



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

Date: Wednesday, 11 October 2017
Time: 1.30pm
Meeting Room: Distinction Hotel
Venue: 64 Lakefront Drive, Te Anau

Te Anau Basin Water Supply Subcommittee Agenda OPEN

MEMBERSHIP

Chairperson	Keith Thompson
Deputy Chairperson	Murray Hagen
Members	Henry Douglas Bill Hunter Graham Johnston Rex Millar Steve Bayler
Councillor	Ebel Kremer

IN ATTENDANCE

Committee Advisor	Jenny Labruyere
Operations Manager	Bill Witham
Chief Financial Officer	Anne Robson

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Website: www.southlanddc.govt.nz

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

Terms of Reference – Water Supply Subcommittees Te Anau Basin, Five Rivers and Matuku

The activity of the Southland District Council's Water Supply Subcommittees is framed by Southland District Council policies and plans. The responsibilities of these Water Supply Subcommittees include:

- Providing feedback to Council officers on relevant plans and strategies (including Asset Management Plans).
- Receiving operational and financial reports.
- Community engagement and representing community views to Council.

The Te Anau Basin, Matuku and Five Rivers Water Supply Subcommittees shall have the following delegated powers and be accountable to Council for the exercising of these powers:

- (a) Power to recommend the annual budget relating to the relevant water supply scheme.
- (b) Power to approve expenditure outside Council's authorised officer levels but within the budget of the water supply schemes. All decisions to approve expenditure outside **Council's authorised officer levels must be made by way of a resolution at a meeting of the Water Supply Subcommittees**. Any such decisions must be reflected in the minutes of the meeting.
- (c) Power to approve new connections to the relevant water supply scheme.
- (d) Power to approve expenditure outside of the relevant annual budget for emergency works.
- (e) Policies relating to water schemes;

In addition to the power to approve expenditure outside of the relevant annual budget for emergency works, this Subcommittee can also recommend unbudgeted expenditure to Council for approval.

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1 Apologies

An apology for non attendance has been lodged by Member Hagen.

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 Te Anau Basin Water Supply Subcommittee, 08 August 2017

Te Anau Basin Water Supply Subcommittee

OPEN MINUTES

UNCONFIRMED

Minutes of a meeting of Te Anau Basin Water Supply Subcommittee held in the SDC Office, 116 Town Centre, Te Anau on Tuesday, 8 August 2017 at 2.00pm.

PRESENT

Chairperson
Deputy Chairperson
Members

Keith Thompson
Murray Hagen
Henry Douglas
Bill Hunter
Graham Johnston
Rex Millar
Steve Bayler
Ebel Kremer

Councillor

IN ATTENDANCE

Committee Advisor
Group Manager Services & Assets
Operations Manager
Contracts Administrator

Jenny Labruyere
Ian Marshall
Bill Witham
Joe Findlay

1 Apologies

There were no apologies lodged.

2 Leave of absence

No requests for leave of absence were received.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There were no members of public at the meeting.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Member Johnston, seconded Member Hagen

Confirms the minutes of Te Anau Basin Water Supply Subcommittee meeting, held on 7 March 2017.

Reports

7.1 Works and Finance Report to Te Anau Basin Water Supply Subcommittee for the period ended 30 June 2017

Record No: R/17/8/17484

Mr B Witham (Operations Manager) provided the subcommittee with the monthly operations report.

Mr Witham updated the subcommittee on the project list advising that the pipeline renewals for the Ramparts and Kakapo schemes have been completed, although there was some variation of costings on the Ramparts project and there was an underspend on the Kakapo project, and with the two projects combined the work was completed under budget.

Members requested a breakdown of costings for the Ramparts and Kakapo projects and be provided to the subcommittee.

Mr Witham advised the Mount York switchboard upgrade is deferred due to these works not currently being required.

Resolution

Moved Member Douglas, seconded Member Millar

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled “Works and Finance Report to Te Anau Basin Water Supply Subcommittee for the period ended 30 June 2017” dated 4 August 2017.**

7.2 1362 Blackmount Redcliff Road Pipeline Renewal - Takitimu Rural Water Scheme

Record No: R/17/7/15823

Mr J Findley (Contracts Administrator), outlined that the purpose of the report is to seek approval to proceed with the renewal of 4750 m of pipeline on the Takitimu Water Supply Scheme, within the Te Anau Basin.

Approval of the funding methodology was also sought.

Mr Findley advised that a 4,750 metre section of rural water main on the Takitimu Water Supply Scheme, has experienced 35 failures along its length. This amount of failures is regarded as very high and the instance of failure is increasing. The proposed works involves the replacement of 4,750 metres of 63 mm diameter PVC/PE pipeline and associated valves and fittings, using open trench methodology.

Mr Findley added that a quote for the works was obtained from Te Anau Earthworks Ltd, as they are currently completing similar work within the Te Anau Basin and have proven through their existing Contract 17/14 to supply competitive rates. Council's Water and Waste Department have estimated the total project cost of \$155,894.72 (excl GST), which includes construction, Water and Waste Services Department supervision costs and a contingency sum of \$20,000.00.

Mr Findley advised the project could be funded from the \$170,888.05 in funds remaining from the loans allowed for in the 2016/17 Annual Plan for work on the Te Anau Basin Water Supplies Watermains.

Mr Findley recommended that the Te Anau Basin Water Supply Subcommittee recommend to Council that the proposed works be approved for construction, funded from the remaining loan amount, initially allowed for in the 2016/17 Annual Plan.

In discussing the report members felt it necessary to put this report aside at this point and consider information provided in the report outlined “Te Anau Basin Water Supply Schemes Level of Service Discussion” that is relevant to making a decision on the report relevant to the Blackmount Redcliff Rd pipeline.

Following consideration of the Discussion Document the subcommittee returned to this pipeline report and agreed to receive the report and endorse recommendations therein.

Resolution

Moved Member Hunter, seconded Member Hagen

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled “1362 Blackmount Redcliff Road Pipeline Renewal - Takitimu Rural Water Supply Scheme” dated 3 August 2017.**
- 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) **Agrees to recommend to Council that the project at 1362 Blackmount Redcliff Road Pipeline Renewal – Takitimu Water Supply Scheme be approved for construction.**
- e) **Agreed to recommends to Council that the funding for this unplanned project come from the remaining amount left over from the loans allowed for in the 2016/17 Annual Plan to fund renewals in the Te Anau Basin Water Supplies, of which Contract 17/14 was previously awarded.**

7.3 Te Anau Rural Water Scheme Levels of Service Discussion Document

Record No: R/17/8/17662

Mr B Witham (Operations Manager) provided a report to assist in discussions of two significant issues facing the Te Anau Basin Water Supply Subcommittee and the wider schemes and secondly, the issue of dwellings connected to the rural water schemes.

Level of Service for pipeline installation and renewal

This report is as a result that the subcommittee requested that the Southland District Council consider allowing a lower standard of materials or installation methodology for the installation and renewal of pipelines in the Te Anau rural water schemes to endeavour to reduce the significant costs faced by the schemes for renewing the pipework as it reaches the end of its economic life.

Mr Witham acknowledged that rural consumers are often able to install private pipework on their own properties at a lower rate than achieved by Council. This difference can be attributed to several factors including trenching and bedding requirements, surveying and as built plans, quality of materials and supervision costs.

Mr Witham advised that the Council's current position on asset management is to endeavour to maximise asset life by following best practice for installation and undertaking routine maintenance work. As such the Council will continue to require

installation of pipework to manufacturers' recommendations and industry best practice at this time.

In discussing this issue Members questioned the need to follow best practice methodology on smaller contributing line installations and requested clarification of the difference in costs identifying the various options between the two types of installation.

Status of the Te Anau Basin Rural Water Schemes under the NZ Drinking Water Standards

Mr Witham advised that the Te Anau Basin currently has seven rural water schemes. These schemes were installed to distribute stock water in an economic fashion to rural properties in the wider Te Anau area.

He added the schemes take water from various sources including river intakes and shallow bores. The water is distributed to the properties as a restricted flow supply.

Mr Witham added that under the Southland District Council (SDC) Water Bylaw domestic use of the rural scheme water is not permitted. The schemes and therefore the water is not intended for domestic use and under the SDC Water Bylaw domestic use of the rural scheme water is not permitted.

Furthermore Mr Witham advised that the Te Anau rural water supplies have in the order of 184 dwellings which could potentially be connected. Southland District Council is aware that at least some of these dwellings are connected either through on farm reticulation or directly to the rural water supplies. It is unknown if any of these connected dwellings have any form of onsite treatment process.

Mr Witham advised the Te Anau rural water supplies may be in breach of the Health Act and Southland District Council as the supply owner would be required to remedy or otherwise address the breach. Further work is required to understand the scope and cost of any disconnection, testing or upgrade work that may be required. Furthermore this issue will be discussed further by Council at the upcoming Infrastructure Strategy workshop.

In discussing this issue members believed this could instigate users to leave the schemes and considered the impact of this on the scheme could be detrimental to the schemes and the rural supply. Members understood staff will be investigating options and set up costings for uses that maybe affected in the future.

Resolution

Moved Member Johnston, seconded Member Millar

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled "Te Anau Rural Water Scheme Levels of Service Discussion Document" dated 4 August 2017.**
- b) **Request Council Engineers prepare a report on the comparing the costs, risks and critical factors of trenching verses ploughing.**

The meeting concluded at 4.10pm

CONFIRMED AS A TRUE AND CORRECT
RECORD AT A MEETING OF THE TE ANAU
BASIN WATER SUPPLY SUBCOMMITTEE
HELD ON 8 AUGUST 2017.

DATE:.....

CHAIRPERSON:.....

