



**RANGITIKEI**  
DISTRICT COUNCIL  
*Making this place home.*

# ORDER PAPER

## EREWHON RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

**Date:** Tuesday, 6 September 2022

**Time:** 4.00 pm

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

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**Chair:** Mr Jock Stratton

**Membership:** Mr Peter Batley  
Mr Geoff Duncan  
Mr Barry Thomas  
Mr Simon Plimmer  
Mr Paul McLaren  
Mr Benjamin Mallalieu  
Mr Steven Stoney (Aorangi Awarua Trust Representative)  
Cr Tracey Hiroa  
HWTM Andy Watson (ex officio)

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<b>Locations:</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none; vertical-align: top;"> <u>Marton</u>                      Head Office                      46 High Street                      Marton                 </td> <td style="width: 50%; border: none; vertical-align: top;"> <u>Bulls</u>                      Bulls Information Centre                      Te Matapihi                      4 Criterion Street                      Bulls                 </td> </tr> <tr> <td style="border: none; vertical-align: top; text-align: center;"> <u>Taihape</u>                      Taihape Information Centre                      102 Hautapu Street (SH1)                      Taihape                 </td> <td style="border: none;"></td> </tr> </table>	<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape	
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**Notice is hereby given that a Erewhon Rural Water Supply Management Sub-Committee Meeting of the Rangitīkei District Council will be held in the Kokako Street Pavilion, 2 Kokako Street, Taihape on Tuesday, 6 September 2022 at 4.00 pm.**

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## AGENDA

### 1 Welcome

### 2 Apologies

#### Recommendation

That the apology for Mr Batley be received.

### 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 with as a late item at this meeting.

## 6 Confirmation of Minutes

### 6.1 Confirmation of Minutes

**Author:** Ash Garstang, Governance Advisor

#### 1. Reason for Report

- 1.1 The minutes from the Erewhon Rural Water Supply Management Sub-Committee Meeting held on 21 June 2022 are attached.

#### Attachments

1. Erewhon Rural Water Supply Management Sub-Committee Meeting - 21 June 2022

#### Recommendation

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 21 June 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: EREWHON RURAL WATER SUPPLY  
MANAGEMENT SUB-COMMITTEE MEETING**

**Date:** Tuesday, 21 June 2022

**Time:** 4.00 pm

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

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**Present** Mr Simon Plimmer  
Mr Geoff Duncan  
Mr Paul McLaren  
Mr Benjamin Mallalieu  
HWTM Andy Watson (ex officio)

**In attendance** Mr Arno Benadie, Chief Operating Officer  
Mr Dave Tombs, Group Manager – Corporate Services  
Mr Dave Flintoff, Reticulation Team Leader  
Ms Rochelle Baird, Community Services Officer  
Mr Dene Smith, Taihape Plumbing

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UNCONFIRMED

## 1 Welcome

The meeting opened at 4.05 pm. Mr Plimmer took the chair and welcomed everyone to the meeting.

## 2 Apologies

Resolved minute number 22/ERWS/012

That the apologies from Cr Hiroa, Mr Stratton, Mr van Bussel, Mr Thomas and Mr Batley for absence and Mr McLaren for lateness be accepted.

Mr G Duncan/Mr B Mallalieu. Carried

## 3 Public Forum

No public forum.

## 4 Conflict of Interest Declarations

There were no conflicts of interest.

## 5 Confirmation of Order of Business

There were no changes to the order of business.

## 6 Confirmation of Minutes

Resolved minute number 22/ERWS/013

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 8 March 2022, without amendment, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

Mr S Plimmer/Mr G Duncan. Carried

## 7 Follow-up Action Items from Previous Meetings

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



Debt framework, Mr Tombs said due to the committee increasing the rates there is no urgency and that he would follow up in the next couple of months.

