

Notice is hereby given that a Meeting of the Matuku Water Supply Subcommittee will be held on:

Date: Tuesday, 8 December 2015
Time: 4.30pm
Meeting Room: Boyd's Residence,
Venue: 15 Dunrobin Valley Road, Lumsden

Matuku Water Supply Subcommittee Agenda

OPEN

MEMBERSHIP

Chairperson Howard Boyd
Members Stan Jones
Donald Lawrence
Rob Pears
Hamish Ryan
Mike Ryan
David Thomas

Councillor John Douglas

IN ATTENDANCE

Area Officer Rose Knowles
**Project Engineer,
Water & Waste
Services** Matt Keil

Contact Telephone: 0800 732 732
Postal Address: PO Box 903, Invercargill 9840
Email: emailsdcsouthlanddc.govt.nz
Website: www.southlanddc.govt.nz

Full agendas are available on Council's Website
www.southlanddc.govt.nz

Terms of Reference for Water Supply Subcommittees

This committee is a subcommittee of Southland District Council and is responsible to:

- Approve the annual budget
 - Review the asset management plan and financial strategy in respect of each individual scheme
 - Review quarterly operation and financial reports
 - Seek the views of consumers of the water scheme
 - Ensure the scheme is operated to best advantage of the consumers
 - Approve new connections to the scheme
 - Recommend the level of annual water charges to Council
 - Recommend changes to Council policies relating to water schemes
 - Recommend emergency works outside of budget
-

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1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Committee Members are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a member and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the committee to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

6 Confirmation of Minutes

6.1 Meeting minutes of Matuku Water Supply Subcommittee, 03 December 2014

SOUTHLAND DISTRICT COUNCIL
MATUKU WATER SUPPLY SUBCOMMITTEE
ORDINARY/ESTIMATES MEETING
3 DECEMBER 2014

-:-

Minutes of the Ordinary/Estimates meeting of the Matuku Water Supply Subcommittee held in the residence of H Boyd, 15 Dunrobin Valley Road, Lumsden, on Wednesday, 3 December 2014, commencing at 4.30 pm.

PRESENT Howard Boyd (Chairperson), H Boyd, R Pears, L Pears and Cr J Douglas (Ward Representative).

IN ATTENDANCE

Mr M Keil	(Project Engineer, Water & Waste)
Mr R Covey	(Asset Management Engineer)
Ms S McNamara	(Management Accountant)
Mrs A Hamilton	(Area Officer)

1.0 APOLOGIES

Apology for non-attendance was lodged by D Thomas.

Moved Councillor Douglas, seconded R Pears and RESOLVED THAT THE APOLOGY LODGED BY D THOMAS BE GRANTED AS LEAVE OF ABSENCE FOR THIS MEETING.

2.0 NOTIFICATION OF URGENT BUSINESS

There was no Urgent Business to consider.

3.0 ACTION SHEET

Action Sheet from the Subcommittee's previous meetings was circulated for member's information.

Moved, Councillor Douglas, seconded R Pears and RESOLVED THAT THE ACTION SHEET BE RECEIVED.

Items discussed included:-

19.6.2.0 Restrictor – D Lawrence

Mr Keil reported Downers Ltd has completed installation of a restrictor at the property belonging to Mr D Lawrence.

3.0 ACTION SHEET (CONT'D)

14.01.2 Monthly Pump flows

Mr Keil presented to the subcommittee a report of the Matuku water supply monthly pump flows for the period 26 July 2014 to 17 November 2014.

Members were advised of the possibility of Mr Hamish Ryan, currently a Matuku water scheme user, seeking to increase his water usage and obtain his own resource consent through Environment Southland.

Mr Covey advised it is unclear if Mr Ryan intends to retain his units with the scheme.

Mr Covey explained if Mr Ryan relinquishes his water units the cost will be spread amongst the other users.

Following discussion on this issue it was agreed the Chairman liaise with Mr Ryan to ascertain his stance with regards remaining on the Matuku water scheme and report to staff.

4.0 MINUTES

4.1 MINUTES – MEETING 5 DECEMBER 2013
R/14/2/01717

Minutes of the Ordinary/Estimates meeting of the Matuku Rural Water Supply Subcommittee held on 5 December 2013, was tabled.

