

ORDER PAPER

EREWHON RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Tuesday, 5 March 2024

Time: 4.00pm

Venue: Kokako Street Pavilion
2 Kokako Street
Taihape

Chair: Mr Jock Stratton

Membership: Mr Peter Batley
Mr Geoff Duncan
Mr Barry Thomas
Mr Simon Plimmer
Mr Paul McLaren
Mr Benjamin Mallalieu
Mr Steven Stoney (Aorangi Awarua Trust Representative)
HWTM Andy Watson
Cr Greg Maughan
Cr Jeff Wong (Alternative)

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Notice is hereby given that a Erewhon Rural Water Supply Management Sub-Committee Meeting of the Rangitīkei District Council will be held in the Kokako Street Pavilion, 2 Kokako Street, Taihape on Tuesday, 5 March 2024 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 **Erewhon Rural Water Supply Management Sub-Committee Meeting held on 5 December 2023** are attached.

Attachments

1. **Erewhon Rural Water Supply Management Sub-Committee Meeting - 5 December 2023**

Recommendation

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 5 December 2023 **[as amended/without amendment]** be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

ITEM 6.1
MINUTES



ATTACHMENT 1

**UNCONFIRMED: EREWHON RURAL WATER SUPPLY
MANAGEMENT SUB-COMMITTEE MEETING**

Date: Tuesday, 5 December 2023

Time: 4.00pm

Venue: Kokako Street Pavilion
2 Kokako Street
Taihape

Present

- Mr Jock Stratton
- Mr Peter Batley
- Mr Barry Thomas
- Mr Benjamin Mallalieu
- HWTM Andy Watson
- Cr Greg Maughan
- Cr Jeff Wong (Alternative)

In attendance

- Mr Andrew van Bussell, Operations Manager
- Mr Dave Tombs, Group Manager- Corporate Services (Zoom)
- Ms Rochelle Baird, Administration

Order of Business

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9.2 Financial Summary - June 2023 (draft) 4

Unconfirmed

1 Welcome / Prayer

Mr Stratton opened the meeting from 4.01pm.

2 Apologies

Resolved minute number **23/ERWS/012**

That the apologies from Mr Simon Plimmer, Mr Paul McLaren, Mr Geoff Duncan and Mr Steven Stoney be accepted.

Mr B Thomas/Mr P Batley. Carried

3 Public Forum

4 Conflict of Interest Declarations

5 Confirmation of Order of Business

Late Items – Asset Management Plan, Consent process for Horizons and quote for Pukerimu.

6 Confirmation of Minutes

Resolved minute number **23/ERWS/013**

That the minutes of Erewhon Rural Water Supply Management Sub-Committee Meeting held on 6 June 2023 **without amendment** be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

Mr P Batley/Cr G Maughan. Carried

7 Follow-up Action Items

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

The report was taken as read.

8 Chair's Report

8.1 Chair's Report - December 2023

There was no Chairs report.

Recommendation

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

9 Reports for Information

9.1 Operations Report-September/December 2023

Mr Van Bussel spoke to his report.

Mr Smith said there had been two leaks in Mangaohane below the renewal which would be part of the proposed renewal and 3 – 4 leaks in the swamp area. Pukerimu line also had a few leaks otherwise it had just been general maintenance. Mr Smith said there is still a bit of silting when the sluices are run. Mr Mallalieu asked if the sluices are run less often could there be long time problems, Mr Smith said yes potentially but time would tell. Mr van Bussel would take a sample to test if its silt or algae.

Resolved minute number 23/ERWS/014

That the Operations Report – September/December 2023 Erewhon Rural Water Supply Committee be received.

Mr B Mallalieu/Mr B Thomas. Carried

9.2 Financial Summary - June 2023 (draft)

Mr Tombs spoke to his report and said they had wiped a lot of deficit but there is a need for an asset management plan to set future rates. Mr Tombs said the operating expenses were fairly stable and they should get a surplus of 160 k which can be banked or used for capex.