Mr Smith spoke to the 3 monthly checks changing to 4 monthly and said that the issue of changing the checks is the running of sluices which should be done monthly and the issues that could arise could be expensive and costly. Mr Smith explained that the silt could be an issue down the line. Mr Benadie asked if the tanks get cleaned, Mr Smith said no. Mr Smith explained what he does on the monthly checks and the 3 monthly checks. Mr Mallalieu asked if Mr Smith just concentrated on the sluice valves how long would it take? Mr Smith said about 3 – 4 days.

**Resolved minute number 22/ERWS/014**

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

Mr G Duncan/Mr S Plimmer. Carried

## 8 Chair's Report

### 8.1 Chair's Report - June 2022

There was no Chairs Report.

Mr Plimmer said they had met with the landowners and everyone was in full support of the scheme going forward and were aware of the costs.

## 9 Reports for Information

### 9.1 Operations Report - June 2022

Mr Smith said Rob Collier is not getting enough water supply and would need an extra 2km that he could quote for.

Mr McLaren asked who covers the cost for a locate line and how much does it cost? Mr Smith said he had sent the account to the scheme as advised by Mr van Bussel. Mr Smith said the cost to locate a line is about \$1500. Mr McLaren asked who would pay if the line was broken and is there a policy regarding this. Mr Duncan said it could be in the constitution.

**Resolved minute number 22/ERWS/015**

That the 'Operations Report – June 2022' be received.

Mr G Duncan/Mr B Mallalieu. Carried

**9.2 Financial Summary - February 2022**

Mr Tombs noted prior to the meeting a correction to section 2.2.2:

“Finance Costs for years 2017/18 onwards ~~are yet to be~~ have been applied to be the opening Available Finance figures”.

Mr Tombs spoke to his report and the amendments and asked if there was any plans for Capital expenditure for the next financial year. Mr Plimmer said they are still working through the capital works. Mr Tombs said the cash surplus should be over 200k and although the increase would not start until June 2023 they could spend beforehand. Mr McLaren asked what was the materials on the operating expenses, Mr Tombs would look into it. Mr Plimmer asked if the lease payments were up to date, Mr Tombs would report back to the committee.

**Resolved minute number 22/ERWS/016**

That the report ‘Financial Summary – May 2022’ be received.

Mr B Mallalieu/Mr G Duncan. Carried

UNCONFIRMED

## 10 General Discussion

### 10.1 General Discussion

Mr Plimmer said they met with the owners to let them know about the 100% rate increase and they agreed to get a third party review of the system. Mr Plimmer asked what kind of working capital could the council provide and is there any advantage to doing it all at once. Mr McLaren said they first need to do a review on what we are trying to do with the scheme. When Mr McLaren contacted third parties he was asked questions he couldn't answer such as how long can the scheme carry on when it is down. Mr Benadie said it is good to get a review with modern technology out now compared to when the scheme was installed. Mr Duncan said he had found a report that was done in 1996 by Worleys he would like to have chat with him as he was involved in the beginning. Mr Benadie said any capital works should be looked at for the whole scheme, it would be a good investment Mr Benadie said a good engineer should cost approximately under 50k. Mr McLaren said he would like an overview on the whole scheme but focus on what needs to be done.

Mr McLaren said WSP is expensive but they would do a good job, they are project managers but can help with policies.

Mr Plimmer asked could they write a scope and then send it out for tender. Mr Benadie said he may be able to help with the scope and has engineer contacts that Council use. Mr Plimmer said they are mindful of the cost. Mr McLaren said they need a scope first. Mr Benadie said they could prepare a scope and the members can change it but he could not commit to a timeframe at the moment, he would let Mr Plimmer know via email with the timeline.

Discussion on an alternative source of water – secondary scope need a plan B. Mr Smith said for the past 15 years the water had only been low once and that the weir had a better reserve now.

His Worship the Mayor said Clive Manly the CEO from Ruapehu District Council is on the working committee for 3 waters and he could bring him here to answer questions if members wanted.

