tank flows and run sluices.
- 8/2 John Batley's, Durrant's, Hiwera, Rob Collier's, Andrew Duncan's, Tama Wipaki's, Matt Gilbert's and Thompson's. Run lines, check tank flows and run sluices.
- 9/2 John Bird's, Britton, Pringle's, Mary Mako's, Barry Thomas, run lines, check tank flows and run sluices.
- 10/2 B Duncan's, D Duncan's, Whake and Anstis, run lines, check tank flows and run sluices.
- 10/2 Whake tank site – repair leak on inlet supply line.
- 7/3 Carry out monthly check.
- 9/4 Carry out monthly checks.
- 12/4 Meet with Mangaohane Station Manager.
- 14/4 Kelly Land No 1 Tank site renew split pipe.
- 22/4 Look over scheme with Andrew van Bussel and Jess to inspect work done and identify work to be done.
- 23/4 Clean screens and clear weed at intake. Clear air locks to get main flowing.
- 24/4 Clear airlocks to get main flowing from intake to Mangaohane Tee.
- 31/5 Start of 6 monthly checks. Run lines, check tank flows and run sluices on Mangaohane A, B, C & D tanks.
- 1/6 Run lines, check tank flows and run sluices on Mangaohane E & F tanks and Kelly Land Co 1, 2, 3 & 4 tanks.
- 2/6 Run lines, check tank flows and run sluices –Peter Batley's and Pukerimu properties.
- 3/6 Run lines, check tank flows and run sluices –Hennah block, Kaiangaroa, Kara Wipaki's and Moore's.
- 4/6 Run lines, check tank flows and run sluices – John Gilbert's, Mako Deer block, (T Orums/ Steven Stoney's), Jock Stratton's and Rob Stratton's.

- 5/6 Run lines, check tank flows and run sluices on John Batley's, Durrant's, Hiwera, Rob Colliers, A Duncans, Tama Wipakis and Gilbert's.
- 7/6 Run lines, check tank flows and run sluices on John Bird's, Britton, Pringle's, Mary Mako's and Barry Thomas property.
- 8/6 Run lines, check tank flows and run sluices on B Duncan's, D Duncan's, Whake and Anstis tanksites.
- 10/6 Kelly Land Co- Dig up leak, drop line, repair and reinstate water flow.
- 11/6 Jock Stratton's property – sluice box at yards, repair leak and reinstate.
- 15/6 Makokomiko / Big Hill line renew valve box and flowmeter.
- 23/6 Makokomiko Station – renew valve box and lid.
- 25/6 Mangaohane C1 tank site-Fit new 82L/m Maric valve.
- 25/6 Carry out monthly check.
- 28/6 Locate leak beside road Pukerimu/Makokomiko Area.
- 29/6 Dig up and renew section of pipe. Reinstate and backfill.
- 15/7 Mangaohane Station –locate leak, repair and reinstate.
- 15/7 Carry out monthly check.

1.2 C1112 – Pipe Replacement – Mangaohane, has been completed.

1.3 Flow meter calibration delayed due to covid.

1.4 Committee to discuss pipe renewal for 21/22 year.

Recommendation

That that 'Operations Report – September 2021' be received.

8.2 Erewhon RWS: Financial Summary**Author: Dave Tombs, Group Manager - Corporate Services****1. Reason for Report**

1.1 This Report provides:

PART A

1.1.1 year to date Financial Results for the two months ended 31 August 2021 (Attachment 1); and

1.1.2 draft Financial Results for the year ended 30 June 2021 (Attachment 1); and

PART B

1.1.3 a copy of a financial report that was provided to the Committee in February 2016. This shows the movements in various assets and liability accounts that Officers propose to use as a 'starting point' to reformat recent years' financial reporting (Attachments 2 and 3); and

1.1.4 a platform for some discussion regarding the format of future financial reports.

2. Context

2.1 The format of financial reporting provided to the Scheme has changed considerably in recent years and this has caused some concern.

2.2 There are two main elements to the financial reporting that are relevant to Scheme Members:

2.2.1 Operating Statement (shows each period's surplus/deficit from operating activities); and

2.2.2 Statement of Assets and Liabilities (shows the total amounts of assets and liabilities attributable to the Scheme).

Operating Statement

2.3 The format of recent years' Operating Statements has focussed on the Accounting Surplus/Deficit that arises after various 'internal adjustments'.

2.4 Such internal adjustments are not relevant to Scheme Members and it is proposed to amend this so that future reporting reconciles the 'Accounting' Surplus/Deficit to an 'Operating Cash' Surplus/Deficit.

2.5 Part B of this report shows that this proposed approach is very similar to the format that was used until 2014/15.

Statement of Assets and Liabilities

2.6 The format of recent years' Statement of Assets and Liabilities has focussed on year end (closing) balances. As there are no reconciliations between these opening and closing balances the annual movements in these balances cannot always be ascertained and this can prevent a 'full understanding' of these assets and liabilities.

- 2.7 Officers are proposing to add more detail to the Statement of Assets and Liabilities so Scheme Members have a better understanding of movements in the Scheme's asset and liability accounts.

Summary

- 2.8 As a result, Officers have developed the attached financial reporting format (Attachment 1) which they are keen to continue discussing with Committee Members and keep refining to make sure it provides the information required.

3. Discussion and Options Considered

Part A: Financial Results

Draft Results for Two Months Ended 31 August 2021

- 3.1 The year to date (YTD) figures show that YTD activity has been relatively minor. Key financial activities/transactions will occur later this financial year.

Draft Results for 2020/21

- 3.2 The attached Operating Statement shows, for 2020/21, an Accounting Deficit of \$11,210 and an Operating Cash Surplus of \$43,494 (draft figures).

3.3 Points to Note:

3.3.1 Various year-end adjustments for 2020/21 have not yet been processed. These will impact the Accounting Surplus but should have little impact on the Cash Surplus. These adjustments (e.g., Depreciation) will however impact the Statements of Assets and Liabilities.

3.3.2 The Cash Surplus figure is relatively consistent with the previous two years.

- 3.4 The Statement of Assets and Liabilities shows a positive Working Capital balance of \$125k and an Internal Loans balance of \$320k (i.e., an 'overall cash deficit' position at 30 June 2021 of \$195k).

- 3.5 The closing balances for each of the items within the Statement of Assets and Liabilities is dependent upon correct opening balances being brought forward from earlier years. This is discussed later in this report.

- 3.6 Plans are being discussed for a level of capital expenditure in excess of \$200k for each of the 2021/22, 2022/23 and 2023/24 financial years.