Moved Councillor Douglas, seconded R Pears
and RESOLVED THAT THE MINUTES OF THE ORDINARY/ESTIMATES MEETING OF THE MATUKU WATER SUPPLY SUBCOMMITTEE HELD ON 5 DECEMBER 2013 BE RECEIVED AND CONFIRMED AS A TRUE AND CORRECT RECORD OF THE PROCEEDINGS.

4.2 MINUTES – MEETING 19 JUNE 2014
R/14/9/12662

Minutes of the extraordinary meeting of the Matuku Rural Water Supply Subcommittee held on 19 June 2014, was tabled.

Moved Councillor Douglas, seconded R Pears
and RESOLVED THAT THE MINUTES OF THE EXTRAORDINARY MEETING OF THE MATUKU WATER SUPPLY SUBCOMMITTEE HELD ON 19 JUNE 2014 BE RECEIVED AND CONFIRMED AS A TRUE AND CORRECT RECORD OF THE PROCEEDINGS.

5.0 REPORTS

5.1 WORKS AND FINANCE REPORT FOR THE PERIOD ENDING 31 OCTOBER 2014 400/35/52/2

The Works and Finance Report for the period ended 31 October 2014 prepared by Mr B Witham (Operations Manager, Water & Waste Services), was tabled.

Items arising from the report included;

- The possibility of the installation of a flow-metre on the pump line from the river.
- The possibility of a filtration unit being placed on the pump line for the protection of the pumps.

Moved Howard Boyd, seconded Helen Boyd
and RESOLVED THAT THE WORKS AND FINANCE REPORT FOR PERIOD ENDED
31 OCTOBER 2014 BE RECEIVED.

5.2 UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 400/30/52/2

The Unaudited Annual Accounts for the year ended 30 June 2014, prepared by Mr B Witham (Operations Manager, Water & Waste), was tabled.

Members noted the accounts are now audited and no changes have been made.

Moved H Boyd, seconded R Pears
and RESOLVED THAT THE UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR
ENDED 30 JUNE 2014 FOR THE FIVE RIVER WATER SUPPLY SUBCOMMITTEE,
BE RECEIVED.

5.3 DRAFT ESTIMATES AND LOCAL ACTIVITY PLAN INFORMATION FOR THE DRAFT LONG TERM PLAN (LTP) 2015 R/14/11/17625

Report by R Covey and S McNamara, providing an overview of the local activities and services for the Matuku for 2015-2025 which are provided under the governance of the Matuku Water Supply Subcommittee, was tabled.

The subcommittee noted the report details the estimated costs of these activities over the 10 years as well as the draft rates.

It was further noted that the draft estimates will be incorporated into the Council's draft Long Term Plan (LTP) which will be released for consultation in March 2015. Once the Plan is finalised (and subject to any changes resulting from submissions), the estimates shown for 2015/2016 will be used to set rates for the year beginning 1 July 2015 (LTP year 1).

The subcommittee was also informed the objective of the report is to highlight issues, confirm priorities and plan expenditure and funding for the next 10 years as part of the Council's LTP.

5.3 DRAFT ESTIMATES AND LOCAL ACTIVITY PLAN INFORMATION FOR THE DRAFT LONG TERM PLAN (LTP) 2015 (CONT'D)

R/14/11/17625

Furthermore the report outlines a summary of all planned projects for the Matuku Water Supply for the next 10 years as extracted from the AMPs.

The subcommittee noted that the report is organised into four main sections as follows:

- a) Overview;
this section includes details of the proposed rates for the Matuku Water Supply (compared to the previous year). The section also includes an overview of reserves and loans for the Matuku Water Supply community.
- b) Rate Type Financial Information;
this section shows the business unit costs making up income and expenditure for the rate type.
- c) Planned Projects;
this section includes a list of the maintenance and capital projects planned for the Matuku Water Supply for the next 10 years.
- d) Appendices;
This section contains detailed reports in support of information in the body of the report as follows;
 - I. Reserves Report – this shows the balance of every reserve for each of the 10 years.
 - II. Loan Report – this shows the balance of every internal and external loan for each of the 10 years.

Members were informed if approved by council via the LTP, the Matuku Water Supply will be able to spend the Council fund allocated in accordance with the budgeted expenditure.

