



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

Date: Tuesday, 3 November 2020
Time: 1.30pm
Meeting Room: Te Anau Library Meeting Room
Venue: 24 Milford Road
Te Anau

Te Anau Basin Water Supply Subcommittee Agenda OPEN

MEMBERSHIP

Chairperson	Keith Thompson
Members	Henry Douglas
	Murray Hagen
	Bill Hunter
	Graham Johnston
	Rex Millar

IN ATTENDANCE

Manager Operations - Water and Waste Bill Witham

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

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

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

TYPE OF COMMITTEE	Subcommittee
SUBORDINATE TO	Fiordland and Northern Community Board
LEGISLATIVE BASIS	Subcommittees delegated powers by Council as per schedule 7, clause 32, LGA 2002.
MEMBERSHIP	<p>Te Anau Basin Water Supply Subcommittee (Fiordland Community Board)</p> <p>The total membership of the Te Anau Basin Water Supply Subcommittee will be nine. Membership of the subcommittee shall be determined by an election at a triennial public meeting.</p> <p>The subcommittee representation shall comprise:</p> <ul style="list-style-type: none"> • a water supply consumer from each of the following areas: <ul style="list-style-type: none"> – Duncraigen – Homestead – Kakapo – Mt York – Princhester – Ramparts – Takitimu • two representatives appointed by Landcorp. <p>Matuku Water Supply Subcommittee (Northern Community Board)</p> <p>The total membership of the Matuku Water Supply Subcommittee will be six plus a councillor.</p> <p>The chairperson shall be elected by the vote of the subcommittee.</p> <p>Five Rivers Water Supply Subcommittee (Northern Community Board)</p> <p>The total membership of the Five Rivers Water Supply Subcommittee will be six members plus a councillor.</p> <p>The chairperson shall be elected by the vote of the subcommittee.</p>
QUORUM	<p>Te Anau Basin Water Supply Subcommittee – 5</p> <p>Matuku Water Supply Subcommittee – 4</p> <p>Five Rivers Water Supply Subcommittee – 4</p>
FREQUENCY OF MEETINGS	<p>Te Anau Basin Water Supply Subcommittee</p> <p>Three meetings per annum or as required.</p> <p>Matuku Water Supply and Five Rivers Water Supply Subcommittee</p> <p>One meeting per annum or as required.</p>
SCOPE OF ACTIVITIES	The activity of Southland District Council's Water Supply Subcommittees is framed by Council policies and plans. The responsibilities of these water supply subcommittees include:

	<ul style="list-style-type: none"> • 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.
DELEGATIONS	<p>Power to Act</p> <p>The Te Anau Basin, Matuku and Five Rivers Water Supply Subcommittees shall have the following delegated powers and be accountable to the relevant community board for the exercising of these powers:</p> <ul style="list-style-type: none"> (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. <p>In addition to the power to approve expenditure outside of the relevant annual budget for emergency works, this committee can also recommend unbudgeted expenditure to the relevant Community Board and Council for approval.</p>

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Apologies

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

1 Leave of absence

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

2 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.

3 Public Forum

Notification to speak is required by 12noon at least one clear day before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

4 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."

5 Confirmation of Minutes

6.1 Meeting minutes of Te Anau Basin Water Supply Subcommittee, 30 June 2020



Te Anau Basin Water Supply Subcommittee

OPEN MINUTES

Minutes of a meeting of Te Anau Basin Water Supply Subcommittee held in the Southland District Council Te Anau Office, 116 Town Centre, Te Anau on Tuesday, 30 June 2020 at 1.30pm.

PRESENT

Chairperson	Keith Thompson
Members	Henry Douglas Murray Hagen Bill Hunter Graham Johnston Rex Millar

APOLOGIES

Scott Harpham

IN ATTENDANCE

Manager Operations - Water and Waste Services	Bill Witham
Manager Operations – Water and Waste Services	Grant Isaacs
Committee Advisor	Rose Knowles

1 Apologies

There was an apology from Scott Harpham

Moved Graham Johnston, seconded Murray Hagen and **resolved:**

That the Te Anau Basin Water Supply Subcommittee accept the apology.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There was no public forum.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Henry Douglas, seconded Murray Hagen and **resolved:**

That the minutes of Te Anau Basin Water Supply Subcommittee meeting held on 9 December 2019 be confirmed as a true and correct record of that meeting.