- 3.7 The attached Statement of Assets and Liabilities includes some balances that continue to be reviewed by Officers. These amounts are noted as 'Sundry Adjustments'.

4. Part B: Historic Reporting Formats and Balances

- 4.1 The revised reporting format being presented by Officers is very similar (in substance) to the format that was used up until around 2014/15 (Attachment 2). This format focussed on 'cash movements', adjusting each year's 'accounting surplus' to a 'cash surplus'.

- 4.2 Attachment 2 contains a lot of information: it shows numerous Income, Expenditure, Assets, Loan and Equity accounts for each of 12 years. Accordingly, Officers suggest Scheme Members familiarise themselves with this by focussing on one specific year (2010/11):

ITEM 8.2

- 4.2.1 Income was \$184,564
- 4.2.2 Expenditure was \$184,705, comprising
 - a) Depreciation \$119,016
 - b) Other expenditure items totalling \$65,659
- 4.2.3 Accounting Deficit was \$141
- 4.2.4 Capital Expenditure was \$3,493
- 4.2.5 Assets totalled \$3,107,390, comprising:
 - a) Working Capital \$97,754
 - b) Infrastructure assets \$3,009,636
- 4.2.6 There being no Liabilities, Assets equalled Net Assets (\$3,107,390)
- 4.2.7 Equity was \$3,107,390.
- 4.3 Officers have copied the figures from Attachment 2 to the new format that they are proposing (Attachment 3). This suggests that:
 - 4.3.1 The proposed format (Attachment 3) is consistent with the format previously used (Attachment 2); and
 - 4.3.2 The balances brought forward from Attachment 2 can be regarded as a 'reliable starting point' to recreate current balances.

5. Other

- 5.1 Of interest, further to comments made in sections 3.6 above, Attachment 2 shows the Scheme budgeted to incur \$1m of capital expenditure in 2018/19.
- 5.2 Officers would like to:
 - 5.2.1 confirm the interest (and repayment) arrangements that apply to the Working Capital and Loan accounts; and
 - 5.2.2 include these arrangements within the financial reporting for reference. This should avoid future lack of certainty over this matters that may otherwise arise.
- 5.3 Officers would welcome discussion on:
 - 5.3.1 The revised format of the Financial Reporting; and
 - 5.3.2 Any additional financial reporting requirements not addressed by the attached; and
 - 5.3.3 Future Capital Expenditure plans, noting the difference in recent year between Depreciation and Capital Expenditure.

Attachments

- 1. **Financial Results: YTD Aug 2021 and 2020/21**
- 2. **ERWS Summary 2009 to 2015**
- 3. **ERWS Sumamry 2010 to 2020**

Recommendation

That the report 'Erewhon RWS: Financial Summary' be received.

ITEM 8.2

**Erewhon Rural Water Scheme
Operating Statement**

	2021/22			Prior Years (as per reports provided to ERWS)			
	YTD August 2021/22	YTD Budget 21/22	FY Budget 21/22	Draft FY 2020/21	Budget 20/21	Actual FY 2019/20	Actual FY 2018/19
(FY = full year)							
Operating revenue							
Metered Supply Charge			162,194	162,237	166,589	162,134	162,250
Public Good Rate (see below)				(22,053)	(17,642)		
Penalty							
Operating Revenue (A)	0	0	162,194	140,184	148,947	162,134	162,250
Apportioned Revenue							
Apportioned General Rate							20,506
Internal Interest			(4,919)		(141)	(998)	
Treasury Interest				(1,554)		(1,554)	(1,554)
Apportioned Revenue (B)	0	0	(4,919)	(1,554)	(141)	(2,552)	18,952
Non-Cash Expenses							
Depreciation - Infrastructure (see below)		(22,430)	(134,580)	0	(126,000)	(126,087)	(114,778)
Loss on asset disposal							
Internal Charges (see below)				(32,651)	(29,220)	(24,185)	(22,523)
Total non-cash Expenses (C)	0	(22,430)	(134,580)	(32,651)	(155,220)	(150,272)	(137,301)
Expenses (Other)							
Phone	(106)	(98)	(588)	(546)	(1,133)	(588)	(578)
Erewhon W/Board Lease	(1,378)	(3,433)	(6,866)	(4,096)	(6,766)	(9,347)	(3,927)
Insurance	(1,473)	(1,322)	(7,930)	(8,494)	(7,504)	(7,167)	(6,568)
Rates - Utility	(12,806)	(11,065)	(11,065)	(13,785)	(11,671)	(11,479)	(9,231)
MDC Professional Services							(996)
MDC Charges - PSU		(934)	(5,604)	(4,118)	(5,475)	(5,553)	(1,925)
Operational Costs : Contractor	(2,323)	(14,752)	(88,512)	(85,219)	(84,664)	(100,861)	(95,125)
Resource Consents			(1,372)	(931)	(2,266)	(931)	(1,052)
Materials		(18)	(108)		(107)		(2,124)
Total Expenses (Other) (D)	(18,086)	(31,622)	(122,045)	(117,189)	(119,586)	(135,926)	(121,526)
Accounting Surplus/(Deficit) - (A+B+C+D)	(18,086)	(54,052)	(99,350)	(11,210)	(126,000)	(126,616)	(77,625)
Add back non cash charge:							
Depreciation	0	22,430	134,580	0	126,000	126,087	114,778
Internal Charges		-	-	32,651	29,220	24,185	22,523
Apportioned Revenue		-	4,919	0	141	0	(20,506)
Public Good Rate				22,053			
Net cash surplus/(deficit) from operations (E)	(18,086)	(31,622)	35,230	43,494	29,361	23,656	39,170
Capital Expenditure							
Renewals							
ERWS Reticulation - Contractor		(20,000)	(120,000)	(278,923)	(286,324)	(4,820)	(249)
MDC Charges - PUS Retic						(3,465)	
Minor Renewals						(7,409)	
Projects							
ERWS Reticulation - Staff Time							
Total Capital Expenditure (F)	0	(20,000)	(120,000)	(278,923)	(286,324)	(15,694)	(249)

Notes

Amounts excluded from the above Operating Statement:
2020/21 Depreciation cost not yet finalised

Erewhon Rural Water Scheme
Statement of Assets and Liabilities

YTD August 2021/22	Draft FY 2020/21	Actual FY 2019/20	Actual FY 2018/19
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Working Capital Movements Table				
Opening balance 1 Jul	125,349	81,855	76,908	47,485
Cash surplus (deficit)	(18,086)	43,494	23,656	39,170
Cap Ex Additions during year	0	0	(924)	(249)
Transfer to Internal Loan				(668)
Sundry Adjustments			(17,785)	(8,830)
Closing balance	107,263	125,349	81,855	76,908