**The meeting closed at 5.23 pm.**

**The minutes of this meeting were confirmed at the Erewhon Rural Water Supply Management Sub-Committee held on 6 September 2022.**

.....

**Chairperson**

## 7 Follow-up Action Items from Previous Meetings

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

Author: Ash Garstang, Governance Advisor

#### 1. Reason for Report

- 1.1 On the list attached are items raised at previous Erewhon Rural Water Supply meetings. Items indicate who is responsible for follow up, and a brief status comment.

#### Attachments:

1. [Follow-up Actions Register](#) 

#### Recommendation

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

**Current Follow-up Actions**

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	21-Jun-22	Regarding a third-party review of the system: Mr Benadie said they could prepare a scope and the members can change it but he could not commit to a timeframe at the moment, he would let Mr Simon Plimmer know via email with the timeline.	Arno Benadie	Completed.	Closed
2	21-Jun-22	Mr Plimmer asked if the lease payments were up to date.	Dave Tombs	Mr Tombs emailed members 27 June, as below: Erewhon Waterboard lease cost of \$5,594: what period is covered by these charges Response: Three invoices covering a 12 month period: 1. April/June 2021 2. July/Dec 2021 3. Jan/Mar 2022	Closed
3	21-Jun-22	Mr McLaren asked what was the materials on the operating expenses.	Dave Tombs	Mr Tombs emailed members 27 June, as below: Materials Cost of \$1,994: what type of costs are included in this Response: Three charges (this is the info shown in our main ledger – I can provide further info if required <please let me know>) 1. Aug: \$490 – Plumbing, manifolds and galv male adaptors 2. Sept: \$385 – hose and other bits – constant water pressure 3. Nov :\$1,119 – Erewhon Flow Meter Variation	Closed
4	8-Mar-22	As per resolution <b>22/ERWS/011</b> : Staff to discuss and recommend someone to review the hydraulics, material and technology for the scheme.	Andrew van Bussel / Anna Thompson	AVB is in discussion with Arno and hopefully they will have a resolution by 29th August – if not they will update the committee at the meeting.	In progress
5	8-Mar-22	Mr Tombs will provide a 'Debt Framework model' to the next meeting.	Dave Tombs	Provided to Sept 2022 meeting.	Closed

6	6-Dec-21	Regarding the tender process: Mr van Bussel said he is reluctant to cut back on operational checks as the scheme is running well but would re-evaluate and bring his findings to the next meeting.	Andrew van Bussel / Anna Thompson	This was discussed at the meeting -operational checks have been rationalised.	Closed
7	29-Sep-21	Regarding the Financial Summary: Mrs Mcilroy, Mr van Bussel and Mr Smith would discuss and come back with an action finance plan for the Capital Works programme.	Jess Mcilroy / Andrew van Bussel	This has been supplied to the Committee and is completed.	Closed
8	8-Mar-21	<b>Financial Statements:</b> Mr Duncan asked for a glossary of terms.	Dave Tombs	Dave asked for clarification as to 'what terms' need to be clarified at the December 2021 meeting. Awaiting response.	In progress