Mr Covey advised if the Matuku Water Supply wishes to spend funds that are unbudgeted, including monies from reserves, then the decision will need Council approval.

The subcommittee noted the key matters for the Matuku Water Supply for the next 10 years which were included in the report are:

- LOS projects including flow meter and intake pump in 2017 to comply with reporting requirements (\$12,830).
- LOS project pre-emptive to consent renewal requiring application preparation by external consultants (\$22,068).
- Renewal project of lateral and valves (in 2021 \$18,312).
- Renewal project of pump (in 2022 \$7,698).

Ms McNamara presented to Members an amended copy of the financial summary for the Matuku Water supply rate.

5.3 DRAFT ESTIMATES AND LOCAL ACTIVITY PLAN INFORMATION FOR THE DRAFT LONG TERM PLAN (LTP) 2015 (CONT'D)

R/14/11/17625

Ms McNamara advised a recalculation of the rates highlighted an increase of 7.38% per unit proposed for 2015/2016 financial year.

Moved H Boyd, seconded Councillor Douglas
and RESOLVED:-

- (a) That the report on the draft estimates and local activity plan information for Matuku Water Supply be received.
- (b) That the Matuku Water Supply draft estimates for 2015-2025 be adopted for inclusion in the Council's draft Long Term Plan (including any amendments made at the meeting).
- (c) That the Southland District Council be requested to include a proposal to set the following rates and charges (including GST) for the year commencing 1 July 2015 based on the approved estimates in (b) above in the draft 2015-2025 Long Term Plan.

<u>Rate</u>	<u>Rate GST inclusive</u>
Matuku Rural Water Rate	\$27,702

- (d) That the Matuku Water Supply Subcommittee identify the following priority projects for the local area for inclusion in the 2015-2025 Long Term Plan consultation process.

7.0 CONCLUSION

The meeting concluded at 5.15 pm.

CONFIRMED

_____ CHAIRPERSON

_____ DATE

Works and Finance Report to Matuku Water Supply Subcommittee for the period ended 31 October 2015

Record No: R/15/11/21165
Author: Bill Witham, Operations Manager - Water and Waste Services
Approved by: Ian Marshall, GM - Services and Assets

Decision Recommendation Information

Water and Waste Engineer's Report

- 1 The monthly operations reports from Downer are provided to the Board secretary as they are published. They include data on Downer's district-wide operations activities which is presented on a town-by-town basis. The latest report will be included as part of this report.
- 2 For the year to date, there has been no unplanned expenditure exceeding the \$5,000 threshold.

Financial Considerations

- 3 Please find the financial reports attached.

Recommendation

That the Matuku Water Supply Subcommittee:

- a) **Receives the report titled "Works and Finance Report to Matuku Water Supply Subcommittee for the period ended 31 October 2015" dated 27 November 2015.**

Attachments

- A Matuku Water Supply Financial reports, 31 October 2015 [View](#)

Matuku Community Financial Report

33.33% Of Year

For the Period Ended October 2015

Income	<u>Annual Budget</u>	<u>Actual Income to Date</u>	<u>Income to Date %</u>	<u>Full Year Projection</u>
23561 Water Supply Matuku	24,654	8,198	33%	24,654
Subtotal Water & Waste Business Units	24,654	8,198	33%	24,654
Total	24,654	8,198	33%	24,654
Expenditure	<u>Annual Budget</u>	<u>Actual Spent to Date</u>	<u>Spent to Date %</u>	<u>Full Year Projection</u>
23561 Water Supply Matuku	22,509	7,130	32%	21,862
Subtotal Water & Waste Business Units	22,509	7,130	32%	21,862
Total	22,509	7,130	32%	21,862
Capital Expenditure	<u>Annual Budget</u>	<u>Actual Spent to Date</u>	<u>Spent to Date %</u>	<u>Full Year Projection</u>
Subtotal Water & Waste Business Units	0	0	0%	0
Total	0	0	0%	0

Item 7.1 Attachment A

Matuku Community Financial Report

33.33% Of Year

For the Period Ended October 2015

Funding Adjustments (Contributions, Loans, Provisions, Reserves, Forestry Dividend)	<u>Annual Budget</u>	<u>Actual Adjustments to Date</u>	<u>Adjustments to Date %</u>	<u>Full Year Projection</u>
23561 Water Supply Matuku	(2,145)	0	0%	(1,430)
Subtotal Water & Waste Business Units	(2,145)	0	0%	(1,430)
Total	(2,145)	0	0%	(1,430)