Internal Loan Movements Table				
Opening balance 1 Jul	(320,514)	(41,591)	(26,821)	(27,489)
Transfer from Working Capital				668
Capital Expenditure		(278,923)	(14,770)	
Closing balance	(320,514)	(320,514)	(41,591)	(26,821)

Infrastructure Assets Summary				
Opening Balance	4,433,341	4,154,418	4,269,248	4,992,643
Additions during year		278,923	15,694	249
Revaluations				(608,866)
Depreciation	0	0	(126,087)	(114,778)
Sundry Adjustments			(4,437)	
Closing balance	4,433,341	4,433,341	4,154,418	4,269,248

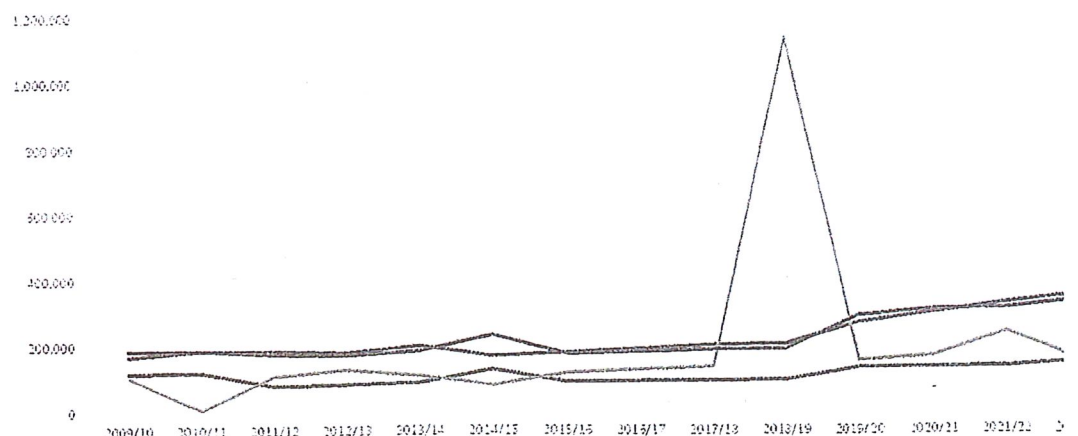
Summary of Assets and Liabilities				
Working Capital	107,263	125,349	81,855	76,908
Internal Loans	(320,514)	(320,514)	(41,591)	(26,821)
Infrastructure Assets	4,433,341	4,433,341	4,154,418	4,269,248
Closing balance	4,220,090	4,238,176	4,194,682	4,319,335

Equity				
Opening Balance	(4,238,178)	(4,194,684)	(4,319,336)	(5,012,640)
Accounting (Surplus)/Deficit	18,086	11,210	126,616	77,625
Adjustments to Accounting (Surplus)/Deficit				
Adjustment for Overheads Imbalance	0	(32,651)	(24,185)	(2,017)
Adjustment for Public Good Rate		(22,053)		
Adjustment for Apportioned Revenue		0		
Revaluations				608,866
Sundry Adjustments			22,221	8,830
Closing balance	(4,220,092)	(4,238,178)	(4,194,684)	(4,319,336)

Erewhon Rural Water Supply
Summary of financial information
As at Annual Report 2015