Resolved minute number 23/ERWS/015

That the report 'Financial Summary – June 2023 (draft)' be received.

Mr P Batley/Cr G Maughan. Carried

10. Late Items

10.1 Consent process for Horizons

Mr Stratton had emailed questions to Mr Kevin Ross, CE asking who pays for the consent and if its the Committee do they have the choice of who applies for the consent. The CE responded and said Council had previously applied on behalf of the committee and if the committee paid for the consent it would be up to them as to whom they hired. Mr Stratton asked how it would be actioned. His Worship the Mayor said a quote would need to be tabled and going to the open market there could be contestable alternative quotes. Mr Stratton asked could council put in a tender and the committee seek another. His Worship the Mayor cautioned that standards have changed since the previous consent in 2009 and to make sure their qualifications and reputation is acceptable to Horizons. He advised Mr Stratton to speak with Mr Arno Benadie about the process and what company he would suggest. Mr van Bussel said to engage with a planner who would liaise with Iwi, Doc and other interested parties and keep everyone on task. Cr Wong asked is the committee trying to save money. Mr Stratton said yes it is one of the motivations.

10.2 Asset Management Plan

Mr Stratton tabled and spoke to the 10 – 15 year plan on the assumption that it would be business as usual. Mr Tombs said it would be good to put the plan into the Long term plan. Mr Stratton said it is only a draft plan.

10.3 Pukerimu Quote

The committee discussed the quote for Pukerimu.

The meeting closed at 5:10pm

The minutes of this meeting were confirmed at the Erewhon Rural Water Supply Management Sub-Committee held on 5 March 2024.

.....
Chairperson

7 Follow-up Action Items from Previous Meetings

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

Author: Kezia Spence, Governance Advisor

1. Reason for Report

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

Attachments:

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

Recommendation

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

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	6-Sep-22	Mr Duncan asked if the invoicing could be done more frequently instead of 6 monthly he suggested 3 or 4 times a year. Mr Tombs said the financial year is set but they could change if for the next financial year. Mr Tombs also noted that all ratepayers can set up (regular) payment plans to avoid 'peaks' in their rate obligations (also, having a Payment Plan avoids the account be subject to penalties).	Committee Members	Committee Members to let Council know if they wish to change the rating cycle (in sufficient time for the appropriate Communications and system changes to be made). This is annual therefore considered closed.	Closed.

8 Chair's Report

8.1 Chair's Report - March 2024

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 –March 2024 be received.

9 Reports for Information

9.1 Financial Summary - January 2024

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 This Report provides the Scheme's Financial Results for the 7 months ended 31 January 2024.

2. Commentary

Operating Statement

- 2.1 This shows:

- 2.1.1 An operating cash surplus of \$109k for the seven months; and
- 2.1.2 Capital expenditure of \$zero for the seven months; and
- 2.1.3 Funding Surplus of \$87k at 31 January 2024.

3. Interest

- 3.1 At the March 2022 ERWS meeting it was resolved that Interest at 2% would be applied to the Committee's opening notional bank balance/deficit each year.
- 3.2 Officers now note that interest rates have moved sufficiently since then to warrant a more formal model.
- 3.3 Officers note that:
 - 3.3.1 any notional bank surplus/deficit 'owned' by the Scheme essentially feeds into Council's overall bank/debt balance; and that
 - 3.3.2 Council is charged interest on its debt and earns interest on its bank balance; and
 - 3.3.3 It is preferable to avoid adopting an overly complex model.
- 3.4 Accordingly Officers suggest, at the end of each financial year, an interest rate is applied to the Scheme's average notional bank balance for the year where:
 - 3.4.1 the average notional bank balance is simply the average of the year's Opening and Closing notional bank balance.
 - 3.4.2 the interest rate that is applied depends on whether the average bank balance is a surplus or deficit:

Surplus Average

Interest rate is calculated as an average of:

- a) Council's weighted average cost of debt; and
- b) The Official Cash Rate

as at 31 December of the relevant financial year

Deficit Average

Interest rate is calculated as an average of Council's weighted average cost of debt as at 31 December of the relevant financial year (4.4% for 2023/24).