Reports

7.1 Financial Report for the period ended 30 April 2020

Record No: R/20/6/21971

Operations Manager, Water & Waste, Bill Witham presented this item.

Items discussed included:

- Kakapo Rural Scheme Exposed Main
- Ramparts scheme, pumps not working fully, costings to rebuild will be available at the next meeting

- Maintenance to be done on the rising main – Kakapo scheme
- Mount York scheme issues
- Flow meter for monitoring the Kakapo scheme

Resolution

Moved Graham Johnston, seconded Murray Hagen and **resolved:**

That the Te Anau Basin Water Supply Subcommittee:

- a) Receives the report titled “Financial Report for the period ended 30 April 2020” dated 18 June 2020.**
- b) Agrees that a flow meter be installed for monitoring water flow on the Kakapo and Dale roads.**

7.2 Unbudgeted Expenditure Request - Solar Power Unit for Takitimu Reservoir

Record No: R/20/3/6066

Operations Manager, Water & Waste, Bill Witham presented this item.

Mr Witham advised that the purpose of this report is to seek approval from the Te Anau Basin Water Supply Sub-Committee in support of the unbudgeted expenditure required to install a solar power unit at the Takitimu Reservoir.

The Takitimu Rural Water Scheme reservoir has an existing electrical supply which is fed through a private dwelling. This dwelling is now a rental property and has intermittent power interruptions when there are no tenants in the property. These power interruptions cause a loss of communications between the reservoir and the intake pumps, causing issues with the successful operation of the water scheme.

The power issue can be rectified through the installation of a solar power unit at the reservoir site. This would require unbudgeted expenditure of \$5,100.00 to complete the installation.

Resolution

Moved Henry Douglas, seconded Graham Johnston and **resolved:**

That the Te Anau Basin Water Supply Subcommittee:

- a) Receives the report titled “Unbudgeted Expenditure Request - Solar Power Unit for Takitimu Reservoir” dated 19 June 2020.**
- 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 the unbudgeted expenditure to undertake the installation of a solar power unit at the Takitimu Rural Water Scheme reservoir for a total cost of \$5,100.00 to be funded by the Te Anau Basin Water Supply General Reserve.

7.3 Unbudgeted Expenditure - Rural Water Flow Meters

Record No: R/20/5/10400

Operations Manager, Water & Waste, Bill Witham presented this item.

Mr Witham advised that the purpose of this report is to provide information for the Te Anau Basin Water Supply Sub-Committee regarding the unbudgeted expenditure that was authorised by Council to install Magflo style water meters at three rural water schemes to comply with Environment Southland consent requirements. This request was made to Council following consultation with the Te Anau Basin Water Supply sub-Committee Chairperson.

Resolution

Moved Graham Johnston, seconded Bill Hunter and **resolved:**

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled "Unbudgeted Expenditure - Rural Water Flow Meters" dated 19 June 2020.**
- 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.**

The meeting concluded at 2.55pm

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE TE ANAU BASIN WATER SUPPLY
SUBCOMMITTEE HELD ON 30 JUNE 2020

DATE:.....

CHAIRPERSON:.....

Project P-10275 Budget Allocation - Plant and Equipment - Mt York

Record No: R/20/10/60637
Author: Joe Findley, Projects Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to confirm the scope for the intended project P-10275 'Plant and Equipment – Mt York' as the replacement of the two switchboards at the intake building and booster shed.

Executive Summary

- 2 Project P-10275 'Plant and Equipment – Mt York' was included in the 2018-2021 Long Term Plan as an end of life asset renewal. Following consultation with Downer NZ regarding the condition of plant and equipment assets within the Mt York scheme, it was identified the need to replace the two switchboards, one at the intake building and one at the booster shed, as a priority.

Recommendation

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled "Project P-10275 Budget Allocation - Plant and Equipment - Mt York" dated 29 October 2020.**
- 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 the scope of works for Project P-10275 'Plant and Equipment – Mt York' to replace the switchboards at the Mt York intake and Mt York booster for a total project cost of \$18,886.10 (excl GST).**

Background

- 3 The Mt York rural water scheme was installed in 1972 and the intake for the scheme is located on the Mararoa River around 3km south of the confluence with the Whitestone River. The scheme services around 25 connections with an annual total volume of around 96,220m³.