	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
Income													
Metered supply charges	184,544	184,564	184,538	178,449	199,443	167,627	178,508	189,359	199,739	203,730	267,511	296,516	321,462
General rates (reimburses overheads)	0	0	0	0	22,640	26,494	19,031	20,618	23,460	20,937	21,709	25,065	25,065
Interest received	108	0	9,594	3,952	2,200	4,099	4,409	4,444	4,889	5,333	5,333	3,889	3,889
	184,651	184,564	194,132	182,401	224,282	198,220	201,948	214,451	228,088	230,000	294,553	325,470	350,416
Expenditure													
External costs	38,776	53,505	77,374	62,870	74,596	79,663	66,100	68,578	71,151	73,819	76,587	79,459	81,462
Depreciation and other non-cash items	116,313	119,016	77,415	81,136	86,879	126,972	89,048	90,604	91,995	93,478	129,763	131,462	131,462
Overhead charges	11,934	11,208	14,638	25,682	22,640	26,494	19,625	20,648	23,460	20,937	21,709	25,065	25,065
Interest on deficits	0	975	4,599	0	0	0	0	0	0	0	0	0	0
Interest on loans	0	0	0	0	0	0	0	0	0	0	60,000	71,167	71,167
	167,023	184,705	174,026	169,688	184,115	233,129	174,773	179,830	186,606	188,234	288,059	307,153	319,153
Surplus(deficit) on operations	17,628	(141)	20,106	12,714	40,168	(34,909)	27,175	34,621	41,482	41,766	6,494	18,317	31,263
Transferred from(to) reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Net surplus(deficit) on operations	17,628	(141)	20,106	12,714	40,168	(34,909)	27,175	34,621	41,482	41,766	6,494	18,317	31,263
Capital expenditure													
Renewals	101,564	3,493	107,642	125,717	108,287	78,400	116,224	125,224	133,477	1,135,244	152,924	164,779	164,779
New capital	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan repayments	0	0	0	0	0	0	0	0	0	0	33,333	35,000	35,000
Loans raised	0	0	0	0	0	0	0	0	0	(1,000,000)	(50,000)	(50,000)	(50,000)
Net surplus(deficit) on capital expenditure	(101,564)	(3,493)	(107,642)	(125,717)	(108,287)	(78,400)	(116,224)	(125,224)	(133,477)	(135,244)	(136,257)	(149,779)	(179,779)
Assets													
Bank credit (overdraft)	(17,628)	97,754	71,859	39,991	74,525	88,188	83,885	88,885	88,885	88,885	55,552	55,552	55,552
Infrastructure	2,292,236	3,009,636	3,055,633	3,100,215	3,317,651	3,269,078	3,296,254	3,579,169	3,617,651	4,659,417	5,109,126	5,142,443	5,242,443
	2,274,608	3,107,390	3,127,492	3,140,206	3,392,176	3,357,266	3,380,139	3,668,054	3,706,536	4,748,302	5,164,678	5,197,995	5,297,995
Liabilities													
Internal loan	0	0	0	0	0	0	0	0	0	(1,000,000)	(1,016,667)	(1,031,657)	(1,031,657)
	0	0	0	0	0	0	0	0	0	(1,000,000)	(1,016,667)	(1,031,657)	(1,031,657)
Net assets	2,274,608	3,107,390	3,127,492	3,140,206	3,392,176	3,357,266	3,380,139	3,668,054	3,706,536	3,743,302	4,148,011	4,166,338	4,266,338
Equity													
Asset revaluation reserve	(633,514)	13,005	13,002	12,999	234,732	224,732	224,732	470,027	470,027	470,027	896,574	896,574	896,574
Accumulated funds	2,908,122	3,094,385	3,114,491	3,127,207	3,167,444	3,132,534	3,160,407	3,195,027	3,236,509	3,278,275	3,251,437	3,269,754	3,371,754
	2,274,608	3,107,390	3,127,492	3,140,206	3,392,176	3,357,266	3,385,139	3,665,054	3,706,536	3,748,302	4,148,011	4,166,338	4,268,338
Check:	0	0	0	(0)	0	0	0	0	0	0	0	0	0
Cash Flow Statement													
Income	184,651	184,564	194,132	182,401	224,282	198,220	201,948	214,451	228,088	230,000	294,553	325,470	350,416
Expenditure (excluding non-cash items)	50,710	65,639	96,611	88,552	97,236	106,157	85,725	89,226	94,611	94,756	158,296	175,691	175,691
Surplus(deficit) from operating	133,941	118,925	97,521	93,849	127,046	92,063	116,223	125,225	133,477	135,244	136,257	149,779	174,725
Less capital expenditure (renewals and new)	(101,564)	(3,493)	(107,642)	(125,717)	(108,287)	(78,399)	(116,223)	(125,225)	(133,477)	(1,135,244)	(152,924)	(164,779)	(164,779)
Less loan repayments	0	0	0	0	0	0	0	0	0	0	(33,333)	(35,000)	(35,000)
Surplus(deficit) before loan funding	32,377	115,382	(10,121)	(31,868)	18,760	13,664	0	0	0	(1,000,000)	(50,000)	(50,000)	(50,000)
Less loans raised	0	0	0	0	0	0	0	0	0	1,000,000	50,000	50,000	50,000
Surplus(deficit) in cash	32,377	115,382	(10,121)	(31,868)	18,760	13,664	0	0	0	0	0	0	0
Depreciation	116,313	119,016	77,415	81,136	86,879	126,972	89,048	90,604	91,995	93,478	129,763	131,462	131,462
Renewals	101,564	3,493	107,642	125,717	108,287	78,400	116,224	125,224	133,477	1,135,244	152,924	164,779	164,779
Net Amount	14,749	115,523	(30,227)	(44,581)	(21,408)	48,572	(27,176)	(34,620)	(41,482)	(1,041,766)	(23,161)	(33,317)	(33,317)
Metered supply charges	184,544	184,564	184,538	178,449	199,443	167,627	178,508	189,359	199,739	203,730	267,511	296,516	321,462
Depreciation	116,313	119,016	77,415	81,136	86,879	126,972	89,048	90,604	91,995	93,478	129,763	131,462	131,462
Renewals	101,564	3,493	107,642	125,717	108,287	78,400	116,224	125,224	133,477	1,135,244	152,924	164,779	164,779
Expenditure	167,023	184,705	174,026	169,688	184,115	233,129	174,773	179,830	186,606	188,234	288,059	307,153	319,153

ERWS supply charges vs other costs



**Erewhon Rural Water Scheme
Financial Summary**

**Erewhon Rural Water Scheme
Financial Summary**

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
OPERATING STATEMENT											
Metered Charges	184,564	184,538	178,449	199,443	167,627	146,166	152,921	162,250	162,250	162,134	162,237
Overhead Recoveries				22,640	26,494	18,371	20,501	20,506	20,506		
Interest		9,594	3,952	2,200	4,099	4,409	3,430	(1,554)	(1,554)	(2,552)	(1,554)
Public Good Rate											(22,053)
	184,564	194,132	182,401	224,283	198,220	168,946	176,852	181,202	181,202	159,582	138,630
Overheads	11,208	14,638	25,682	22,640	26,494	18,372	20,501	21,461	22,522	24,185	32,651
Depreciation	119,016	77,415	81,136	86,879	126,972	175,281	114,970	114,777	114,778	126,087	0
Loss on Disposal											
External Costs	53,505	77,374	62,870	74,596	79,663	86,090	98,899	110,703	121,526	135,926	117,189
Interest	975	4,599									
	184,704	174,026	169,688	184,115	233,129	279,743	234,370	246,941	258,826	286,198	149,840
Accounting Surplus/(Deficit)	(140)	20,106	12,713	40,168	(34,909)	(110,797)	(57,518)	(65,739)	(77,624)	(126,616)	(11,210)
ADD BACK											
Depreciation	119,016	77,415	81,136	86,879	126,972	175,281	114,970	114,777	114,778	126,087	0
Public Good Rate	0	0	0	0	0	0	0	0	0	0	22,053
Overheads not credited									2,016	24,185	32,651
Cash Surplus/(Deficit)	118,876	97,521	93,849	127,047	92,063	64,484	57,452	49,038	39,170	23,656	43,494
Capital Expenditure	3,493	107,642	125,717	108,287	78,400	84,077	94,963	32,637	249	15,694	278,923