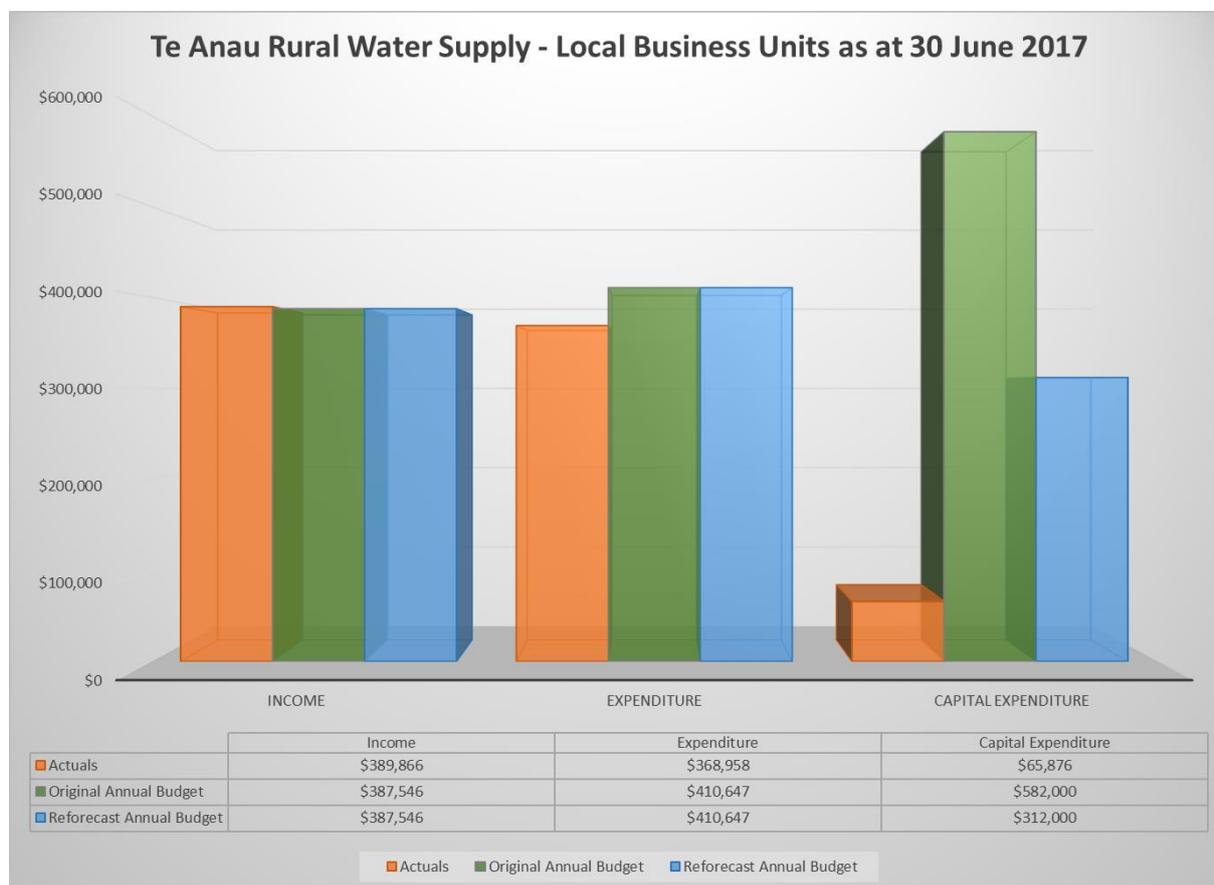
Financial Report to Te Anau Basin Water Supply Subcommittee for the year ended 30 June 2017

Record No: R/17/9/21406
 Author: Bill Witham, Operations Manager - Water and Waste Services
 Approved by: Anne Robson, Chief Financial Officer

Decision Recommendation Information

- 1 These financial results are subject to review by Audit NZ in September, and therefore may change.

Community financial performance for the year



- 2 The graph above shows what actually happened (Actuals), what the original budget was (Original annual budget) and then what was expected to occur by year end (Reforecast annual budget) for each of the Income, Expenditure, and Capital Expenditure categories.
- 3 The 'Reforecast' totals show the effect of unbudgeted expenditure, projects that have been put on hold or are to be completed in 2017/2018 and/or expected changes to income and operating expenditure over the year.
- 4 Any significant variances between the 'Actual' and 'Original budget' totals are explained below. The details are provided in the attached annual report figures.

Significant Variances to the Annual Budget

Income

- 5 No significant variances

Expenditure

- 6 The electricity budget is significantly underspent across the schemes due to lower power tariffs. The budgeted electricity for the 2018-28 Long Term Plan will be adjusted to reflect actual costs.

Capital Expenditure

- 7 The table below explains the \$516k variance between actual and budget and the reasons for this.

Project List

Project Name	Financial Year	AP Budget	Actual cost	Status	Officer's Comment
Pipeline Renewal (Ramparts)	2016/17	\$83,000	\$18,896	In progress - Construction	Onsite winter conditions have held up construction. Expect to be completed in 2017/2018.
Switchboards (Mt York)	2016/17	\$100,000		Deferred	Investigation work showed switchboard replacement not yet needed. Project to be reprogrammed in the 2018-2028 Long Term Plan period.
Pipeline Renewal (Takitimu)	2016/17	\$125,000	\$19,473	In progress - Construction	Onsite winter conditions have held up construction. Expect to be completed in 2017/2018.
Replace reservoir tanks ahead of schedule (Kakapo)	2015/16	\$85,000		Deferred	Kakapo tanks have been temporarily repaired with replacement to be considered in 2017/2018. Takitimu tanks will be replaced instead due to greater need.
Pipeline Renewal (Kakapo)	2016/17	\$189,000	\$27,506	In progress - Construction	Onsite winter conditions have held up construction. Expect to be completed in 2017/2018.

Schedule of Loan Balances

	Balance June 2015	Uplifted Loan	Principal Repayments	Balance June 2016	Years Remaining
Takitimu	\$25,115	-	\$7,901	\$17,214	2

Financial Considerations

Reserves

- 8 Interest has been allocated to the reserve accounts, calculated on the average balance of the reserves for the year, at an interest rate of 3.27%. The budgeted interest rate was 4.19%.

Te Anau Basin Water Supply Schedule of Reserve Balance

		Actual June - 016	Transfers To/(From)	Actual June -017
Water				
<i>Reserve Account</i>				
Te Anau Rural WS General - RES	88669	96,968.89	4,694.59	101,663.48
		<u>96,968.89</u>	<u>4,694.59</u>	<u>101,663.48</u>
Water Total		<u>96,968.89</u>	<u>4,694.59</u>	<u>101,663.48</u>
Total Te Anau Rural Water Supply Reserves		<u>96,968.89</u>	<u>4,694.59</u>	<u>101,663.48</u>

Recommendation

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled “Financial Report to Te Anau Basin Water Supply Subcommittee for the year ended 30 June 2017” dated 3 October 2017.**

Attachments

- A Te Anau Rural Water Supply Annual Report figures for the year ended 30 June 2017
[↓](#)

Te Anau Rural Water Supply - Financial Report

for the Period Ended June 2017

2016/2017 Financial Year

6960 Water Supply Overheads

<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
Income					
10,163.00	26960.11171	Rates - Collected	10,207.32	10,163.00	100.44%
(2,554.00)	26960.19151	Internal - Interest on Reserve	(3,195.39)	(2,554.00)	125.11%
7,609.00			7,011.93	7,609.00	92.15%
Expenditure					
142,868.00	26960.41128	Depn - Water Supply	149,557.90	142,868.00	104.68%
6,753.00	26960.43317	Internal -Interest	2,004.84	6,753.00	29.69%
149,621.00			151,562.74	149,621.00	101.30%
157,230.00		Net Operating (Surplus)/Deficit	158,574.67	157,230.00	
Capital Movements					
(28,330.00)	26960.71532	Internal Loans - Princ	0.00	(28,330.00)	0.00%
11,414.00	26960.71533	Internal Loans - Repaid	9,856.44	11,414.00	86.35%
2,554.00	26960.88668	To-TeAnau RWS General - RE	3,195.39	2,554.00	125.11%
0.00	26960.88669	Ex-TeAnau RWS General - RE	(62,160.60)	0.00	0.00%
34,129.00	26960.89226	Depn To Te Anau Rural	49,948.00	34,129.00	146.35%
(34,129.00)	26960.89227	Depn Ex Te Anau Rural	(9,856.00)	(34,129.00)	28.88%
(34,129.00)	26960.89244	Depn NFS Te Anau Rural	(49,948.00)	(34,129.00)	146.35%
(108,739.00)	26960.99511	Add Back Non Cash Depn	(99,609.90)	(108,739.00)	91.60%
(157,230.00)			(158,574.67)	(157,230.00)	100.86%
0.00			0.00	0.00	

6961 Water Supply Ramparts

<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
Income					
(87,065.00)	26961.11171	Rates - Collected	(87,444.72)	(87,065.00)	100.44%
(87,065.00)			(87,444.72)	(87,065.00)	100.44%
Expenditure					
529.00	26961.21117	SCADA	283.04	529.00	53.50%
181.00	26961.21311	Material Damage Insurance	489.91	181.00	270.67%
41,520.00	26961.31211	Electricity	28,747.10	41,520.00	69.24%
656.00	26961.31531	Resource Consents	1,038.43	656.00	158.30%
0.00	26961.35223	Maint - Unplanned (Extra)	5,701.60	0.00	0.00%
38,095.00	26961.35227	Maintenance - Routine	33,753.60	38,095.00	88.60%
6,084.00	26961.43344	Internal - WWS Management Fee	6,083.88	6,084.00	100.00%
87,065.00			76,097.56	87,065.00	87.40%
0.00		Net Operating (Surplus)/Deficit	(11,347.16)	0.00	
Capital Movements					
0.00	26961.65561	Water - Acquisition LOS	5,701.60	0.00	0.00%
83,000.00	26961.65562	Water Supply Networks - Renewa	12,250.00	83,000.00	14.76%
(83,000.00)	26961.71532	Internal Loans - Princ	0.00	(83,000.00)	0.00%
0.00	26961.88669	Ex-TeAnau RWS General - RE	(6,604.44)	0.00	0.00%
0.00			11,347.16	0.00	0.00%