- 4 The intake draws from a riverside well and two high lift pumps deliver the water to the reservoir which is up the hill to the west of the intake. An additional booster shed is located at the reservoir site for pushing the water from the reservoir further up the hill to a consumer tank.
- 5 The reservoir tanks were replaced for the scheme in March 2018.

Issues

- 6 The switchboards on the Mt York scheme pose a significant risk of failure and interruption to supply for the scheme, due to their age and condition.
- 7 A recent failure of a relay at the booster station switchboard has already caused some significant cost to the scheme through burning out the booster pump.

Factors to Consider

Legal and Statutory Requirements

- 8 This project is being undertaken in accordance with the statutory processes and to fulfil Council's statutory obligations set out in the Local Government Act 2002.

Community Views

- 9 This project was included in the 2018-2021 Long Term Plan and consulted on through this process.

Costs and Funding

- 10 The project budget for P-10275 'Plant and Equipment – Mt York' which was allocated through the 2018-2021 Long Term Plan is \$19,036.00 (excl GST).
- 11 A price for the supply and installation of the new switchboards has been requested from Downer NZ and is as follows:
- 12 Mt York Intake Switchboard - \$13,859.65 (excl GST).
- 13 Mt York Booster Switchboard - \$5,026.45 (excl GST).
- 14 The total cost for replacing both switchboards would be \$18,886.10 (excl GST) which is within the allocated budget in the Long Term Plan.

Policy Implications

- 15 None.

Analysis

Options Considered

- 16 The following options have been identified and considered as outlined below in Options 1 and 2.

Analysis of Options

Option 1 – Replacement of the two switchboards at the Mt York intake and Mt York booster

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• replacing end of life asset• reduced risk of electrical failure• increased reliability of scheme• reduced risk of additional costs associated with electrical failure• improved health and safety of water operators.	<ul style="list-style-type: none">• capital expenditure

Option 2 – Do nothing

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• no capital expenditure.	<ul style="list-style-type: none">• increased risk of failure of electrical components• end of life asset still requiring replacement at some stage• no increase in reliability• no improvement in health and safety.

Assessment of Significance

- 17 The proposed recommendations are assessed as not significant.

Recommended Option

- 18 It is recommended to the Committee to proceed with accepting the quote from Downer NZ for the replacement of the two switchboards at Mt York, as per Option 1 above.

Next Steps

- 19 If approval of the recommendations is received from the Committee, then the quote from Downer NZ will be accepted and the switchboards will be replaced.

Attachments

There are no attachments for this report.

Financial Report for the year ended 30 June 2020

Record No: R/20/10/62487
Author: Sheree Marrah, Financial Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision

☐ Recommendation

☒ Information

Summary

- 1 The purpose of this report is to present the final financial results and supporting information for the schemes located within the Te Anau Basin Water Supply subcommittee area for the year ended 30 June 2020. The financial reports are contained within attachment A, B and C of this report.
- 2 As the audit of Council is still occurring, the financial results presented are still subject to change.

Recommendation

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled “Financial Report for the year ended 30 June 2020” dated 28 October 2020.**

Attachments

- A Financial Report for the year ended 30 June 2020 - Te Anau Rural Water Supply [↗](#)
- B Reserve Report as at 30 June 2020 - Te Anau Rural Water Supply [↗](#)
- C Detailed business units for the year ended 30 June 2020 [↗](#)



Te Anau Rural Water Supply subcommittee - Financial performance for the year ended 30 June 2020

The summary tables overleaf show the final financial results for your schemes for the year ended 30 June 2020. Please note these financial results are being audited in October/November and therefore may be subject to further change.

The results show for each of the income, expenditure, and capital expenditure categories:

- what actually happened ("Actual"),
- what was expected to occur by year end ("Forecasted Budget"), and
- what the original budget was ("Annual Plan Budget")

The "Forecasted Budget" includes the original Annual Plan budgeted adjusted for the effect of expenditure carried forward from 2018/2019, unbudgeted expenditure, projects that have been put on hold or are to be completed in 2020/2021 and/or anticipated changes to income and operating expenditure over the year.

Operational reports provided to you throughout the year compared the actual year-to-date ("YTD") results against forecasted YTD totals. This report however, will discuss significant variances between the "Actual" results and the "Annual Plan Budget".