## **8 Chair's Report**

### **8.1 Chair's Report - September 2022**

**Author:** Jock Stratton, Chair

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

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

#### **Recommendation**

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

## 9 Reports for Information

### 9.1 Operations Report - September 2022

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

#### 1 Work Completed

1.1 The following work was completed by Taihape Plumbing from 19 May 2022 to 29 July 2022:

- 8/6 4 Monthly Checks, run lines, check tank flows and run sluices on Mangaohane Station.
- 9/6 Run lines, check tank flows and run sluices on Mangaohane Station, Kelly Land Co and at Rangitikei pipe bridge.
- 10/6 Run lines, check tank flows and run sluices on Makokomiko Station, Big Hill and Pukerimu.
- 13/6 Run lines, check tank flows and run sluices on Hennah block, Kaiangaroa, Kara Wipakis and Moores.
- 14/6 Run lines, check tank flows and run sluices on John Gilbert's, Mako Deer block, Steven Stoney's, Jock Stratton's and Rob Stratton's.
- 15/6 Run lines, check tank flows and run sluices on John Batley's, John Durrant's, Hiwera, Rob Collier's, Hamish Alexander's, Tama Wipaki's, Matt Gilbert's and Thompson's Tee.
- 16/6 Run lines, check tank flows and run sluices on John Bird's, Britton, Pringles, Mako 2, Barry Thomas and Mary Mako's.
- 17/6 Run lines, check tank flows and run sluices on B Duncan's, Whake, D Duncan's and Anstis, Clean up Rhino.
- 18/6 Makokomiko Deer block tank is leaking, drain tank. Clean sediment from tank. Clean up cracks in tanks sidewall and plaster.
- 18/6 Renew section of damaged supply pipe to Orum's tank site.
- 20/6 To reinstate water supply to tank site and check tank.
- 8/7 Carry out Monthly Check.
- 13/7 Jock Strattons to locate small leak at pine trees sluice. Drop line, attempt to relocate tapping band and reinstate. Needs proper repair.
- 13/7 Matt Gilberts property. Locate leak. Hand dig. Drop line and remove gasket from 110mm PE flanged joint. Clean up nuts, bolts and washers. Oil and refit. Reinstate water supply.
- 14/7 Check pressure and flow at Thompson's Tee. Back fill flanged joint at repair.
- 14/7 Drop line at bottom sluice. Dig up around valve box, fit 50mm MDPE Tee etc for sluice point. Reinstate water supply and backfill.
- 29/7 Mangaohane F tanks to fit temporary used Marric valve and float valve.

1.2 The intake flow meter is currently being calibrated for blue tick certification to meet our resource consent requirements.



**Recommendation**

That the Operations Report – September 2022 be received.

**ITEM 9.1**

## 9.2 Financial Summary - June 2022 (draft)

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

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

### 1. Reason for Report

1.1 This Report provides draft Financial Results for the year ended 30 June 2022.

### 2. Commentary

#### Operating Statement

2.1 This shows:

2.1.1 An operating cash surplus of \$40k for the year ended June 2022;

2.1.2 Capital expenditure of \$39.5k for the year.

2.2 Note that:

2.2.1 These figures are still draft, subject to the financial year being finalised; and

2.2.2 the year's Finance Costs have not yet been included in this report.

#### Attachments:

1. ERWS June draft Financial Statements [↓](#)

#### Recommendation

That the report 'Financial Summary – June 2022 (draft)' be received.

**Erewhon Rural Water Scheme  
Operating Statement 2021/22**

	YTD 12 Months Ended June 2022 (draft)	2021/22 Full Year Budget	2020/21 Actual	20/21 Budget
<b>OPERATING INCOME</b>				
Metered Charges	162,237	162,194	162,237	166,589
Public Good rate	0	0	(22,053)	(17,642)
Treasury Interest	0	0	1,296	(141)
	<b>162,237</b>	<b>162,194</b>	<b>141,480</b>	<b>148,806</b>
<b>OPERATING EXPENSES</b>				
Contractors and Prof Services	87,267	94,116	89,336	90,139
Professional Services MDC		6,236		
Rates	12,806	11,065	13,785	11,671
Erewhon Waterboard Lease	5,594	6,866	4,096	6,766
Resource Consents	1,237	1,372	931	2,266
Telephone Costs	724	588	546	1,133
Materials	1,994	108	0	107
Insurance	12,254	7,930	8,494	7,504
Finance Costs	0	4,919	0	141
	<b>121,876</b>	<b>133,200</b>	<b>117,188</b>	<b>119,727</b>
Depreciation	129,117	134,580	125,158	126,000
Internal Charges	2,619	0	32,651	29,220
<b>Accounting Surplus/(Deficit)</b>	<b>(91,375)</b>	<b>(105,586)</b>	<b>(133,517)</b>	<b>(126,141)</b>
<b>Add back</b>				
Depreciation	129,117	134,580	125,158	126,000
Public Good Rate	0	0	22,053	17,642
Internal Charges	2,619	0	32,651	29,220
<b>Operating Cash Surplus</b>	<b>40,361</b>	<b>28,994</b>	<b>46,345</b>	<b>46,721</b>
<b>Capital Expenditure</b>	<b>39,559</b>	<b>120,000</b>	<b>278,923</b>	<b>286,324</b>