STATEMENT OF ASSETS AND LIABILITIES											
Bank											
Opening Balance	(17,628)	97,755	71,860	39,992	74,526	88,189	68,596	31,085	47,486	76,909	81,856
Cash Surplus(Deficit)	118,876	97,521	93,849	127,047	92,063	64,484	57,452	49,038	39,170	23,656	43,494
Capital Expenditure	(3,493)	(107,642)	(125,717)	(108,287)	(78,400)	(84,077)	(94,963)	(32,637)	(249)	(924)	0
Transfer Internal Loan									(668)		
Adjustments		(15,774)		15,774					(8,830)	(17,785)	
Closing Balance	97,755	71,860	39,992	74,526	88,189	68,596	31,085	47,486	76,909	81,856	125,350
Capital Assets											
Opening Balance	2,292,236	3,009,636	3,055,633	3,100,214	3,317,650	3,269,078	3,177,874	5,047,293	4,992,642	4,269,247	4,154,417
Capital Expenditure	3,493	107,642	125,717	108,287	78,400	84,077	94,963	60,126	249	15,694	278,923
Revaluations	832,923			211,802			1,889,426		(608,866)		
Depreciation	(119,016)	(77,415)	(81,136)	(86,879)	(126,972)	(175,281)	(114,970)	(114,777)	(114,778)	(126,087)	0
Adjustments		15,770		(15,774)						(4,437)	
Closing Balance	3,009,636	3,055,633	3,100,214	3,317,650	3,269,078	3,177,874	5,047,293	4,992,642	4,269,247	4,154,417	4,433,340
Internal Loan											
Opening Balance									(27,489)	(26,821)	(41,591)
Capital Expenditure								(27,489)		(14,770)	(278,923)
Transfer Bank									668		
Adjustments											
Closing Balance	0	0	0	0	0	0	0	(27,489)	(26,821)	(41,591)	(320,514)
Assets/Liabilities Summary											
Bank	97,755	71,860	39,992	74,526	88,189	68,596	31,085	47,486	76,909	81,856	125,350
Capital Assets	3,009,636	3,055,633	3,100,214	3,317,650	3,269,078	3,177,874	5,047,293	4,992,642	4,269,247	4,154,417	4,433,340
Internal Loan	0	0	0	0	0	0	0	(27,489)	(26,821)	(41,591)	(320,514)
	3,107,391	3,127,493	3,140,206	3,392,176	3,357,267	3,246,470	5,078,378	5,012,639	4,319,335	4,194,682	4,238,176
Reserves											
Opening Balance	(2,274,608)	(3,107,391)	(3,127,493)	(3,140,206)	(3,392,176)	(3,357,267)	(3,246,470)	(5,078,378)	(5,012,639)	(4,319,335)	(4,194,682)
Accounting Surplus	140	(20,106)	(12,713)	(40,168)	34,909	110,797	57,518	65,739	77,624	126,616	11,210
Revaluation Increase	(832,923)			(211,802)			(1,889,426)	0	608,866	0	0
Adjustment for Overheads Imbalance									(2,016)	(24,184)	(32,651)
Adjustment for Public Good Rate											(22,053)
Adjustments		4							8,830	22,221	0
Closing Balance	(3,107,391)	(3,127,493)	(3,140,206)	(3,392,176)	(3,357,267)	(3,246,470)	(5,078,378)	(5,012,639)	(4,319,335)	(4,194,682)	(4,238,176)

8.3 Historical Context - Erewhon Scheme

Author: Carol Gordon, Group Manager - Democracy & Planning

1. Reason for Report

- 1.1 Attached (attachment 1) is a report from Mr Michael Hodder which provides the historical context of the Erewhon Rural Water Scheme.
- 1.2 Mr Hodder makes reference to a copy of the Deed of Settlement, which is also attached (attachment 2).

Attachments

1. Historical Context of the Erewhon Rural Water Scheme
2. Aorangi Awaroa Trust - Deed of Settlement

Recommendation

That the report 'Historical Context – Erewhon Scheme' be received.

Erewhon Rural Water Supply Scheme – historical context

1. Establishing the Scheme

- 1.1 The Erewhon scheme started through a consensus among groups of farmers to ask the County Council to access the Government's subsidy offer, which meant a formal application to the Ministry of Works and Development (and subsequently the Water Resources Council), demonstrating a rate of return of at least 10%. To do that, the County Council's Engineer prepared a preliminary outline of the scheme – in particular the arrangements at the water source and the route for the 'off-farm works', i.e. the intake structure and the community pipelines to each of the farms wishing to participate in the scheme – together with provisional costings.
- 1.2 At the same time, individual farmers were expected to determine how the supply would be used within their own properties. For the Erewhon scheme, the design was done by staff at the Taihape office of the Ministry of Agriculture and Fisheries.
- 1.3 Entry agreements were negotiated by the County Council with participants in the Erewhon scheme.
- 1.4 Each rural water supply scheme was technically a water race.¹ Section 426(2) of the Local Government Amendment Act 1979 provided that 'every such water race shall vest in the council.'
- 1.5 Section 57 of the Counties Amendment Act 1961 gave specific authority for a local council to make bylaws for the supply of water, and the County Council did this for each scheme, but by 1988 had made a consolidated rural water supply bylaw for all its schemes.

2. The role of the Scheme Management Committees

- 2.1 The Erewhon farmer group sought involvement with their scheme through a Management Committee. The County Council established such Committees as standing committees of Council.
- 2.2 When first established, the Erewhon Management Committee reviewed the draft bylaw covering the Erewhon scheme – the first in the Rangitikei. The minutes of the Committee's meeting on 9 May 1978 record the Committee recommending to the County Council the adoption of the Erewhon Rural Water Supply Bylaw 1978: this specified the role of the Management Committee to
 - be responsible for the care and control of the races, dams, pipes, reservoirs and other works comprising the Erewhon Rural Water Supply Scheme,

¹ Section 47 of the Counties Amendment Act 1961 provided that a local council could, by special order, declare "any defined part of the county to be a water race district for the purpose of the construction and maintenance therein of water races and the supply of water therefrom..." The County Council relied on this in establishing water race districts for Erewhon, Omatane and Hunterville.

- recommend to the County Council the annual charge to users for water supplied,
- recommend to the County Council terms and conditions for connection to the scheme, and
- perform such other duties as the County Council may from time to time delegate

2.3 The County Council was clear that the ultimate responsibility for the scheme administration rested with it and that day-to-day organising was done by the Management Committee.

2.4 The Management Committee does not own any of the scheme assets. However, individual scheme members own the land on which the community pipelines run. There are no surveyed easements in favour of the County Council but the Council believed that the pipeline created its own easement.²

3. Initial funding

There were three streams of initial funding for the schemes.

a) Government subsidies

The Erewhon scheme attracted a 1:1 subsidy, including all on-farm works.

The subsidy included the headworks, the reticulation to the designated point on each farmer's property ("the community works") and a portion of on-farm works (i.e. the reticulation on each farm beyond the designated point).

b) Loans taken out by Council

The loans made up the local share of the community works.

On 8 December 1977 the Local Authorities Loan Board sanctioned the County Council raising the Erewhon Rural Water Supply Loan 1977 of \$300,000. Consent required evidence of written agreement from ratepayers within the Erewhon Rural Water Supply area, and the Board gave final approval on 24 January 1978.

The County Council's special order for the first Erewhon loan provided that security for the loan was a Special Rate of 0.8952 cents in the dollar on the land value of all rateable property within the Erewhon Rural Water Supply Scheme Special Rating District.³

² Rangitikei County Engineer to Office of the Maori Trustee, Wanganui, 28 April 1978: Archives Central RDC 00069:17:65.