4. Rates

- 4.1 Further to earlier discussions Officers recommend the Scheme formally records its preferred rate increase for 2024/25.

Attachments

1. **ERWS Finance Summary - January 2024** [↓](#)

Recommendation 1

That the report 'Financial Summary – January 2024' be received.

Recommendation 2

That the Committee supports/does not support <delete one> the suggested Interest model.

Recommendation 2

That the Committee suggests a rate increase of xx% for the Erewhon Rural Water Scheme targeted rate for 2024/25.

ITEM 9.1
ATTACHMENT 1

Erewhon Rural Water Scheme
Operating Statement 2022/23

	YTD			
	7 Months	2023/24		
	Ended	Full Year	2022/23	2022/23
	Jan 2024	Budget	Actual	Budget
OPERATING INCOME				
Metered Charges	162,197	324,388	324,474	324,388
	162,197	324,388	324,474	324,388
OPERATING EXPENSES				
Contractors and Prof Services	34,197	93,444	81,661	91,344
Professional Services MDC	7,114	5,916	14,781	5,784
Rates	0	11,688	14,174	11,422
Erewhon Waterboard Lease	0	7,248	5,893	7,086
Resource Consents	0	1,447	1,505	1,416
Telephone Costs	407	624	535	612
Materials	0	684	0	108
Insurance	8,675	13,093	14,626	13,092
Finance Costs	2,705	10,837	3,850	1,065
	53,098	144,981	137,025	131,929
Depreciation	90,609	147,084	154,000	118,572
Internal Charges	50,983	87,372	76,236	78,367
Accounting Surplus/(Deficit)	(32,493)	(55,049)	(42,787)	(4,480)
Add back				
Depreciation	90,609	147,084	154,000	118,572
Internal Charges	50,983	87,372	76,236	78,367
Operating Cash Surplus	109,099	179,407	187,449	192,459
Capital Expenditure	0	212,027	41,317	124,803

Capital Expenditure relates to: NA

Available Finance		
Funding Deficit b/f	(21,651)	(167,783)
Operating Cash Surplus	109,099	187,449
Capital Expenditure	0	(41,317)
Funding Surplus/(Deficit) c/f	87,448	(21,651)

Book Value of Fixed Assets		
As at 1 July	4,497,920	4,610,603
Additions	0	41,317
Depreciation	(90,609)	(154,000)
Current	4,407,311	4,497,920

Note

9.2 Operations Report-March 2024

Author: Andrew van Bussel, Operations Manager

1. The following work was completed by Taihape Plumbing from 1 November 2023 to February 2024:
 - 15/12 Carry out Monthly Check
 - 22/1 Carry out Monthly Check
 - 23/1 Shut down water supply to flow valve Rakanui Line – run sluice.
 - 24/1 Locate Leak – Pukerimu beside road. Drop line at sluice load up for repairs.
 - 25/1 Dig up leak area – make repairs, tie down and block repair. Reinstate water supply backfill and unload.
 - 30/1 RDC Retic Team undertook a repair at Pukerimu.
 - 2/2 Four Monthly Checks on the scheme were undertaken through February.
2. I have been made aware by Dene Smith that the screens at the intake more silt in and around them than usual. Investigation into what is causing this and how we can solve it will follow once we know more.
3. Waterforce have signed pipe replacement contract for Pukerimu pipeline (1.1km long) and is planned to start mid-March.

1. Recommendation

2.

3. That the Operations Report –1 March 2024 Erewhon Rural Water Supply Committee be received.

10 Meeting Closed.