A detailed breakdown of the individual business units is included in Attachment C of this report for your information.


Te Anau Rural Water Supply - Business Units for the year ended 30 June 2020

	Income			Expenses			Capital		
Business Unit	Actual	Forecasted Budget	Annual Plan Budget	Actual	Forecasted Budget	Annual Plan Budget	Actual	Forecasted Budget	Annual Plan Budget
Water Supply Overheads	\$84,889	\$85,067	\$85,067	\$161,021	\$165,188	\$165,188			
Water Supply Ramparts	\$75,909	\$76,182	\$76,182	\$89,138	\$79,063	\$76,182	\$19,952	\$13,665	
Water Supply Mount York	\$33,675	\$33,796	\$33,796	\$40,827	\$33,796	\$33,796			
Water Supply Takitimu	\$49,403	\$49,581	\$49,581	\$51,324	\$45,564	\$49,581	\$5,100		
Water Supply Kakapo	\$62,699	\$62,925	\$62,925	\$77,000	\$58,375	\$62,925	\$28,791	\$13,617	
Water Supply Homestead	\$29,341	\$29,447	\$29,447	\$38,204	\$33,483	\$29,447	\$12,232	\$20,000	
Water Supply Princhester	\$18,106	\$18,171	\$18,171	\$24,580	\$18,171	\$18,171			
Water Supply - Duncraigen	\$10,940	\$10,979	\$10,979	\$12,813	\$10,979	\$10,979			
Total	\$364,962	\$366,148	\$366,148	\$494,906	\$444,619	\$446,269	\$66,075	\$47,282	\$0



Significant variances to the 2019/2020 Annual Plan budget

Water Supply Overheads

Overall income was \$84,889, which was slightly under budget (\$178).

Expenditure was \$161,021, which was \$4,167 under budget. This was predominately due to lower actual depreciation than budgeted (\$2,171) and lower interest on loans paid (\$1,996).

Water Supply Ramparts

Income was \$75,909, which was slightly under budget (\$273).

Expenditure was over spent by \$12,956 due to material damage insurance being over budget by \$2,340, electricity costs being \$2,013 higher than budget, resource consents being \$3,099 being over budget and routine maintenance being \$5,745 over budget.

Capital expenditure was \$19,952 over budget which was for replacing pumps and making a new riser. This was not previously approved by the committee.

Water Supply Mount York

Income was \$33,675, which was slightly under budget (\$121).

Expenditure was over spent by \$7,031 due to electricity (\$2,146), resource consents (\$1,450) and routine maintenance (\$2,450).

Water Supply Takitimu

Income was \$49,403, which was slightly under budget (\$171).

Expenditure was over spent by \$1,743 due to an increase in resource consents (\$1,789) and routine maintenance (\$2,061). This over spend was offset by in underspend in electricity (\$2,018).

Capital expenditure was \$5,100 over budget which was for the solar power unit for Takitimu Reservoir, which was approved via an unbudgeted expenditure report to the committee.

Water Supply Kakapo

Income was \$62,699, which was slightly under budget (\$226).

Expenditure was over spent by \$14,074 primarily due to resource consents \$4,662 and maintenance routine being \$11,122 over budget.

Capital expenditure was \$28,791 over budget which was for the Kakapo replacement pump, which has not previously been approved by the committee.

Water Supply Homestead

Income was \$29,341, which was slightly under budget (\$105).

Expenditure was over spent by \$8,757 primarily due to resource consents being over budget by \$8,808.

Capital expenditure was over spent by \$12,232 which was for the consent renewal preparation project.



Water Supply Princhester

Income was \$18,106, which was slightly under budget (\$65).

Expenditure was over spent by \$6,409 due to material damage insurance \$1,469, electricity \$2,100 and maintenance routine \$2,542.

Water Supply Duncraigen

Income was \$10,940, which was slightly under budget (\$39).

Expenditure was over spent by \$1,834 due to routine maintenance (\$1,874).

Expenditure carried forward

The following projects and expenditure were budgeted to be undertaken in the 2019/2020 year, however they have been requested to be carried forward to 2020/2021. Please note, these carry forwards may change as Council's approval is scheduled to occur on 21 October.