Reserve Balances - Annual Plan

Matuku

	Opening Balance	Current Budget	Forecast Budget	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Water													
<i>Operating</i>													
Matuku Rural WS General - OPR	3,208	3,267	3,267	3,328	1,955	1,961	1,968	1,975	1,982	1,990	1,998	2,006	2,006
Total Water Operating	<u>3,208</u>	<u>3,267</u>	<u>3,267</u>	<u>3,328</u>	<u>1,955</u>	<u>1,961</u>	<u>1,968</u>	<u>1,975</u>	<u>1,982</u>	<u>1,990</u>	<u>1,998</u>	<u>2,006</u>	<u>2,006</u>
Total Water Balance	<u>3,208</u>	<u>3,267</u>	<u>3,267</u>	<u>3,328</u>	<u>1,955</u>	<u>1,961</u>	<u>1,968</u>	<u>1,975</u>	<u>1,982</u>	<u>1,990</u>	<u>1,998</u>	<u>2,006</u>	<u>2,006</u>
Total Matuku Reserve Balance	3,208	3,267	3,267	3,328	1,955	1,961	1,968	1,975	1,982	1,990	1,998	2,006	2,006

Item 7.1 Attachment A

Annual Plan 2016/2017 - Draft Estimates Report

Record No: R/15/10/19255
Author: Bill Witham, Operations Manager - Water and Waste Services
Approved by: Ian Marshall, GM - Services and Assets

Decision Recommendation Information

Item 7.2

Purpose

- 1 This report provides an overview of the forecasted services for the Matuku Water Supply Subcommittee in 2016/2017. It includes any variations from what was forecasted in year two of the Long Term Plan (LTP) 2015-2025.
- 2 Council has streamlined its 2016/2017 Annual Plan process and as a result the Subcommittee is only required to review your estimates for significant changes. In addition, consideration should be given to funding any significant changes from reserves where appropriate.

Executive Summary

- 3 The draft estimates will be incorporated into the Council's Draft Annual Plan which will be released for consultation in February 2016. Once the plan is finalised (and subject to any changes resulting from submissions), the estimates shown for 2016/2017 will be used to set rates for the year beginning 1 July 2016.

Recommendation

That the Matuku Water Supply Subcommittee:

- a) Receives the report titled “Annual Plan 2016/2017 - Draft Estimates Report” dated 19 November 2015.
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) Approves variations in the Matuku Water Supply Subcommittee estimates from year two of the Long Term Plan.
- e) Estimates for the year commencing 1 July 2016 be adopted for inclusion in the Council’s Draft Annual Plan (subject to any amendments made at the meeting).
- f) Requests the levy of the following rates and charges (including GST) for the year commencing 1 July 2016 based on the approved estimates in (e) above.

<u>Rate Description</u>	<u>Rate (GST incl.)</u>
Matuku Rural Water	\$26,409

- g) Identifies the key highlights for the local area (to be agreed at the meeting).

Content

Background

- 4 The draft estimates for the Matuku Water Supply Subcommittee for 2016/2017 have been based on forecasted information from year two of the LTP 2015 - 2025.
- 5 The objective of these estimates is to highlight variations from year two of the LTP and set rates for 2016/2017.
- 6 This report has the following appendices:
- Appendix 1: This section is broken into rate types and includes a list of business units that make up the rate type and financial summary statement which shows the expenditure and income and rates calculation.
- Appendix 2: A list of reserves with the opening balance and projected closing balance.

Issues

- 7 The following table details the key variances from what was originally included in year two of the LTP and what is planned now:

Other Variances

Account	Annual Plan 2016/2017	LTP 2016/2017	Variance	Comments
Loan interest	-	\$1,189	(\$1,189)	Budgeted loan in 2014/15 was not required, so repayments in 2016/2017 are not necessary.
Loan repayments	-	\$1,681	(\$1,681)	

Revaluations

- 8 Section 9(1) of the Rating Valuations Act 1998 requires Council to revise its District Valuation Roll at least every three years. Quotable Value Limited, Council's valuer, are currently re-valuing all rateable properties in Southland. Ratepayers will be notified in December of their proposed valuation and have until late January 2016 to lodge an objection. The final valuations will be provided to Council in February/March 2016, and these values will be the basis for the 2016/2017 rates strike.