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<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
6962 Water Supply Mount York					
Income					
(133,094.00)	26962.11171	Rates - Collected	(133,674.36)	(133,094.00)	100.44%
(133,094.00)			(133,674.36)	(133,094.00)	100.44%
Expenditure					
195.00	26962.21117	SCADA	104.03	195.00	53.35%
980.00	26962.21311	Material Damage Insurance	612.79	980.00	62.53%
16,089.00	26962.31211	Electricity	12,208.62	16,089.00	75.88%
656.00	26962.31531	Resource Consents	571.56	656.00	87.13%
10,276.00	26962.35227	Maintenance - Routine	12,406.20	10,276.00	120.73%
4,898.00	26962.43344	Internal - WWS Management Fee	4,898.04	4,898.00	100.00%
33,094.00			30,801.24	33,094.00	93.07%
(100,000.00)		Net Operating (Surplus)/Deficit	(102,873.12)	(100,000.00)	
Capital Movements					
100,000.00	26962.65562	Water Supply Networks - Renewa	0.00	100,000.00	0.00%
0.00	26962.88669	Ex-TeAnau RWS General - RE	102,873.12	0.00	0.00%
100,000.00			102,873.12	100,000.00	102.87%
0.00			0.00	0.00	
6963 Water Supply Takitimu					
<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
Income					
(44,345.00)	26963.11171	Rates - Collected	(44,538.36)	(44,345.00)	100.44%
(44,345.00)			(44,538.36)	(44,345.00)	100.44%
Expenditure					
262.00	26963.21117	SCADA	138.81	262.00	52.98%
123.00	26963.21311	Material Damage Insurance	543.71	123.00	442.04%
20,760.00	26963.31211	Electricity	23,411.91	20,760.00	112.77%
656.00	26963.31531	Resource Consents	822.49	656.00	125.38%
17,646.00	26963.35227	Maintenance - Routine	17,215.52	17,646.00	97.56%
4,898.00	26963.43344	Internal - WWS Management Fee	4,898.04	4,898.00	100.00%
44,345.00			47,030.48	44,345.00	106.06%
0.00		Net Operating (Surplus)/Deficit	2,492.12	0.00	
Capital Movements					
125,000.00	26963.65562	Water Supply Networks - Renewa	18,051.20	125,000.00	14.44%
(125,000.00)	26963.71532	Internal Loans - Princ	0.00	(125,000.00)	0.00%
0.00	26963.88669	Ex-TeAnau RWS General - RE	(20,543.32)	0.00	0.00%
0.00			(2,492.12)	0.00	0.00%
0.00			0.00	0.00	
6964 Water Supply Kakapo					
<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
Income					
(74,116.00)	26964.11171	Rates - Collected	(74,439.24)	(74,116.00)	100.44%
(74,116.00)			(74,439.24)	(74,116.00)	100.44%
Expenditure					

6964 Water Supply Kakapo

<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
Expenditure					
394.00	26964.21117	SCADA	220.60	394.00	55.99%
2,704.00	26964.21311	Material Damage Insurance	500.54	2,704.00	18.51%
28,026.00	26964.31211	Electricity	23,220.26	28,026.00	82.85%
636.00	26964.31531	Resource Consents	500.00	636.00	78.62%
35,396.00	26964.35227	Maintenance - Routine	26,307.72	35,396.00	74.32%
6,960.00	26964.43344	Internal - WWS Management Fee	6,960.36	6,960.00	100.01%
74,116.00			57,709.48	74,116.00	77.86%
0.00	Net Operating (Surplus)/Deficit		(16,729.76)	0.00	
Capital Movements					
274,000.00	26964.65562	Water Supply Networks - Renewa	29,872.80	274,000.00	10.90%
(189,000.00)	26964.71532	Internal Loans - Princ	0.00	(189,000.00)	0.00%
(85,000.00)	26964.88669	Ex-TeAnau RWS General - RE	(13,143.04)	(85,000.00)	15.46%
0.00			16,729.76	0.00	52,800.00%
0.00			0.00	0.00	

6965 Water Supply Homestead

<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
Income					
(33,712.00)	26965.11171	Rates - Collected	(33,858.96)	(33,712.00)	100.44%
(33,712.00)			(33,858.96)	(33,712.00)	100.44%
Expenditure					
172.00	26965.21117	SCADA	91.14	172.00	52.99%
1,141.00	26965.21311	Material Damage Insurance	395.11	1,141.00	34.63%
14,532.00	26965.31211	Electricity	9,309.66	14,532.00	64.06%
656.00	26965.31531	Resource Consents	948.70	656.00	144.62%
14,324.00	26965.35227	Maintenance - Routine	10,868.88	14,324.00	75.88%
2,887.00	26965.43344	Internal - WWS Management Fee	2,887.32	2,887.00	100.01%
33,712.00			24,500.81	33,712.00	72.68%
0.00	Net Operating (Surplus)/Deficit		(9,358.15)	0.00	
Capital Movements					
0.00	26965.88669	Ex-TeAnau RWS General - RE	9,358.15	0.00	0.00%
0.00			9,358.15	0.00	0.00%
0.00			0.00	0.00	

6966 Water Supply Princhester

<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
Income					
(15,778.00)	26966.11171	Rates - Collected	(15,846.84)	(15,778.00)	100.44%
(15,778.00)			(15,846.84)	(15,778.00)	100.44%
Expenditure					
106.00	26966.21117	SCADA	56.68	106.00	53.47%
1,305.00	26966.21311	Material Damage Insurance	259.81	1,305.00	19.91%
9,342.00	26966.31211	Electricity	5,257.07	9,342.00	56.27%
62.00	26966.31531	Resource Consents	293.92	62.00	474.06%
2,076.00	26966.35227	Maintenance - Routine	6,759.60	2,076.00	325.61%
2,887.00	26966.43344	Internal - WWS Management Fee	2,887.32	2,887.00	100.01%
15,778.00			15,514.40	15,778.00	98.33%

6966 Water Supply Princhester

<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
0.00		Net Operating (Surplus)/Deficit	(332.44)	0.00	
		Capital Movements			
0.00	26966.88669	Ex-TeAnau RWS General - RE	332.44	0.00	0.00%
0.00			332.44	0.00	0.00%
0.00			0.00	0.00	

6967 Water Supply - Duncraigen

<u>Annual Budget</u>	<u>Department</u>		<u>Year to Date Actuals</u>	<u>Year to Date Budget</u>	<u>%Variance</u>
		Income			
(7,045.00)	26967.11171	Rates - Collected	(7,075.68)	(7,045.00)	100.44%
(7,045.00)			(7,075.68)	(7,045.00)	100.44%
		Expenditure			
56.00	26967.21117	SCADA	29.62	56.00	52.89%
268.00	26967.21311	Material Damage Insurance	246.52	268.00	91.99%
4,152.00	26967.31211	Electricity	4,767.15	4,152.00	114.82%
656.00	26967.31531	Resource Consents	281.05	656.00	42.84%
0.00	26967.35223	Maint - Unplanned (Extra)	5,645.33	0.00	0.00%
727.00	26967.35227	Maintenance - Routine	3,533.28	727.00	486.01%
1,186.00	26967.43344	Internal - WWS Management Fee	1,185.84	1,186.00	99.99%
7,045.00			15,688.79	7,045.00	222.69%
0.00		Net Operating (Surplus)/Deficit	8,613.11	0.00	
		Capital Movements			
0.00	26967.88669	Ex-TeAnau RWS General - RE	(8,613.11)	0.00	0.00%
0.00			(8,613.11)	0.00	0.00%
0.00			0.00	0.00	

Item 7.1 Attachment A

Strategic Framework 2018 - 2028 Long Term Plan

Record No: R/17/9/23092
Author: Nicole Taylor, Project Co-ordinator Corporate Planning
Approved by: Rex Capil, Group Manager Community and Futures

Decision Recommendation Information

Purpose

1. The purpose of this report is to update Community Boards, Community Development Area Subcommittees and other local Council committees on the revised Strategic Framework that has been developed by Council for the Long Term Plan 2018-2028.
2. The report presents the framework for information and highlights the key changes to the Council's intended areas of focus in response to the key strategic challenges facing Southland District over the next twenty years.
3. The report also aims to remind members of the wider strategy work that is expected to be undertaken as part of and following the development of the 2018-2028 LTP programme to develop a proactive response to the fundamental shifts occurring in our communities and operating environment. (eg Community Futures 2040 Project / Community Leadership Planning).

Background

4. The Mayor and Councillors have undertaken a review of the Council's strategic planning framework following a Strategy Workshop in February 2017.
5. The Strategic Framework (Appendix A) is the basis on which the Long Term Plan (LTP) 2018-2028 is developed.
6. The framework outlines where the Council wants to be (Vision), what the end result looks like (Community Outcomes), how the Council will work (Mission) and what the Council needs to do to get there (Strategic Priorities).
7. The four aspects combine to explain what the Council will focus on and what it will deliver over the coming three years and beyond.