Town	Project Name	Funded From	Total 19/20 Budget	19/20 Actual Costs	Request for Carry forward to 20/21
Te Anau Rural Water	Flow meter replacements - rural schemes	Loan			29,194
Te Anau Rural Water	Consent Renewal Preparation (Ramparts)	Loan	13,665	6,602	7,063
Te Anau Rural Water	Consent Renewal Preparation (Kakapo)	Loan	13,617	12,118	1,499

Additional Financial Information

Reserves

A detailed listing of the Te Anau Rural Water reserve balances at 30 June 2020 are included in Attachment B of this report.

Interest was allocated to reserves at 30 June 2020 based on the average reserve balance for the year 1 July to 30 June at a rate of 2.42%.



Attachment B – Te Anau Rural Water Supply – Reserves as at 30 June 2020

Te Anau Rural Water Supply Schedule Of Reserve Balance

		Actual June - 019	Transfers To/(From)	Actual June -020
Water				
<i>Reserve Account</i>				
Te Anau Rural WS General - RES	88669	10,488.33	(10,361.42)	126.91
		<u>10,488.33</u>	<u>(10,361.42)</u>	<u>126.91</u>
Water Total		<u>10,488.33</u>	<u>(10,361.42)</u>	<u>126.91</u>
Total Te Anau Rural Water Supply Reserves		<u>10,488.33</u>	<u>(10,361.42)</u>	<u>126.91</u>

ATTACHMENT C

Detailed Individual Business Units for the year ended 30 June 2020

		Actual	Forecasted Budget	Annual Plan Budget
Te Anau Rural Water Supply				
Water Supply Overheads				
Income	Rates - Collected	(\$85,105)	(\$85,067)	(\$85,067)
	Rates - Adjustments	\$671	\$0	\$0
	Internal - Interest on Reserve	(\$127)	\$0	\$0
	Internal Rates Income	(\$328)	\$0	\$0
Income Total		(\$84,889)	(\$85,067)	(\$85,067)
Operational Expenditure	Consultants	\$0	\$0	\$0
	Monitoring	\$0	\$0	\$0
	Maint - Unplanned	\$0	\$0	\$0
	Maintenance - Routine	\$0	\$0	\$0
	Depn - Water Supply	\$155,418	\$157,589	\$157,589
	Internal - Interest on Loans	\$5,603	\$7,599	\$7,599
Operational Expenditure Total		\$161,021	\$165,188	\$165,188
Net Operating (Surplus)/Deficit		\$76,132	\$80,121	\$80,121
Funding Sources	Internal Loans - Princ		\$0	\$0
	Internal Loans - Repaid	\$8,372	\$11,935	\$11,935
	To-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$5,381	\$0	\$0
	Ex-TeAnau RWS General - RE	\$0	\$0	\$0
	To - Depn Te Anau Rural	\$77,873	\$78,794	\$78,794
	Ex - Depn Te Anau Rural	(\$12,340)	(\$13,261)	(\$13,261)
	NFS Depn Te Anau Rural	(\$77,873)	(\$78,794)	(\$78,794)
	Add Back Non Cash Depn	(\$77,545)	(\$78,795)	(\$78,795)
Funding Sources Total		(\$76,132)	(\$80,121)	(\$80,121)
Water Supply Overheads Total		\$0	(\$0)	(\$0)
Water Supply Ramparts				
Income	Rates - Collected	(\$76,216)	(\$76,182)	(\$76,182)
	Rates - Adjustments	\$601	\$0	\$0
	Internal Rates Income	(\$294)	\$0	\$0
Income Total		(\$75,909)	(\$76,182)	(\$76,182)
Operational Expenditure	SCADA	\$302	\$513	\$513
	Material Damage Insurance	\$3,971	\$1,631	\$1,631
	Electricity	\$32,673	\$30,660	\$30,660
	Resource Consents	\$4,223	\$4,005	\$1,124
	Monitoring	(\$32)	\$0	\$0
	Maintenance - Routine	\$41,620	\$35,875	\$35,875
	Internal - WWS Management Fee	\$6,379	\$6,379	\$6,379
Operational Expenditure Total		\$89,138	\$79,063	\$76,182
Net Operating (Surplus)/Deficit		\$13,229	\$2,881	(\$0)
Capital Expenditure	Water - Acquisition LOS	\$0	\$0	\$0
	Water - Renewal	\$19,952	\$13,665	\$0
Capital Expenditure Total		\$19,952	\$13,665	\$0
Funding Sources	Internal Loans - Princ	\$0	\$0	\$0
	To-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$0	\$0	\$0
	Ex-TeAnau RWS General - RE	\$0	(\$2,881)	\$0
	To-TeAN Rural Water Rates Res	\$0	\$0	\$0
	Ex - Depn Te Anau Rural	(\$33,181)	(\$13,665)	\$0
Funding Sources Total		(\$33,181)	(\$16,546)	\$0
Water Supply Ramparts Total		(\$0)	(\$0)	(\$0)