Factors to Consider

Legal and Statutory Requirements

- 9 The Annual Plan 2016/2017 is a requirement of the Local Government Act 2002 and is also closely aligned with the Local Government (2002) Rating Act.

Community Views

- 10 Significant or materially different variances from the LTP will be included in a consultation document and released for consultation from 30 January 2016 to 29 February 2016. As a result of the submission process, amendments may be made prior to Council formally adopting the Annual Plan in June 2016.

Costs and Funding

- 11 All assumptions that were made when preparing the LTP have been applied in these estimates except the interest rate on borrowings. The interest rate on borrowings has been reduced from 6.25% per annum as per the 2015-2025 LTP, to 5.72% per annum to reflect the decline in market rates over the past year. This interest rate is based on the average BNZ three year fixed interest rate at the time of setting the LTP assumptions (August 2014) and now (October 2015). Please note, this interest rate is subject to confirmation by Council in December 2015, so could be subject to change. Interest on reserves has been calculated at 4.19% on the average of these balances at year end and is consistent with the 2015-2025 LTP. Inflation rates have also been kept consistent with BERL rates adopted in the 2015-2025 LTP.

Policy Implications

- 12 The LTP sets out the directions or outcomes the community desires and the activities of Council that will contribute to achieving these outcomes over 10 years. These estimates have been prepared using year two forecasted data in the LTP. Any differences between the LTP and Annual Plan budget have been identified and explained in the Issues Section of this report.

Analysis

Options Considered

- 13 The Engineer has reviewed the original LTP numbers and revised as necessary; the options are to accept the report or amend it.

Analysis of Options

Option 1 - Accept the estimates as proposed in this report

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Enables an Annual Plan to be compiled in advance within the set timeframe. 	<ul style="list-style-type: none"> None.

Option 2 - Amend the estimates proposed in this report

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Further changes can be made to the LTP budgets. 	<ul style="list-style-type: none"> Rates requirement may need to be recalculated. May impact the delivery of the Annual Plan within the set timeframe.

Assessment of Significance

- 14 The contents of this report is not deemed significant under the Significance and Engagement Policy.

Recommended Option

- 15 Option 1 to accept the estimates as proposed in this report is recommended.

Next Steps

- 16 The estimates will be summarised in Council's Draft Annual Plan. Significant or materially different variances from the LTP will be included in a consultation document and released for consultation in February 2016. The final Annual Plan including changes made as a result of consultation will be adopted by Council in June 2016.

Appendix 1

Matuku Water Supply Financial Summary			
	Actuals	Budget	Forecast
	2014/2015	2015/2016	2016/2017
Operating Expenditure	(20,919)	(29,150)	(28,664)
Capital Expenditure	0	0	0
Loans Raised	0	(1,580)	0
Non Cash Expenditure	0	4,555	4,019
Total Expenditure	(20,919)	(26,175)	(24,645)
<i>Less Funding</i>			
Loans Raised	0	0	0
Net Reserve Movements	(1,862)	1,521	1,620
Other Income	91	59	61
Total Funding	(1,771)	1,580	1,681
Total Rates Required	22,690	24,595	22,964
GST	3,404	3,689	3,445
Rate (including GST)	26,094	28,284	26,409
\$ Increase/(Decrease)		2,191	(1,876)
% Increase/(Decrease)		8.40%	-6.63%

Matuku Rural Water Supply Rates Calculation				
Rate Type	Basis of Rate	Actual	Actual	Proposed
		2014/2015	2015/2016	2016/2017
Matuku Rural Water	Fixed Charge	234.54	250.30	233.70

Appendix 2

Matuku Water Supply Reserve Report			
	Opening Balance 1/07/2015	Forecast Budget 30/06/2016	Closing Balance 30/06/2017
Local Reserve			
Matuku Rural WS General	3,208	3,267	3,328
Total Local Reserve	3,208	3,267	3,328
Total Local Balance	3,208	3,267	3,328
Overall Reserve Balance	3,208	3,267	3,328

Attachments

There are no attachments for this report.