Vision: *Southland: one community offering endless opportunities*

Community Outcomes:

- *Proud, connected communities that have an attractive and affordable lifestyle
This means Southland District is a place where people have everything they need to live, work, play and visit; where they are connected to each other, the environment and the world outside Southland; and where they can enjoy a safe and fulfilling life in our unique natural environment.*
- *Resilient communities that leave a legacy for tomorrow
This means Southland District is made up of strong communities that take a sustainable approach by considering the impact on the environment and the social, cultural and economic wellbeing of our communities now and in the future.*

Mission: *Working together for a better Southland*

Our Approach:

- *We will work in partnership with our communities*
- *We will constantly look for better ways*
- *We will work as one team*

Strategic Priorities:

We need to provide strong community leadership and work with our communities on how to adapt so that the infrastructure, local services and regulatory functions we provide are appropriate and support the achievement of our shared vision.

Our Focus

- i. Improve how we work*
- ii. Provide appropriate infrastructure/services*
- iii. Make informed decisions*
- iv. More people*

8. The key changes to the framework include:
 - revised vision
 - reduction in number of community outcomes from three to two and change to wording
 - addition of approach statements under the mission statement
 - addition of strategic priorities with an overall statement supported by four key areas of focus.
9. While the Council has endorsed the Strategic Framework as the foundation for the Long Term Plan 2018-2028, it is still draft pending public feedback on the Community Outcomes through the draft Long Term Plan public consultation process. These will be confirmed when the Council adopts its final Long Term Plan in mid-2018.

Discussion

10. In considering what outcomes are wanted in the future (and therefore where Council and communities want to focus) it is useful to look at where the District is at today and some of the challenges that it faces for the future.
11. There are some significant shifts happening in Southland communities that will impact on who lives in Southland, where they live, how they live and what services and infrastructure they will need from Council.
12. Current demographic modelling indicates that the future Southland community is likely to:
 - be older (ageing population)
 - have fewer people (static or declining population forecasts with small pockets of growth)
 - live in, or, close to, larger urban centres (over smaller rural villages) for easier access to services/healthcare
 - have a higher proportion of people on fixed incomes
13. Changes in technology and the move towards automation/robotics/artificial intelligence also raises uncertainty around employment options in the long-term.
14. This raises the questions about whether Southland's communities will still need or be able to afford the same infrastructure and services that they receive now from Council, particularly as these communities come under more pressure with increased compliance and regulation requirements, increased asset replacement/renewals costs due to ageing infrastructure,

changing employment and economic conditions and the impacts of climate change and natural hazards.

15. As such, the key strategic challenges facing Southland are around:
 - Working with communities to plan for and be realistic about what the future might hold
 - Working with communities to create great places
 - Ensuring that infrastructure that is needed to support economic and social activity within its communities is appropriate and affordable
 - Doing more with less both as a Council and a community which requires a focus not only on the efficiency of internal service delivery but it also requires Council to work collaboratively with other agencies and the community. By pooling resources across agencies and with the community we should be able to deliver more.
 - Being innovative and find new ways of delivering its services which reflect the changing needs of its communities and are both effective and efficient
 - Attracting and retaining people in communities with a number of the district's communities facing static or declining population.
16. Given this context, Council needed to develop a Strategic Framework for the 2018 LTP that defines the end-goal, recognises the strategic challenges and setting a path for Council's response. Essentially, the framework becomes the mechanism for getting alignment and channelling resources towards the end-goal.
17. As such Council's review of the Strategic Framework focussed on ensuring that it reflects what the current Council is wanting to achieve and clearly define what the priorities are and the expectations in terms of how the Council intends to proceed.
18. Because the framework provides a basis for all of Council's activities, it is used to guide elected members and officers about the Council's priorities providing direction for plans, policies and decision-making about services and activities and ensure that what happens day-to-day takes the Council towards its end-goal rather than in an opposing direction.

Vision and Mission

19. The vision statement "*one community offering endless opportunities*" has been developed from the Council's strategy workshop discussions. At the workshop Council emphasised the importance of developing a cohesive district wide approach to the way in which it sets policy, makes key decisions and manages the prioritisation and delivery of its services. It also reflects the importance of working together (across the whole district/region, with communities and with organisations who have shared issues/interests). This was seen as critical for the future and one of the best ways to face the challenges that Southland was facing given district, national and global trends.
20. The current vision "*to have thriving, healthy Southland communities*" was seen as limiting and not reflective of the need to be upfront with communities about the fact that many communities are decreasing in size. Councillors acknowledged that there was a need to have the courageous conversations about infrastructure and affordability into the future. The feeling was that Council needed to 'walk together' with its communities and help them understand the likely future issues and provide a District wide context to the decisions being made. This will support our communities to make informed choices about the future, versus Council being perceived to be making decisions in isolation to individual communities. As such, the current vision was not seen as relevant or achievable given the developing challenges.
21. Words like partnership and working together and looking for different opportunities came through strongly at the workshop. Council agreed that although Southland is made up of

many communities, it was important to be one community with one voice working together, particularly when advocating at the regional and national level. Council acknowledged that the district wide, one community approach is a principle which will take time to develop and deliver. It also agreed that it wasn't there yet and this is why it is a vision.

22. So why endless opportunities? Council talked about the many options that exist right now for doing things differently and being innovative, but also that those opportunities will only increase if we are working together as one community with one voice. Council also noted that it was important to communicate why people will want to come to Southland District because of the opportunities for them around lifestyle, business, community and regional strength. The opportunities wording gives a lot of leeway to link in with other initiatives such as SoRDS, tourism growth, and other developments.

Our Approach

23. Much of what was discussed at the strategy workshop related to “how” Council does things as much as “what” Council does in terms of activities/services/actions. Council agreed that there was a need to be clearer about a how it wants to work, so that these expectations can be clearly communicated to and understood by officers and elected members alike.
24. As such, a series of “Approach” statements have been added into the Council’s Strategic Framework to support the Mission statement of *Working together for a better Southland*:
- We will work in partnership with our communities
 - We will constantly look for better ways
 - We will work as one team
25. These are intended to provide a steer on how the Council will work, where working in this way will assist Council to achieve its Vision/Community Outcomes as much as, if not more than, the specific infrastructure, services and functions it performs.

Community Outcomes

26. The Community Outcomes describe what the Council aims to achieve in meeting the current and future needs of our communities – how we want the district to be. The Council cannot achieve these outcomes alone – it will require collaboration with other agencies and the community. A strong principle is that Council needs to be part of the solution – but does not have to be the solution. In fact it is important the community and appropriate agencies take the responsibility accordingly.
27. There was strong consensus among Councillors about what the sort of Southland they wanted to see develop. The concepts included:
- a strong/proud/connected community
 - a community where people belong
 - building trust
 - working collaboratively with communities and other organisations across the region
 - valuing the environment
 - dealing with change.
28. The Council’s current community outcomes have been reviewed to reflect these concepts and provide a clear direction. As a result the Council developed two outcome statements that describe more broadly the type of community we are aiming to create to paint the picture of where we want to be:

i. Proud, connected communities that have an attractive and affordable lifestyle

ii. Resilient communities that leave a legacy for tomorrow

Strategic Priorities

29. The Council has also developed a series of four Strategic Priorities into the framework which provide more context about the outcomes and how Council expects to achieve them. As a result they should also assist with prioritising Council's activities. This is the first time that the Council has defined a set of Strategic Priorities as part of this framework.
30. These priorities are the areas of the Council's operations where elected members want to see a change in approach or increase in focus over the triennium and beyond.
31. The priorities have been developed from the issues discussed by Council at the workshop and also existing initiatives. These are prefaced by a statement which reflects the purpose of local government.

Strategic Priorities - We need to provide strong community leadership and work with our communities on how to adapt to these changes so that the infrastructure, local services and regulatory functions we provide are appropriate and support the achievement of our shared vision.

Our focus:

1. *Improve how we work*
 2. *Provide appropriate infrastructure/services*
 3. *Make informed decisions*
 4. *Attract more people*
32. These are designed to provide greater detail around Council's priorities and where the Council is focusing its efforts to achieve the community outcome. This priority setting approach means that the detail about what the "community outcome" means can be contained here rather than in high level community outcome statement.
 33. Taken together the Vision, Community Outcomes, Mission, Approach and Strategic Priorities are intended to be able to answer the "Why" question around anything Council does.
 34. The new Strategic Framework forms the basis for what the Council plans to focus on over the next three to ten years.
 35. The framework has been used by the Council and officers when preparing the 2018 Long Term Plan and associated Activity Management Plan programmes, budgets and performance information.

Next Steps

36. Community Boards, Community Development Area Subcommittees and other local committees are also asked to consider the framework in their decision-making going forward. This may be as part of budgeting processes for the 2018 LTP, wider community leadership planning or more generally as part of day-to-day operations.
37. Like Council, local committees are also encouraged to take a strategic perspective and critically consider the future challenges and opportunities now, and, be realistic in their planning to ensure that Council is being responsible and is preparing the ground for any hard decisions or courageous conversations that may be needed.
38. The Council is encouraging officers and local committees to consider what they can do differently and how they can work in with each other to help implement the strategies needed to create the vision of "one community with endless opportunities".
39. Council is also considering how it delivers its services and giving consideration to a strategic decision-making approach. This will consider the principle of 'Think District, Act Local' and

developing overarching strategic frameworks for activity and service delivery. This approach will consider opportunities associated with appropriate and affordable levels of service, equality vs. equity of service provision, minimum standards, functional hierarchy of provision and consistency across the district.