Water Supply Mount York				
Income	Rates - Collected	(\$33,811)	(\$33,796)	(\$33,796)
	Rates - Adjustments	\$267	\$0	\$0
	Internal Rates Income	(\$130)	\$0	\$0
Income Total		(\$33,675)	(\$33,796)	(\$33,796)
Operational Expenditure	SCADA	\$130	\$154	\$154
	Material Damage Insurance	\$2,416	\$1,282	\$1,282
	Electricity	\$15,432	\$13,286	\$13,286
	Resource Consents	\$2,063	\$613	\$613
	Monitoring	(\$126)	\$0	\$0
	Maintenance - Routine	\$15,775	\$13,325	\$13,325
	Internal - WWS Management Fee	\$5,136	\$5,136	\$5,136
Operational Expenditure Total		\$40,827	\$33,796	\$33,796
Net Operating (Surplus)/Deficit		\$7,152	\$0	\$0
Funding Sources	Internal Loans - Princ	(\$7,152)	\$0	\$0
	To-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$0	\$0	\$0
	Ex-TeAnau RWS General - RE	\$0	\$0	\$0
	To-TeAN Rural Water Rates Res	\$0	\$0	\$0
	Ex-TeAN Rural Water Rates Res	\$0	\$0	\$0
Funding Sources Total		(\$7,152)	\$0	\$0
Water Supply Mount York Total		\$0	\$0	\$0
Water Supply Takitimu				
Income	Rates - Collected	(\$49,603)	(\$49,581)	(\$49,581)
	Rates - Adjustments	\$391	\$0	\$0
	Internal Rates Income	(\$191)	\$0	\$0
Income Total		(\$49,403)	(\$49,581)	(\$49,581)
Operational Expenditure	SCADA	\$183	\$154	\$154
	Material Damage Insurance	\$1,094	\$1,211	\$1,211
	Electricity	\$21,998	\$20,000	\$24,017
	Resource Consents	\$2,658	\$869	\$869
	Maintenance - Routine	\$20,255	\$18,194	\$18,194
	Internal - WWS Management Fee	\$5,136	\$5,136	\$5,136
Operational Expenditure Total		\$51,324	\$45,564	\$49,581
Net Operating (Surplus)/Deficit		\$1,921	(\$4,017)	\$0
Capital Expenditure	Water - Acquisition LOS	\$5,100	\$0	\$0
Capital Expenditure Total		\$5,100	\$0	\$0
Funding Sources	Internal Loans - Princ	\$0	\$0	\$0
	Ex-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$0	\$4,017	\$0
	Ex-TeAnau RWS General - RE	(\$7,021)	\$0	\$0
Funding Sources Total		(\$7,021)	\$4,017	\$0
Water Supply Takitimu Total		(\$0)	\$0	\$0