³ The County Council proceeded to raise the money in stages – the first issue was for \$200,000 – largely because the rate of interest available to the County Council (10.5%) was less than offered by some others in the market, and \$165,000 was subscribed. The second issue was for \$100,000, but was also undersubscribed, leading to a third issue for \$50,000. The Local Authorities Loan Board sanctioned a second Erewhon loan for \$100,000 on 26 June 1979, giving consent on 2 August 1979; a third loan (for \$61,000) was sanctioned on 4 February 1980 and consented on 25 February 1980. Redemption loans for Erewhon were raised in 1984 (for \$40,000) and in 1985 (for \$70,000).

The County Council set a charge to cover the costs of repaying these loans and the running costs, recovered from those within the defined special rating area (a majority of whom had to consent to the loans), initially calculated on each farmer's share of the total water flowing in the scheme. While in the nature of a separate rate, it did not initially appear on the rates demand. This changed in 1994 when the charges were collected through the rating system.⁴ The loan charges were sent quarterly while the water rates were charged twice a year.⁵

Payment of rates for a capital project funded by loans does not mean ownership of the asset passes to those ratepayers when the loan is fully paid.⁶

c) Funding contributed by individual farmers

Individual farmers were able to claim subsidy for on-farm costs. Their pipelines were subject to approval by the Ministry of Works and Development which required a process to be followed before the on-farm subsidy payment was approved. This was made to the County Council who in turn paid the farmer.⁷ To gain discounts (up to 50%) the County Council called tenders for the supply of on-farm pipes and charged a 6% engineering on-cost to cover the administrative costs.

4. The Erewhon scheme's relationship with the Aorangi-Awarua Trust.

- 4.1 There is an additional issue with the Erewhon scheme because the water source, the Reperoa Bog, is in Aorangi-Awarua Trust lands and the County Council did not secure a written agreement before constructing the scheme's intake. An easement was negotiated in 2004, and a copy of the Deed of Settlement is attached as Appendix 1. This was subsequently ratified by the Māori Land Court.
- 4.2 Operative Clause 4 says "full and final settlement of all issues" and "both parties accept that, in entering into this agreement, they waive their rights to raise further issues with each other or a third party.....". Given this (and that the Council has committed to an annual payment to the Trust), it is unclear what further compensation would be considered. Clause 9 allows the Council to cancel the agreement after ten years but this is associated with surrender of the easement. Since the Management Committee's meeting on 11 May 2005 the Trust has representation on the Erewhon Management Committee.
- 4.3 The matter has been raised during the hearings of the Mokai-Patea Waitangi claims, as outlined below.

⁴ Circular from the Council Financial Accountant to members of the Erewhon scheme, 8 August 1994: Archives Central: Accession A/2020/11: 1790: W10/30: Water supply – Erewhon, 1993-95.

⁵ Erewhon Rural Water Supply Management Committee, 28 February 1997.

⁶ "Contributions to the capital costs of the works of a scheme ... is akin to a "rate" by a local authority. The ratepayer does not own the work because of rates paid.": Beverley Curtis and Alison Swain, *The future of irrigation schemes: legal issues* (August 1987), p.17

⁷ Erewhon Scheme Newsletter no. 3, undated: Archives Central: RDC 00069:17:62 (W/1/5). One of the conditions of these subsidies was that the farmer had to permit representatives of the County Council and/or the District Commissioner of Works to inspect the work at any time and "to advise his successor in title of his obligations in respect or care and maintenance of the water supply".

- 4.4 In his report to the Waitangi Tribunal 'Environmental issues and resource management (land) in Taihape Inquiry District, 1970s-2010' (September 2015), David Alexander wrote:

...the County Council operated in an open manner with the Trust, and went ahead with construction, even though no formal agreement had been signed, when it thought it had the verbal consent of the Trust. It was not that the Trust was against the Rural Water Supply Scheme, and indeed some Maori farming landowners west of the Rangitikei River were beneficiaries of the water. The concern expressed later, in the early and mid 1980s, was that there was no ongoing arrangement acknowledging the County Council's occupation of the Maori land, and allowing the owners to receive an income from the Council's occupation.⁸

He noted that rates arrears continued to accumulate and that in 2002 the Erewhon Committee requested legal advice on the legal status of the Erewhon scheme and the issues raised by the Aorangi Awarua Trust. The Council and the Trust signed a formal Deed of settlement on 8 December 2004: the Trust granted an easement and the Council agreed to make a payment of \$4,000 a year (adjustable in line with changes in the Consumer Price Index; one person representing the Trust would be appointed to the Erewhon management committee.

When the application to the Maori Land Court to confirm the easement was made in August 2005, it was accompanied by affidavits in support by the Chief Executive of the Rangitikei District Council and the Chairperson of the Aorangi-Awarua Trust. In the application the Court was told that 'the easement regularises an existing situation and represents a fair and equitable settlement of a dispute'. In March 2006, the Court ordered that the easement be created.⁹

- 4.5 The Trust is not a claimant; its issues are articulated by Ngāti Hinemanu.

- 4.6 In its opening submission to the Tribunal, on 20 February 2018, Counsel acting for Ngāti Hinemanu, Ngāti Paki and several others stated:

David Steedman's evidence focuses on the pressures faced by the Aorangi Awarua Trust for the use of the Aorangi land for the Erewhon Rural Water Supply Scheme...As a trustee of the Aorangi Awarua Trust...this [is an] opportunity to bring to light some of the key issues before the Tribunal and to seek relief specifically in respect of the Aorangi block.... It is his evidence that in establishing the Erewhon Scheme, the Crown has breached its duties under Te Tiriti...¹⁰

⁸ Wai 2180, A038, pages 535-536.

⁹ Wai 2180, A038, pages 605-607.

¹⁰ Wai 2180, #3.3.11: paras 4-6.

- 4.7 In its closing submission to the Tribunal, on 28 October 2020, Counsel acting for Ngāti Hinemanu, Ngāti Paki and several others stated:

...whilst there are words in the [Ngā Whenua Rahui] covenant that provides for the land [in Awarua 1DB2] to be given a non-rateable status, the rating system issue remains between the landowners and the RDC. Even though the Trust signed the water easement over their land, the Council continue to rate their land as it had since the 1930s. Still the rating issue is not resolved to the satisfaction of Ngāti Hinemanu owners.