40. This strategic framework approach will also inform and assist in the consideration of investment decision-making models and future rating affordability conversations Council will need to have and address related issues. The outputs from this work will be fed back to Community Boards/CDAs for comment once developed.
41. The Council is also in the very early stages of looking at the changes that are needed and is considering what 'big picture analytics' type work needs to be undertaken to provide better data and insights to assist with the futures thinking decisions that will need to be made.
42. While the Council intends to signal this in its 2018 LTP, the bulk of this work will happen over the next three years to inform a Community Futures 2040 programme. The outcomes and findings of this are expected to see fundamental changes to the way we do things and how we plan ahead of our 2021 LTP.
43. In the meantime, the Te Anau Basin Water Supply Subcommittee are also asked to consider the long-term future issues in its decisions around budgets and programmes for 2018 LTP and to also consider how it can pitch in to support the Council's long-term strategy.

Recommendation

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled "Strategic Framework 2018 - 2028 Long Term Plan" dated 3 October 2017.**

Attachments

There are no attachments for this report.

Local Budgets for the Long Term Plan 2018-28

Record No: R/17/10/23572
Author: Susan McNamara, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

Decision Recommendation Information

Purpose

- 1 To set local budgets for 2018-2028 and propose rates for the year commencing 1 July 2018.

Executive Summary

- 2 This report provides an overview of the local activities and services for Te Anau Rural Water for 2018-2028 which are provided under the governance of the Te Anau Basin Water Supply subcommittee. The report details the estimated costs of these activities over the 10 years as well as the draft rates.
- 3 The draft budgets will be incorporated into the Council's draft Long Term Plan (LTP) 2018-2028 which will be released for consultation in March 2018. Once the plan is finalised (and subject to any changes resulting from submissions), the budgets shown for 2018/2019 will be used to set rates for the year beginning 1 July 2018 (referred to as LTP year 1).
- 4 The information in this report and its attachments, has been sourced from previous discussions between the Committee and Community Partnership Leader/Community Engineer along with Activity Management Plans (AMPs) that staff have prepared. The AMPs contain more detail about the activities and expenditure requirements.

Recommendation

That the Te Anau Basin Water Supply Subcommittee:

- a) Receives the report titled “Local Budgets for the Long Term Plan 2018-28” dated 5 October 2017.
- b) Determines that this matter 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) Recommends to Council that the following rates and charges (including GST) for the year commencing 1 July 2018 be included in the 2018-2028 Long Term Plan.

<u>Rate</u>	<u>Rate GST inclusive</u>
Te Anau Rural Water - Annual Charge	\$113,438
Te Anau Rural Water - Full Charge	\$99,727
Te Anau Rural Water - Half Charge	\$1,854
Te Anau Rural Water - 7.7 Charge	\$214,087

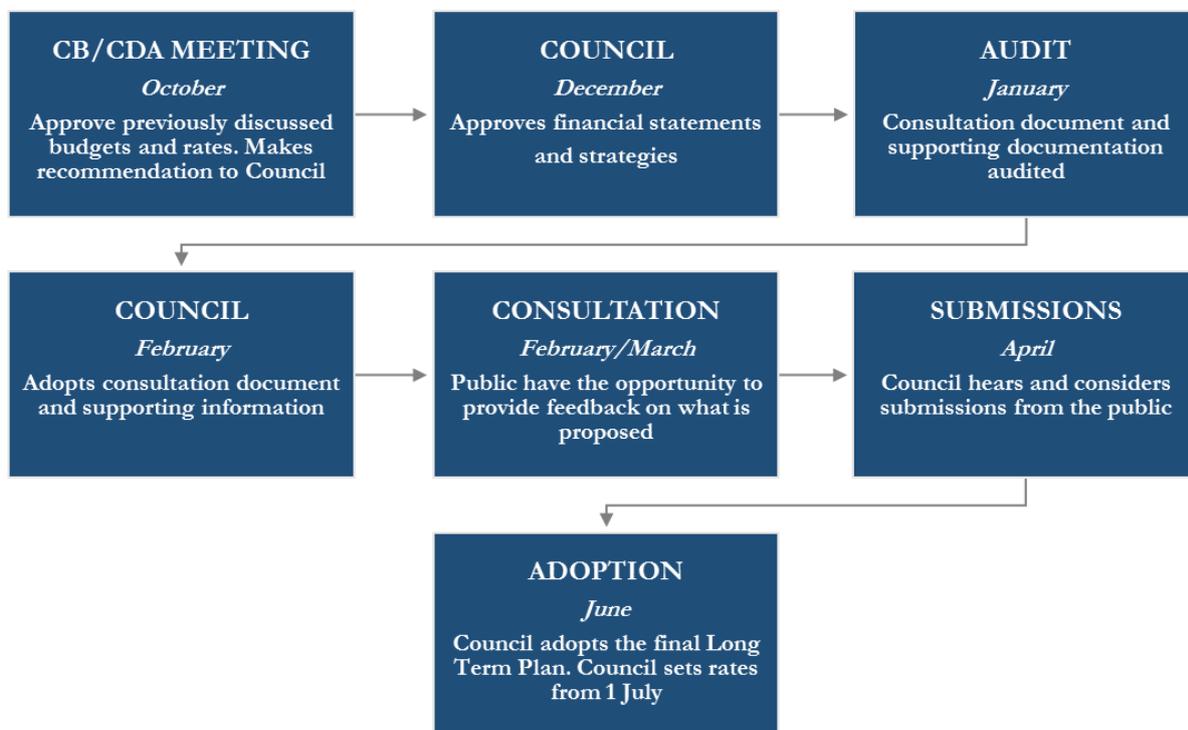
- e) Identifies any issues/priority projects for the local area that need to be included in the 2018-2028 Long Term Plan consultation process to encourage feedback from the local community (to be discussed at the meeting, and advised if any).

Content

Background

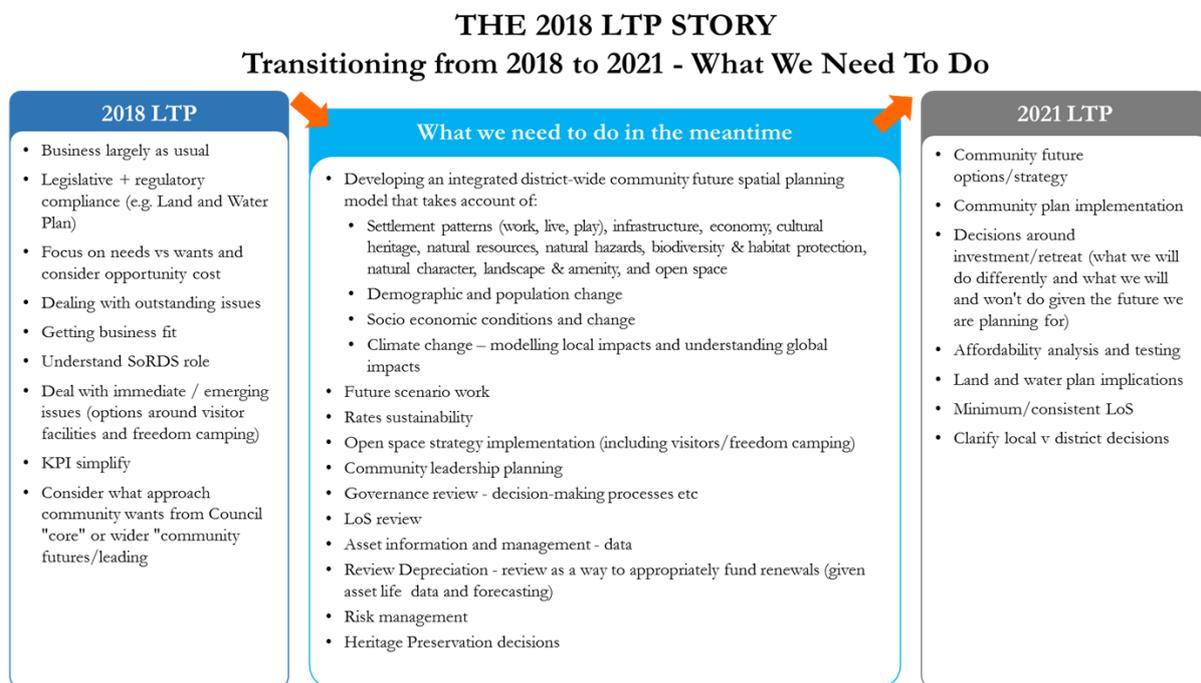
- 5 The LTP is adopted every three years and provides the community with information on the role, scope, service level and priority of Council activities for 10 years.
- 6 In preparing the LTP budgets and programmes, Council reviews its strategic direction, various policies and Activity Management Plans (AMPs). The Council also develops a series of assumptions about the environment that it expects to operate in during the 10 year period. Council summarises this information in a document for consultation with the community.
- 7 The LTP Consultation Document is released to the public in March 2018 and the community has an opportunity to provide feedback on the proposed plan. Council will decide on any changes to the draft plan before it is adopted in June 2018.
- 8 Year 2 and 3 of the LTP are used as the basis for the Annual Plan's for those years.

Overview of the Process



- 9 The separate Strategic Framework paper on the committee agenda outlines some of the significant changes predicted in Southland communities and the Council's operating environment in the future that will impact on our activities, services and rates affordability in the future.
- 10 Council has been discussing these changes as part of the development of the 2018 LTP and the implications in terms of affordability and appropriateness of Council services for the community in the future.
- 11 However, in order to be able to engage in a meaningful way with the community about the issues and options, Council has identified a need to gather better information to inform choices and develop a more strategic approach to responding to these issues across the District.