Water Supply Kakapo				
Income	Rates - Collected	(\$62,953)	(\$62,925)	(\$62,925)
	Rates - Adjustments	\$496	\$0	\$0
	Internal Rates Income	(\$243)	\$0	\$0
Income Total		(\$62,699)	(\$62,925)	(\$62,925)
Operational Expenditure	SCADA	\$276	\$256	\$256
	Material Damage Insurance	\$743	\$1,379	\$1,379
	Electricity	\$23,350	\$21,000	\$25,550
	Resource Consents	\$5,429	\$767	\$767
	Monitoring	(\$95)	\$0	\$0
	Maintenance - Routine	\$38,797	\$27,675	\$27,675
	Internal - Interest on Loans	\$1,200	\$0	\$0
	Internal - WWS Management Fee	\$7,299	\$7,298	\$7,298
Operational Expenditure Total		\$77,000	\$58,375	\$62,925
Net Operating (Surplus)/Deficit		\$14,300	(\$4,550)	\$0
Capital Expenditure	Water - Acquisition LOS	\$0	\$0	\$0
	Water - Renewal	\$28,791	\$13,617	\$0
Capital Expenditure Total		\$28,791	\$13,617	\$0
Funding Sources	Internal Loans - Princ	(\$10,930)	\$0	\$0
	Internal Loans - Repaid	\$565	\$0	\$0
	Ex-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$0	\$4,550	\$0
	Ex-TeAnau RWS General - RE	(\$374)	\$0	\$0
	Ex - Depn Te Anau Rural	(\$32,352)	(\$13,617)	\$0
Funding Sources Total		(\$43,091)	(\$9,067)	\$0
Water Supply Kakapo Total		(\$0)	\$0	\$0
Water Supply Homestead				
Income	Rates - Collected	(\$29,460)	(\$29,447)	(\$29,447)
	Rates - Adjustments	\$232	\$0	\$0
	Internal Rates Income	(\$114)	\$0	\$0
Income Total		(\$29,341)	(\$29,447)	(\$29,447)
Operational Expenditure	SCADA	\$125	\$103	\$103
	Material Damage Insurance	\$464	\$988	\$988
	Electricity	\$10,504	\$12,775	\$12,775
	Resource Consents	\$9,830	\$5,058	\$1,022
	Maintenance - Routine	\$14,253	\$11,531	\$11,531
	Internal - WWS Management Fee	\$3,027	\$3,028	\$3,028
Operational Expenditure Total		\$38,204	\$33,483	\$29,447
Net Operating (Surplus)/Deficit		\$8,862	\$4,036	(\$0)
Capital Expenditure	Water - Acquisition LOS	\$0	\$0	\$0
	Water - Renewal	\$12,232	\$20,000	\$0
Capital Expenditure Total		\$12,232	\$20,000	\$0
Funding Sources	Internal Loans - Princ	(\$21,095)	\$0	\$0
	Ex-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$0	(\$4,036)	\$0
	Ex-TeAnau RWS General - RE	\$0	\$0	\$0
	To-TeAN Rural Water Rates Res	\$0	\$0	\$0
	Ex-TeAN Rural Water Rates Res	\$0	\$0	\$0
	Ex - Depn Te Anau Rural	\$0	(\$20,000)	\$0
Funding Sources Total		(\$21,095)	(\$24,036)	\$0
Water Supply Homestead Total		\$0	(\$0)	(\$0)

Water Supply Princhester				
Income	Rates - Collected	(\$18,179)	(\$18,171)	(\$18,171)
	Rates - Adjustments	\$143	\$0	\$0
	Internal Rates Income	(\$70)	\$0	\$0
Income Total		(\$18,106)	(\$18,171)	(\$18,171)
Operational Expenditure	SCADA	\$16	\$77	\$77
	Material Damage Insurance	\$1,899	\$430	\$430
	Electricity	\$9,255	\$7,154	\$7,154
	Resource Consents	\$666	\$307	\$307
	Maintenance - Routine	\$9,717	\$7,175	\$7,175
	Internal - WWS Management Fee	\$3,027	\$3,028	\$3,028
Operational Expenditure Total		\$24,580	\$18,171	\$18,171
Net Operating (Surplus)/Deficit		\$6,474	\$0	\$0
Funding Sources	To-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$0	\$0	\$0
	Ex-TeAnau RWS General - RE	(\$6,474)	\$0	\$0
	Ex - Depn Te Anau Rural	\$0	\$0	\$0
Funding Sources Total		(\$6,474)	\$0	\$0
Water Supply Princhester Total		\$0	\$0	\$0
Water Supply - Duncraigen				
Income	Rates - Collected	(\$10,984)	(\$10,979)	(\$10,979)
	Rates - Adjustments	\$87	\$0	\$0
	Internal Rates Income	(\$42)	\$0	\$0
Income Total		(\$10,940)	(\$10,979)	(\$10,979)
Operational Expenditure	SCADA	\$16	\$51	\$51
	Material Damage Insurance	\$65	\$424	\$424
	Electricity	\$5,420	\$5,110	\$5,110
	Legal Costs	\$0	\$0	\$0
	Resource Consents	\$501	\$307	\$307
	Maintenance - Routine	\$5,568	\$3,844	\$3,844
	Internal - WWS Management Fee	\$1,243	\$1,243	\$1,243
Operational Expenditure Total		\$12,813	\$10,979	\$10,979
Net Operating (Surplus)/Deficit		\$1,873	(\$0)	(\$0)
Funding Sources	Ex-TeAnau RWS General - OP	\$0	\$0	\$0
	To-TeAnau RWS General - RE	\$0	\$0	\$0
	Ex-TeAnau RWS General - RE	(\$1,873)	\$0	\$0
	To-TeAN Rural Water Rates Res	\$0	\$0	\$0
Funding Sources Total		(\$1,873)	\$0	\$0
Water Supply - Duncraigen Total		\$0	(\$0)	(\$0)