Capital Expenditure relates to pipe renewals

<b>Available Finance</b>				
Funding Deficit b/f	(167,783)		64,796	
Operating Cash Surplus	40,361		46,344	
Capital Expenditure	(39,559)		(278,923)	
<b>Funding Deficit c/f</b>	<b>(166,981)</b>		<b>(167,783)</b>	

**9.3 ERWS Debt Framework**

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

**1. Reason for Report**

1.1 To provide Committee members with a proposed Debt Framework to apply to the Scheme.

**2. Discussion/Commentary**

**Notional Bank Reserves**

2.1 The Financial Summary presented at the March 2022 meeting showed that the Scheme had opening (notional) bank reserves of:

- 2.1.1 Surplus each year (between \$13k and \$98k) between 2011/12 and 2020/21; and
- 2.1.2 Deficit of around \$165k for 2021/22.

**Notional Interest**

- 2.2 Interest has been credited for each year the Scheme had a surplus.
- 2.3 Interest cost needs to be charged for 2021/22 at an appropriate rate – Officers propose using a rate of 3.85% as calculated below.
- 2.4 It is proposed to apply Council’s ‘effective rate of interest’ which is based on Council’s weighted average cost of borrowing. This is calculated at 3.85% (rounded down from the calculated rate of 3.87%), based on the following summary (as reported to Finance and Performance Committee in August 2022):

Council’s Amount Borrowed	Rate %	Factor
3m	3.12	9.36
5m	3.68	18.40
11m	4.17	45.87
19m		73.63
<b>Weighted average</b>		<b>3.8753</b>

- 2.5 This provides a notional interest cost for 2021/22 of \$6,460.
- 2.6 A similar amount would be chargeable for 2022/23.

**Debt Levels**

2.7 The Scheme has a current ‘bank deficit’ of around \$165k. Scheme members have previously discussed increasing this as the level of capital investment required in the next few years is significant.

- 2.8 To counter this, Scheme members have elected to double their rate income for 2022/23 and defer the capital program by a year.
- 2.9 As such, the debt levels that were initially discussed now appear to be greater than will be required.
- 2.10 In terms of setting a 'debt ceiling', Officers suggest:
  - 2.10.1 using a 'debt cap' of (around) 1 year's rate income as being 'available'
  - 2.10.2 requiring a formal Debt Management Plan to be prepared where debt levels exceed this value.

**Reforms**

- 2.11 Should it become apparent that the Scheme would be (wholly or partly) transferred to another entity as part of any future reform, Council reserves the right to require any outstanding debt to be either repaid or made subject to a formal Loan Agreement.

**Recommendation**

That the report 'ERWS Debt Framework' be received.

## **10 Discussion Items**

### **10.1 Presentation to Council 25 Aug 22**

**Author:** Jock Stratton, Chair

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

- 1.1 Mr Stratton will provide an update to the Committee on the presentation to Council at their meeting 25 August 2022.

#### **Recommendation**

If needed:

### **10.2 General Business - Review Discussion**

**Author:** Jock Stratton, Chair

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

- 1.1 Mr Stratton requested that this be a discussion item for the Committee.

#### **Recommendation**

If needed:

## **11 Next Meeting**

The next Committee meeting is scheduled for Thursday, 29 November 2022 at 4.00 pm.

## **12 Meeting Closed**