- 12 As such, as part of the 2018 LTP, Council is looking to begin developing this information over the next three years to inform these conversations ahead of the 2021 LTP, where specific choices and decisions will need to be made.
- 13 In the interim, the 2018 LTP is going to be a transitional plan, where budgets and work programmes are generally expected to be similar to previous years except in areas where there is legislative or regulatory compliance requirements, outstanding issues that need to be addressed or where work is needed to progress the Council's strategic priorities (see diagram below).
- 14 This is expected to enable Council to start working on the more strategic/fundamental issues facing Southland in the future and get better information and analysis to assist the Council and communities to make informed decisions about how to adapt to these changes as part of the 2021 LTP and beyond.



- 15 As such each local committee (Community Board, CDA Subcommittee and Water Supply committee) should also be aware that while the 2018 LTP has minimal change, there is likely to be a fuller review of activities and services and what is 'fit for purpose' and how they are funded over the next three years. As part of the process, local committees will have an opportunity be involved in this work.

Issues – District Wide

- 16 There are a number of district-wide issues which Council has been considering as part of the 2018 LTP that local committees should also be aware of. The key issues that have a link to local budgeting processes are detailed below.

Land and Water Plan

- 17 The implementation of the Water and Land Plan (Plan) by Environment Southland will result in higher costs for the Council, particularly in the wastewater and stormwater activities. Although what is actually needed to comply with the Plan is not yet known an estimate of the potential change to operational and capital costs has been included in the LTP. This is a combination of monitoring costs and additional infrastructure needed to improve discharges from these activities. The water activity may be impacted when additional water is required.

Revenue and Financing Policy

- 18 As part of the review of the Revenue and Financing Policy, Council is considering the most appropriate way to rate for library services across the district (along with a number of other changes to rates which are set at the district-level). Under the current policy the rates for the library activity are collected from a combination of some local communities and the district at large. The Council is considering whether the activity should only be funded from the district at large, given the greater proportion of residents now accessing library services online. If this occurs then some local rates will be reduced and the costs will be included in the District General rate. The draft policy including this information will be consulted on and the public will have opportunity to provide feedback.

Local Budget Development

- 19 The draft budgets for Te Anau Rural Water for 2018-2028 have been prepared. Figures for these budgets have flowed out of the review of Activity Management Plans as well as discussions between local committees and Community Partnership Leaders/Community Engineers over the past few months.
- 20 The aim of this has been to ensure that all projects and changes to expenditure have been discussed prior to the budget meetings so that the meetings are focussed primarily on the rates recommendation. This approach has been taken because the LTP is audited and officers need budgets to be finalised earlier to enable the audit to occur.
- 21 While we are aiming to have few changes at budgets meetings, we realise that some committees may want to carry out further investigations before finalising their programme. If this is the case, we would encourage committees to keep their changes to a minimum if possible and consider whether these can be processed through the annual budget/project review (via the Annual Plan) or through the unbudgeted expenditure process.
- 22 The objective of this budget report is to highlight issues, confirm priorities and plan expenditure and funding for the next 10 years for the Te Anau Basin Water Supply subcommittee's contribution as part of the Council's LTP.
- 23 If approved by Council via the LTP, the subcommittee will be able to spend the Council funds allocated in accordance with the budgeted expenditure. This occurs via Council staff approving purchase orders. The delegation that officers in the Water and Waste team have to spend on budgeted expenditure ranges from \$10,000 to \$200,000. If the subcommittee wishes to spend funds that are unbudgeted, including monies from reserves, then the decision will normally need Council approval (unless this is for emergency works).
- 24 In preparation for the 2018-2028 LTP, Council staff are reviewing and updating Council's various Asset/Activity Management Plans (AMPs).
- 25 Included in Attachment A (Section C) of this report is a summary of all planned projects for Te Anau Rural Water for the next 10 years as extracted from the draft AMPs. Copies of the full draft AMPs can be obtained by contacting the relevant Council staff member who manages the asset portfolio. Summaries of Council's AMPs will also be available online throughout the duration of the Long Term Plan consultation period.

Issues - Local

- 26 Key issues that the subcommittee need to be aware of for Te Anau Rural Water over the next 10 years are:
- During the first years of the plan Council will be seeking expert advice in relation to the risks to Council where rural water supplies are being used as drinking water and the options available to mitigate these risks.

- The network is experiencing more repairs than should be expected for the age of the asset. Currently Council's work programme reflects the assets to be renewed due to the normal estimated time for replacement. Council officers are concerned that certain parts of the asset may need replacing sooner, this will impact on the capital projects planned and the rates required to fund it. Council will undertake a detailed review of the asset over this planning period to recommend the works needed.

27 Attachment A is organised into four main sections as follows:

(A) Overview

This section includes details of the proposed rates for the Te Anau Rural Water (compared to the previous year). The section also includes an overview of reserves and loans.

(B) Rate Type Financial Information and Activity Summary

This section is organised by rate type and is broken into four subparts:

- i. This part contains a graph showing income and expenditure projected over the 10 years.
- ii. This part contains a summary of the financial budgets. It shows the expenditure and income projected over the 10 years, the amount of rates required and the rate calculation summary.
- iii. This part shows the business unit costs making up income and expenditure for the rate type. This financial information reconciles with the rate type financial summary mentioned above (ii).
- iv. This part contains a schedule of fees and charges showing the current fee and charge (2017/2018) with a column for the committee to consider charges to be set for 2018/2019.

(C) Planned Projects

This section includes a list of the maintenance and capital projects planned for the Te Anau Rural Water for the next 10 years.

More detailed reports, outlining options for specific projects will be submitted to the subcommittee closer to the implementation dates as is appropriate.

(D) Appendices

The appendices contain detailed reports in support of information in the body of the report as follows:

- (i) Reserves Report - this shows the balance of every reserve the water supply has for each of the 10 years.
- (ii) Loan Report - this shows the balance of every internal and external loan the water supply has for each of the 10 years.

Factors to Consider

Legal and Statutory Requirements

- 28 The draft budgets (including details of projects) will form part of the activity statements and financials in the Council's LTP 2018-2028. The LTP (and associated Consultation Document) is a requirement of the Local Government Act 2002.
- 29 There is a statutory requirement to adopt an LTP before rates can be set in accordance with the provisions of the Local Government (Rating) Act 2002.

Community Views

- 30 Any significant issues affecting local communities may be included in the official consultation document which will be publicly available from early March to mid April 2018. The consultation document will be posted out to each household throughout the District.
- 31 The broader local budgets for all the communities will be summarised in the financial projections which will be available as background information to the public consultation.
- 32 ***Local committees are also asked to advise officers of any local issues/projects that they would like to be highlighted in the consultation material where they are wanting to encourage feedback from the local community or let the community know of any significant projects.***
- 33 Any submissions received from the public on local issues will be forwarded to the relevant officer (and Chairperson and board/committee if required) for comment. As a result of the submission process, amendments may be made prior to Council formally adopting the finalised LTP by 30 June 2018.

Costs and Funding

- 34 The financial considerations are set out in Attachment A of this report. Key financial aspects to be aware of include:

Assumptions

- 35 In preparing the 10 year forecasts, the Council has used a number of assumptions as follows:
- Estimates are built from the levels of service desired by the community.
 - Estimates have been included for expected costs in relation to the Water and Land Plan.
 - Interest has not yet been included in the projected reserve balances for the 10 years of the plan. Once the budgets have been finalised, interest will be calculated and transferred directly to the relevant reserves (later in 2017).
 - The estimates include an allowance for price level changes (inflation) which is a financial reporting requirement. For the plan inflation has been assumed at between 2-2.8% per annum.
 - Interest on borrowings has been charged at 4.65% per annum.
 - No allowance has been made in the estimates for any possible increases in contract rates for contracts being re-tendered.
 - Reserves used to fund project/capital work where possible rather than internal loans.
 - Where loan funding is required for key community projects, it is assumed that these loans will be obtained internally in the first instance.

Policy Implications

- 36 The report is a summary of plans prepared in respect to all of the services the Te Anau Basin Water Supply committee intends to provide for Te Anau Rural Water during the 10 year period from 1 July 2018 to 30 June 2028. The information including the estimates will be incorporated in the draft 2018 LTP Consultation Document and final LTP 2018-2028.

Analysis

Options Considered

- 37 Officers have developed the projects to be included in the Long Term Plan and may have already discussed these with the subcommittee.

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 the Long Term Plan to be compiled and audited with the set timeframe Rates recommendation to Council is finalised. Budgets and project estimates can be updated or reviewed annually as part of the Annual Plan budgeting process (or approved via unbudgeted expenditure process). 	<ul style="list-style-type: none"> None identified

Option 2 – Amend the estimates proposed in the report

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

Assessment of Significance

- 38 The decision to be made by the Te Anau Basin Water Supply subcommittee is not likely to be a significant decision on its own under the Council's significance and Engagement Policy. However, the Long Term Plan (into which the subcommittee's budgets are incorporated) is considered significant and will be consulted on in March/April 2018.

Recommended Option

- 39 Option 1 Accept the estimated reports as proposed in this report.

Next Steps

- 40 The draft 10 year budgets and rating information for 2018-28 for Te Anau Rural Water will be included in the draft LTP financial information for confirmation by Council in February 2018 and consultation through March-April 2018.