Ngāti Hinemanu are left wondering if the Minister can intervene and assist the Aorangi Awarua Trust to procure a “zero” rates. If he can, the next question would be is how would that affect the Erewhon Water Scheme Deed of Settlement arrangement.¹¹

- 4.8 In its closing submission in relation to local authorities and rating, dated 7 May 2021, the Crown’s general stance over local government and rating issues raised with the Tribunal is that “...the development of a system of local government, undertaken in good faith and applying to all New Zealand citizens, is consistent with the principles of te Tiriti/the Treaty.... The Crown does not exercise control over the decisions made under statute by local authorities or matters of their day-to-day operation. As such, the Crown cannot be responsible for those matters....¹²

The Crown says it has established the legislative regimes in which local authorities operate in a Tiriti/Treaty-consistent manner, and has built safeguards into relevant statutory instruments in order to protect Tiriti/Treaty interests in local decision-making¹³

- 4.9 Turning to the opening submission on behalf of Ngāti Hinemanu, the Crown’s position is that “there is insufficient evidence on which to base a finding that the Crown has breached any Tiriti/Treaty duties, as suggested in [their] opening submissions“. However, the Crown notes the lack of any material or submissions from the Rangitikei District Council on the matter.

In particular, the evidence about whether the Council threatened rates enforcement is contradictory and does not appear to be supported by contemporary documentation. There is no suggestion any of the relevant legislation was inadequate to uphold the Crown’s Tiriti/Treaty duties and no conclusive evidence that rates were improperly used to leverage a favourable access agreement. Accordingly, the Crown disagrees this transaction amounts to a Tiriti/Treaty breach by the Crown.¹⁴

- 4.10 The Crown’s position is not necessarily the Tribunal’s position. The draft Tribunal statement of issues in October 2016 for Issue 10 – Local Government and Rating

¹¹ Wai 2180, #3.3.71: paras 596-597.

¹² Wai 2180, #3.3.80: paras 8-9

¹³ Wai 2180, #3.3.80: para 10

¹⁴ Wai 2180, #3.3.80: paras 49-50

includes as one of the four issues for Tino rangatiratanga ‘Does the Crown have a responsibility, under the Treaty, to legislate for the entrenchment of Māori positions within the governance of local bodies?’¹⁵

- 4.11 At present it is open for the Council and the Committee to explore an enhanced governance role for the Trust, having in mind the governance structure the Government is proposing for the four regional entities to manage the three waters across the country. However, the Trust may wish to wait for the Tribunal to make its decision on the Wai 2180 claim.

5. Future options

- 5.1 Could scheme members become the sole owners of the Erewhon scheme?

- None of the schemes (including Erewhon) has easements. While a scheme remains under Council control it has statutory rights of access to the water pipes. However, if any scheme was privatised, a new mechanism would be needed to ensure similar rights of access to the body managing the scheme.
- Part 7 Sub-part 2 of the Local Government Act 2002 sets out the requirements for transferring ownership of a water supply from a local authority. This is permitted provided there are not more than 200 or persons to whom the water service is delivered. However, while this means a transfer of ownership to scheme members is technically feasible for Erewhon, there would need to be prior agreement reached with the Aorangi-Awarua Trust.
- If scheme members owned the Erewhon scheme. It would not be part of the Council’s water services assets for possible transfer to a dedicated regional water services body.

- 5.2 Will Rangitikei’s rural water supply schemes be deemed potable supplies?

- This is a decision to be made by Taumata Arowai, the Water Services Regulator: clause 56 of the Water Services Bill proposes giving the chief executive of Taumata Arowai power to exempt a supply or class of supply from many of the key regulatory requirements in the Bill. A change in ownership of the schemes is unlikely to affect this decision.
- It is not yet clear whether rural water supplies/water races will be transferred to the proposed regional entities for the three waters.

Michael Hodder
Advisor to the Chief Executive
Rangitikei District Council

September 2021

¹⁵ Cf. Wai 2180, #3.3.50: Generic claimant closing submissions on economic development and capability, dated 30 September 2020, para.2.5: “It is the Crown’s responsibility to maintain the equilibrium in the Te Tiriti partnership through its protection of rangatiratanga, because the power imbalance between Te Tiriti partners lies in the Crown’s favour”.

COOPER RAPLEY

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Partners

John Maassen LL.B. (Hons)
Roger Kennedy LL.B.
Lester Houghton LL.B.

Legal Executives

Bridget Willcox
Les Walden

20 September 2004

CONFIDENTIAL/SUBJECT TO SOLICITOR-CLIENT PRIVILEGE

The Chief Executive
Rangitikei District Council
Private Bag 1102
MARTON

Attention: Doug Law

RECEIVED
COPY

22 SEP 2004

To: DL

File: LE2/5

Doc: 3639

cc WA2/9

EREWHON/AORANGI AWARUA TRUST

Please find **enclosed** for execution in duplicate copies of the deed of settlement between the Council and representatives of the Aorangi Awarua Trust. We confirm that this agreement is in order for execution by the Council.

Yours sincerely
COOPER RAPLEY

JW Maassen
Partner

jmaassen@cooper-rapley.co.nz

DEED OF SETTLEMENT

BETWEEN

IRA KARAITIANA of RD 3, Taupo, **PETER WAIREHU STEEDMAN** of 6 Kingfisher Place, Taihape, **TAMA WIPAKI** of 76B Primrose Street, Frankton, Hamilton, **ISAAC HUNTER** of 359 Somme Parade, Wanganui, **MARY MAKO** of RD2, Taihape, **RANGIPO METE KINGI** of Maungateitei, RD2, Wanganui and **RICHARD STEEDMAN** of 30 Eagle Street, Taihape, **KINGI CARROLL** of 1168 Waimarama Road, Havelock North, and **WINIPERE MAUGER**, PO Box 430, Napier as Trustees (**the Trustees**) of the Aorangi Awarua Trust (**the Trust**)

AND

THE RANGITIKEI DISTRICT COUNCIL a local authority incorporated pursuant to the Local Government Act 2002 (**the Council**)

BACKGROUND

- A. The Trust is an Ahu Whenua trust in terms of section 215 of the Te Ture Whenua Act 1993.
- B. The Trust administers the lands known as the Aorangi (Awarua) and Awarua 1DB2 blocks on behalf of the beneficial owners.
- C. These lands were vested in the seven Trustees referred to above pursuant to an order made by the Maori Land Court on or about 12 October 1992.
- D. The Trust's objects and the powers of its Trustees are set out in a further order made by the Maori Land Court on or about 12 October 1992.
- E. On or about March 1978, the Erewhon Rural Water Supply Scheme (**the Scheme**) was established by the Council. Its head works were constructed on the Trust's land and pipes were laid across the Trust's land leading from the head works to the boundary as part of the Scheme.
- F. The records that are available to the Council suggest that the Council made every effort at the time that the Scheme was established to obtain the permission of the Trustees before the Scheme was constructed. However, there is no documentary evidence available at the present time to demonstrate that the Trustees' permission was obtained and/or the correct statutory process for the construction of a rural water supply scheme across private land was followed. The Trust does not accept that the necessary procedures were followed at the inception of the scheme.
- G. The presence of the head works and associated pipe work on the Trust's land and the taking of water by the Scheme from the Trust's land by the Council has been a source of contention between the parties for many years.