Attachments

- A Te Anau Basin Water Supply Estimates and Local Activity Plan Information for the Draft Long Term Plan (LTP) 2018-2028 (Attachment A) [↓](#)

A. OVERVIEW

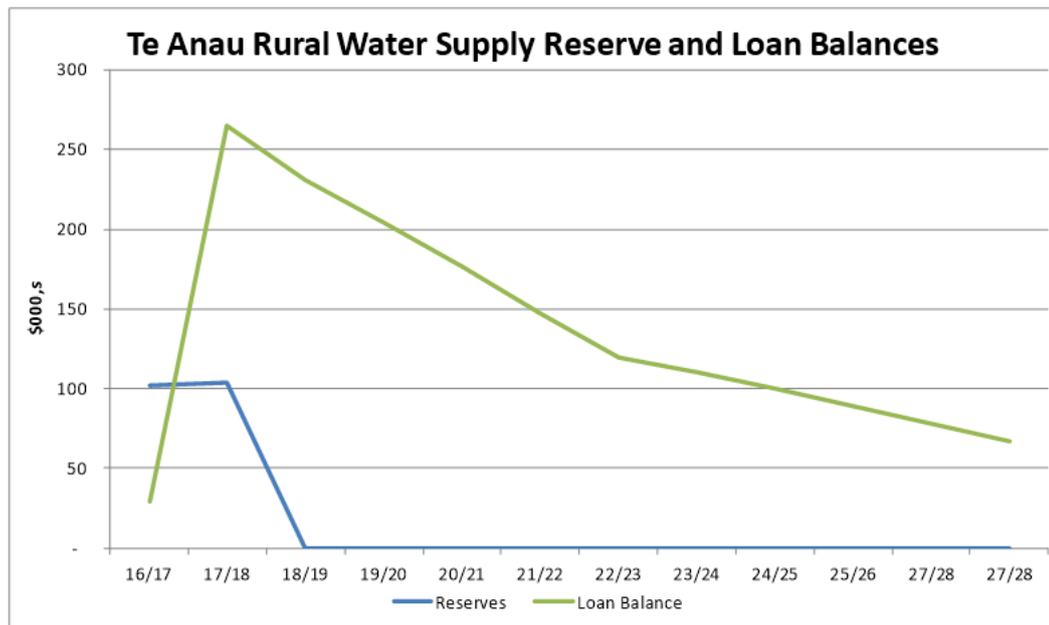
Rates

The following table summarises the percentage rates change compared to the previous three years (GST inclusive).

Rate	Actual			Proposed LTP
	15/16	16/17	17/18	18/19
Te Anau Rural Water Rate	\$427,316	\$442,741	\$446,195	\$429,100
% Increase/(decrease)	5.61%	3.61%	0.78%	(3.83%)

Reserves and Loans

The graph below shows the projected balances of reserves and loans for the Te Anau Rural Water Supply. These figures have been calculated taking into account the budgets which have been prepared and staff recommendations on whether projects should be funded by reserves or loans. A detailed breakdown of the reserves and loans held is included in the Appendices 1 and 2.

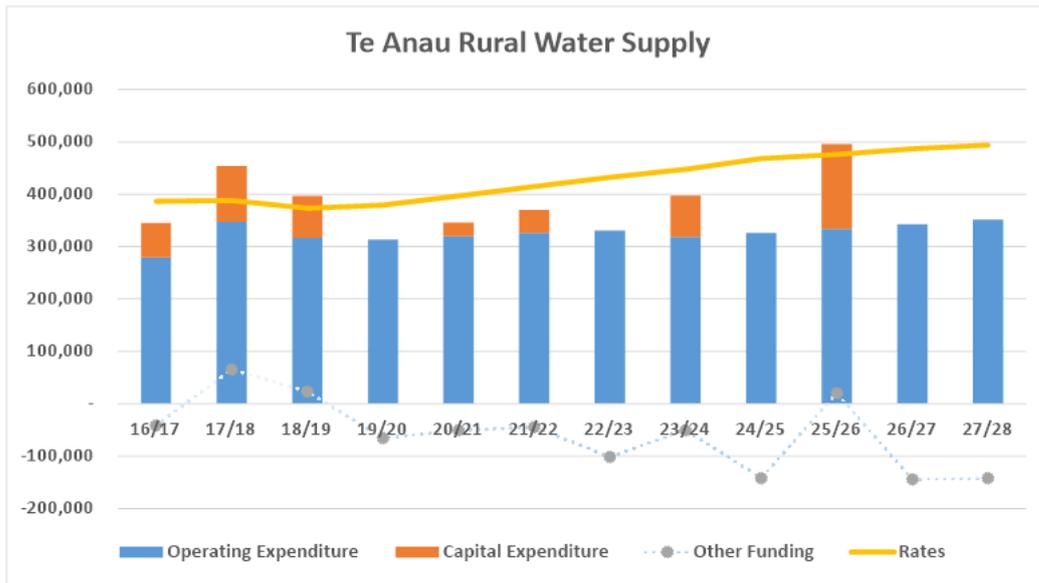


B. RATE TYPE FINANCIAL INFORMATION AND ACTIVITY SUMMARY

1.1 Te Anau Rural Water Supply Rate Overview

This section details the budgets and rates required. Please note the numbers below are GST exclusive.

The graph and table below is a financial summary of the business units making up this rate.



Expenditure and Rates (excl GST)

*Other Funding includes transfer to/from reserves, loans, internment fees, rentals etc

1.2 Te Anau Rural Water Supply Rate - Financial Summary and Rates Calculation

	Actuals 2016/2017	Budget 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Operating Expenditure	(418,906)	(473,539)	(439,415)	(444,755)	(448,060)	(452,577)	(457,458)	(462,148)	(468,183)	(475,747)	(486,490)	(493,705)
Capital Expenditure	(65,876)	(106,383)	(80,000)	-	(26,205)	(43,900)	-	(78,780)	-	(161,885)	-	-
Loans Repaid	(9,856)	(19,062)	(34,151)	(26,522)	(27,777)	(29,091)	(27,795)	(9,622)	(10,078)	(10,554)	(11,054)	(11,577)
Non Cash Expenditure	99,610	95,328	73,769	65,534	51,267	37,864	25,387	14,366	-	-	-	-
Total Expenditure	(395,028)	(503,656)	(479,797)	(405,744)	(450,775)	(487,704)	(459,866)	(536,184)	(478,261)	(648,186)	(497,544)	(505,282)
<i>Less Funding</i>												
Loans Raised	-	85,000	-	-	-	-	-	-	-	-	-	-
Net Reserve Movements	5,161	28,001	106,666	26,522	53,982	72,991	27,795	88,402	10,078	172,439	11,054	11,577
Other Income	3,195	2,661	-	-	-	-	-	-	-	-	-	-
Total Funding	8,357	115,662	106,666	26,522	53,982	72,991	27,795	88,402	10,078	172,439	11,054	11,577
Total Rates Required	386,671	387,994	373,131	379,222	396,793	414,713	432,071	447,782	468,183	475,747	486,490	493,705
GST	58,001	58,199	55,970	56,883	59,519	62,207	64,811	67,167	70,227	71,362	72,974	74,056
Rate (including GST)	444,671	446,193	429,101	436,105	456,312	476,920	496,882	514,949	538,410	547,109	559,464	567,761
\$ Increase/(Decrease)		1,522	-17,092	7,004	20,207	20,608	19,961	18,068	23,461	8,699	12,354	8,297
% Increase/(Decrease)		0.34%	(3.83%)	1.63%	4.63%	4.52%	4.19%	3.64%	4.56%	1.62%	2.26%	1.48%

Calculation of Rates

Rate Type	Basis of Rate	2017/2018 Actual Rate	2018/2019 Proposed	Variance	Total Rates Required
Te Anau Rural Water - 7.7 Units (7.70)	UnitCharge	2,969.48	2,854.49	-114.99	214,087
Te Anau Rural Water - Annual Charge (1.50)	UnitCharge	578.47	556.07	-22.40	113,438
Te Anau Rural Water - Full Unit (1.00)	UnitCharge	385.65	370.71	-14.94	99,721
Te Anau Rural Water - Half Unit (0.50)	UnitCharge	192.82	185.36	-7.46	1,854
					429,100

1.3 Te Anau Rural Water Supply - Business Unit Financial Summary

Operating Expenditure												
	Actuals 2016/2017	Budget 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Operating Expenditure												
Water Supply - Duncraigen	15,689	7,286	10,567	10,811	11,051	11,304	11,568	11,844	12,140	12,449	12,771	13,116
Water Supply Homestead	24,501	34,836	28,213	28,869	29,514	30,187	30,894	31,635	32,424	33,255	34,117	35,037
Water Supply Kakapo	57,709	86,211	60,649	62,065	63,459	64,912	66,434	68,032	69,735	71,520	73,382	75,366
Water Supply Mount York	30,801	34,204	32,396	33,149	33,891	34,664	35,476	36,328	37,236	38,190	39,182	40,241
Water Supply Overheads	151,563	148,191	168,825	167,859	164,959	163,004	161,099	158,673	157,120	156,725	159,177	157,550
Water Supply Princhester	15,514	16,318	17,600	18,010	18,412	18,832	19,273	19,736	20,229	20,748	21,286	21,863
Water Supply Ramparts	76,098	94,265	73,339	75,059	76,747	78,510	80,353	82,288	84,353	86,511	88,767	91,171
Water Supply Takitimu	47,030	52,228	47,826	48,933	50,027	51,164	52,361	53,612	54,946	56,349	57,808	59,361
Total	418,906	473,539	439,415	444,755	448,060	452,577	457,458	462,148	468,183	475,747	486,490	493,705
Non Cash Expenditure												
Water Supply Overheads	(99,610)	(95,328)	(73,769)	(65,534)	(51,267)	(37,864)	(25,387)	(14,366)	-	-	-	-
Total	(99,610)	(95,328)	(73,769)	(65,534)	(51,267)	(37,864)	(25,387)	(14,366)	-	-	-	-
Total Operating Expenditure	319,296	378,211	365,646	379,222	396,793	414,713	432,071	447,782	468,183	475,747	486,490	493,705
Capital Expenditure												
	Actuals 2016/2017	Budget 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Capital Expenditure												
Water Supply Homestead	-	-	20,000	-	7,169	-	-	-	-	-	-	-
Water Supply Kakapo	29,873	85,000	20,000	-	-	12,658	-	-	-	-	-	-
Water Supply Princhester	-	21,383	20,000	-	-	31,242	-	-	-	-	-	-
Water Supply Ramparts	17,952	-	20,000	-	-	-	-	11,160	-	-	-	-
Water Supply Takitimu	18,051	-	-	-	-	-	-	22,540	-	161,885	-	-
Total Capital Expenditure	65,876	106,383	80,000	-	26,205	43,900	-	78,780	-	161,885	-	-
Loans Movement												
	Actuals 2016/2017	Budget 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Loans Raised												
Water Supply Kakapo	-	(85,000)	-	-	-	-	-	-	-	-	-	-
Total	-	(85,000)	-									
Loans Repaid												
Water Supply Kakapo	-	3,825	-	-	-	-	-	-	-	-	-	-
Water Supply Overheads	9,856	11,027	34,151	26,522	27,777	29,091	27,795	9,622	10,078	10,554	11,054	11,577
Water Supply Ramparts	-	1,680	-	-	-	-	-	-	-	-	-	-
Water Supply Takitimu	-	2,530	-	-	-	-	-	-	-	-	-	-
Total	9,856	19,062	34,151	26,522	27,777	29,091	27,795	9,622	10,078	10,554	11,054	11,577

1.3 Te Anau Rural Water Supply - Business Unit Financial Summary (continued)

Total Loans Movement	9,856	(65,938)	34,151	26,522	27,777	29,091	27,795	9,622	10,078	10,554	11,054	11,577
Funding Sources												
	Actuals	Budget	Forecast									
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Net Reserve Movements - (To/From)												
Water Supply - Duncairgen	(8,613)	-	-	-	-	-	-	(22,540)	-	-	-	-
Water Supply Homestead	9,358	-	(20,000)	-	(7,169)	-	-	-	-	-	-	-
Water Supply Kakapo	(13,143)	-	(20,000)	-	-	(12,658)	-	-	-	-	-	-
Water Supply Mount York	102,873	-	-	-	(19,036)	-	-	(22,540)	-	-	-	-
Water Supply Overheads	(68,821)	(28,001)	(34,151)	(26,522)	(27,777)	(29,091)	(27,795)	(9,622)	(10,078)	(10,554)	(11,054)	(11,577)
Water Supply Princhester	332	-	(12,515)	-	-	(31,242)	-	-	-	-	-	-
Water Supply Ramparts	(6,604)	-	(20,000)	-	-	-	-	(11,160)	-	-	-	-
Water Supply Takitimu	(20,543)	-	-	-	-	-	-	(22,540)	-	(161,885)	-	-
Total	(5,161)	(28,001)	(106,666)	(26,522)	(53,982)	(72,991)	(27,795)	(88,402)	(10,078)	(172,439)	(11,054)	(11,577)
Other Income												
Water Supply Overheads	(3,195)	(2,661)	-	-	-	-	-	-	-	-	-	-
Total	(3,195)	(2,661)	-									
Total Funding Sources	(8,357)	(30,662)	(106,666)	(26,522)	(53,982)	(72,991)	(27,795)	(88,402)	(10,078)	(172,439)	(11,054)	(11,577)
Rates												
	Actuals	Budget	Forecast									
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Rates												
Water Supply - Duncairgen	(7,076)	(7,286)	(10,567)	(10,811)	(11,051)	(11,304)	(11,568)	(11,844)	(12,140)	(12,449)	(12,771)	(13,116)
Water Supply Homestead	(33,859)	(34,836)	(28,213)	(28,869)	(29,514)	(30,187)	(30,894)	(31,635)	(32,424)	(33,255)	(34,117)	(35,037)
Water Supply Kakapo	(74,439)	(90,036)	(60,649)	(62,065)	(63,459)	(64,912)	(66,434)	(68,032)	(69,735)	(71,520)	(73,382)	(75,366)
Water Supply Mount York	(133,674)	(34,204)	(32,396)	(33,149)	(33,891)	(34,664)	(35,476)	(36,328)	(37,236)	(38,190)	(39,182)	(40,241)
Water Supply Overheads	10,207	(33,228)	(95,056)	(102,326)	(113,692)	(125,140)	(135,712)	(144,307)	(157,120)	(156,725)	(159,177)	(157,550)
Water Supply Princhester	(15,847)	(37,701)	(25,085)	(18,010)	(18,412)	(18,832)	(19,273)	(19,736)	(20,229)	(20,748)	(21,286)	(21,863)
Water Supply Ramparts	(87,445)	(95,945)	(73,339)	(75,059)	(76,747)	(78,510)	(80,353)	(82,288)	(84,353)	(86,511)	(88,767)	(91,171)
Water Supply Takitimu	(44,538)	(54,758)	(47,826)	(48,933)	(50,027)	(51,164)	(52,361)	(53,612)	(54,946)	(56,349)	(57,808)	(59,361)
Total Rates	(386,671)	(387,994)	(373,131)	(379,222)	(396,793)	(414,713)	(432,071)	(447,782)	(468,183)	(475,747)	(486,490)	(493,705)

1.4 Te Anau Rural Water – Fees and Charges

There are no fees and charges for Te Anau Rural Water.

C. Te Anau Rural Water Supply Planned Projects

Projects for the 10 Years 2018-2028

Shows the projects the Te Anau Rural Water Supply has planned for the 10 years.

<u>Project Description</u>	<u>Object</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>	<u>2025/2026</u>	<u>2026/2027</u>	<u>2027/2028</u>	<u>Funding</u>
26961 Water Supply Ramparts												
RW482 - A - Consent Renewal Preparation (Ramparts)	65561	20,000	-	-	-	-	-	-	-	-	-	Reserves
RW1613 - A - Plant and equipment (Ramparts)	65562	-	-	-	-	-	11,160	-	-	-	-	Reserves
		<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
26962 Water Supply Mount York												
RW316 - A - Consent Renewal Preparation (Mt York)	65561	-	-	-	-	-	22,540	-	-	-	-	Reserves
RW1609 - A - Plant and Equipment (Mt York)	65562	-	-	19,036	-	-	-	-	-	-	-	Reserves
		<u>-</u>	<u>-</u>	<u>19,036</u>	<u>-</u>	<u>-</u>	<u>22,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
26963 Water Supply Takitimu												
RW591 - A - Consent Renewal Preparation (Takitimu)	65561	-	-	-	-	-	22,540	-	-	-	-	Reserves
RW1616 - A - Switchboards and pumps (Takitimu)	65562	-	-	-	-	-	-	-	161,885	-	-	Reserves
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,540</u>	<u>-</u>	<u>161,885</u>	<u>-</u>	<u>-</u>	
26964 Water Supply Kakapo												
RW138 - A - Consent Renewal Preparation (Kakapo)	65561	20,000	-	-	-	-	-	-	-	-	-	Reserves
RW1605 - A - Plant and Equipment (Kakapo)	65562	-	-	-	12,658	-	-	-	-	-	-	Reserves
		<u>20,000</u>	<u>-</u>	<u>-</u>	<u>12,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
26965 Water Supply Homestead												
RW108 - A - Consent Renewal Preparation (Homestead)	65561	20,000	-	-	-	-	-	-	-	-	-	Reserves
RW1602 - A - Plantroom valves (Homestead)	65562	-	-	7,169	-	-	-	-	-	-	-	Reserves
		<u>20,000</u>	<u>-</u>	<u>7,169</u>	<u>-</u>							

C. Te Anau Rural Water Supply Planned Projects (continued)

<u>Project Description</u>	<u>Object</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>	<u>2025/2026</u>	<u>2026/2027</u>	<u>2027/2028</u>	<u>Funding</u>
26966 Water Supply Princhester												
RW439 - A - Consent Renewal Preparation (Princhester)	65561	20,000	-	-	-	-	-	-	-	-	-	- Rates & Reserves
RW1611 - A - Trunk Main (Princestor)	65562	-	-	-	31,242	-	-	-	-	-	-	- Reserves
		<u>20,000</u>	<u>-</u>	<u>-</u>	<u>31,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
26967 Water Supply - Duncraigen												
RW39 - A - Consent Renewal Preparation (Duncraigen)	65561	-	-	-	-	-	22,540	-	-	-	-	- Reserves
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

D. APPENDICES

Appendix i - Reserve Report

Shows the balance of every reserve Te Anau Rural Water Supply has for each of the 10 years.

	Opening Balance	Current Budget	Forecast Budget	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Water													
Reserve													
Te Anau Rural WS General - RES	101,663	104,324	-	-	-	-	-	-	-	-	-	-	-
Total Water Reserve	101,663	104,324	-	-	-	-	-	-	-	-	-	-	-
Total Water Balance	101,663	104,324	-	-	-	-	-	-	-	-	-	-	-
Total Te Anau Rural Water Supply Reserve Balance	101,663	104,324	-	-	-	-	-	-	-	-	-	-	-
Overall Reserve Balance:	101,663	104,324	-	-	-	-	-	-	-	-	-	-	-

Appendix ii - Loan Report

Shows the balance of every internal loan Te Anau Rural Water Supply has for each of the 10 years.

Description	Term	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
		Loan Balance									
Electrical Upgrade Residual Balance	4	7,315	4,988	2,552 -	0 -	0 -	0 -	0 -	0 -	0 -	0
Te Anau Rural Water Renewal	1	0	0	0	0	0	0	0	0	0	0
Te Anau Rural Pipe Renewal (Carry forward)	15	153,858	145,860	137,484	128,712	119,524	109,902	99,824	89,270	78,216	66,639
Replace tanks at Kakapo	5	69,534	53,337	36,373	18,607 -	0 -	0 -	0 -	0 -	0 -	0