- H. The Council, on behalf of the Scheme, and the Trust now wish to resolve all matters relating to the Scheme that are in dispute between them and to clarify the basis on which the relationship between the Trust and the Scheme is to continue.

AGREEMENT

1. Easement

The Trust shall grant the Council, on behalf of the Scheme, an easement over its land. The form of the easement is set out in Schedule 1 to this agreement. The easement shall be executed as soon as is practicable after the execution of this agreement.

2. Payment

The Council shall pay to the Trust the sum of \$4,000 (GST exclusive) per year in consideration of the Trust granting the easement referred to in clause 1 to the Council. This amount shall be payable by the Council to the Trust quarterly in arrears. The Council shall pay this amount to the Trust from the date on which the easement referred to in clause 1 is executed to the date on which the agreement is terminated.

3. Inflation Adjustment

The amount payable by the Council to the Trust under clause 2 shall be adjusted in accordance with the Consumer Price Index published by the Department of Statistics for the previous year on 1 January 2005 and on each subsequent anniversary of that date.

4. Full and Final Settlement

The parties accept that the settlement recorded in this document is full and final settlement of all issues arising between the Trust and the Council relating to the Scheme and both parties accept that, in entering into this agreement, they waive their rights to raise further issues with each other or with any third party concerning the taking of water for the Scheme or concerning any other matter relating to the inception, operation and maintenance of the Scheme in as much as it relates to the Trust's land. However, the parties also accept that the settlement does not cover any other matters that may be in dispute as between the Council and the Trust. In particular, the settlement does not abrogate any liability that the Trust may have to the Council for rates.

5. Erewhon Rural Water Supply Management Committee

The Council shall appoint a representative of the Trust who is to be nominated by the Trust to the Erewhon Rural Water Supply Scheme Management Committee which is a committee of Council. The Council will increase the membership of the Committee by one to accommodate this. The Trust shall nominate its representative to the Council in writing within 14 days of the date of execution of this agreement. The Council shall then appoint the Trust's nominated representative to the Committee as soon as is practicable thereafter.

If at any time the Trust's representative ceases to be available to sit on the Committee and/or the Trust wishes to change its representative on the Committee then the Trust shall advise the Council in writing of this and nominate a new representative. The Council will then appoint the Trust's new nominated representative to the Erewhon Rural Water Supply Scheme Management Committee as soon as is practicable.

6. Water Supply to Marae

The Council and the Trust have agreed that the Trust may arrange for water that is surplus to the Scheme's requirements to be taken from the tank marked on the map included in Schedule 2 to this agreement for supply to nearby Marae. The water that may be taken by the Trust consists of the overflow from this tank. The construction of an intake to collect water from the overflow of the tank, the obtaining of any necessary agreements or consents and the laying of pipes from the tank to the Marae situated approximately two kilometres away is to be carried out by or on behalf of the Trust and at the Trust's expense. The Trust acknowledges that the water that is to be supplied to the Marae from the tank is not fit for human consumption and that the supply from this source is neither continuous nor is it guaranteed. The Trust shall have no right to take water from the Scheme under this agreement in the event that no overflow is available from this tank.

7. Assignment

The parties acknowledge that the Council may assign its rights and obligations under this agreement and its rights under the easement that is to be granted by the Trust to the Council under this agreement to any third party to which the assets of the Erewhon Rural Water Supply Scheme may be transferred in the event that the Council chooses to divest itself of the Scheme without the consent of the Trust. However, the Council must notify the Trust in writing of any assignment that has taken place under this clause prior to the assignment taking place.

8. Term of Agreement

This agreement shall take effect from the date of execution and shall remain in force until it is terminated under clause 9.

9. Termination

After 10 years the Council may terminate this agreement, subject to clause 10.3, at any time by giving one month's notice in writing. The Council shall surrender its rights under the easement referred to in clause 1 above in the event that this agreement is terminated pursuant to this clause. The termination of this agreement shall not resurrect any claims that either party may have had against the other before this agreement commenced which were extinguished by the operation of clause 4 above.

10. Registration of Easement

10.1 The Trust shall use all reasonable endeavours to obtain the following orders from the Maori Land Court as soon as is practicable after the execution of the easement referred to in clause 1 of the agreement:

- (a) A direction requiring the Registrar of the Maori Land Court to transmit the Court order vesting the Trust's land in the Trustees of the Trust to LINZ to be registered in the provisional register maintained by LINZ in reliance on section 124 of the Te Ture Whenua Act (if this has not already taken place);
- (b) An order confirming the granting of the easement to the Council by the Trust under section 152 of the Te Ture Whenua Act.
- (c) An order requiring the Registrar of the Maori Land Court to transmit the easement to LINZ to be registered in the provisional register.

10.2 The Council shall pay the costs reasonably incurred by the Trust in obtaining the orders referred to above from the Maori Land Court.

10.3 The Council shall be entitled to cancel this agreement by notice in writing to the Trust in the event that the Maori Land Court declines to grant the orders referred to in clause 10.1 above.

11. Notices

Any notices that are required to be given by one party to the other under this agreement may be given by delivering or posting the notice to the addresses set out below or to any other address that may subsequently be notified by one party to the other in writing for this purpose:

Address for Notices for the Council:

The Chief Executive
Rangitikei District Council
46 High Street (Private Bag 1102)
MARTON

Address for Notices for the Trust:

Aorangi Awarua Trust
C/o Soraya Peke
PO Box 5
Ratana Paa

Any notice sent by post is deemed to have been received on the second
working day after posting.

DATED this 8th day of DECEMBER 2004

SIGNED by IRA KARAITIANA)
as trustee of the Aorangi Awarua)
Trust in the presence of:)

Witness Signature

Witness Name

Witness Occupation

Witness Address

*Ira Karaitiana
officially removed
as member of Trust
(? 11 Dec 2004) (milkant)*

SIGNED by PETER WAIREHU)
STEEDMAN as trustee of the)
Aorangi Awarua Trust in the)
presence of:)

[Signature]

Witness Signature

Sandra Harrison

Witness Name

Executive Assistant

Witness Occupation

d-Rangitikei District Council

Witness Address *Wairarapa*

[Signature]

9 Next Meeting

The next meeting is scheduled to occur on Monday, 06 December 2021 at 4.00 pm.

10 Meeting Closed