Long Term Plan 2031 - Direction Setting Report

Record No: R/20/10/62648
Author: Jason Domigan, Corporate Performance Lead
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 For the community board to allocate local budgets for 2021-2031 and to recommend to Council local rates for the year commencing 1 July 2021.

Executive Summary

- 2 This report provides an overview of the local activities and services for Te Anau rural water for 2021-2031 which are provided under the governance of the Te Anau Basin Water Supply Subcommittee. The report details the costs of these activities over the 10 years as well as the draft rates.
- 3 The draft budgets will be incorporated into Council's draft Long Term Plan 2031 (LTP) which, pending Council approval, will be released for consultation in March 2021. Once the plan is finalised (and subject to any changes resulting from submissions), the budgets shown for 2021/2022 will be used to set rates for the year beginning 1 July 2021 (referred to as LTP year one).
- 4 The information in this report and its attachments, has been sourced from previous discussions between the committee, the community partnership leader, services and assets, and finance staff along with activity management plans (AMPs) that officers have prepared.

Recommendation

That the Te Anau Basin Water Supply Subcommittee:

- a) **Receives the report titled “Long Term Plan 2031 - Direction Setting Report” dated 29 October 2020.**
- 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) **Recommends to Council that the following rates and charges (including GST) for the year commencing 1 July 2021 be included in the Long Term Plan 2031.**

<u>Rate</u>	<u>Rate GST inclusive</u>
Te Anau Rural Water Rate	\$505,196

- e) **Identifies any significant issues/priority projects for the local area that need to be included in the Long Term Plan 2031 consultation process to encourage feedback from the local community (to be discussed at the meeting, and advised if any).**

Background

- 5 The LTP provides the community with information on the role, scope, service level and priority of Council activities for 10 years and is adopted every three years.
- 6 In preparing the LTP budgets and programmes, Council reviews its strategic direction, various policies and activity management plans (AMPs). 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 Following Council approval, the LTP consultation document will be released to the public in March 2021 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 2021.
- 8 Year two and three of the LTP are used as the basis for the Annual Plan's for those years.

Overview of the process



- 9 The separate paper on the committee agenda outlines key policies that are being reviewed by Council. The following policies being reviewed help support and inform the LTP:
- Significance and Engagement Policy
 - Policy on Development and Financial Contributions
 - Revenue and Financing Policy.
- 10 Council's Procurement Policy is also being reviewed alongside these policies and all were endorsed by Council at its 21 October meeting for public consultation between in 4 November and 4 December 2020.

Issues

District wide

- 11 There are a number of district-wide issues which Council has been considering as part of the 2021 LTP that local committees should also be aware of. The key issues that have been identified through this process are detailed below.

Climate Change

- 12 Climate change has the most potential to affect the general wellbeing of the district, particularly over the medium and long term. Short term effects include storm, flood and drought impacts on the economy and in some cases, human safety. Longer term, there will be effects to biosecurity, ecosystems and biodiversity, viability of certain agricultural crops, fire risk and coastal erosion.

13 Key points for the Southland region include:

- sea level rise progressively impacting low lying coastal areas, affecting ecology and settlements; it is known that areas of Colac Bay, Orepuki, Fortrose and Stewart Island/Rakiura are subject to coastal processes that are causing erosion resulting in loss of land and Council roading infrastructure
- water availability in some areas becoming scarce; Northern Southland is projected to experience the largest increases in drought
- extreme weather events are larger and more frequent; floods are expected to become larger across the district
- stormwater and wastewater systems are particularly vulnerable to climate change and small changes in rainfall extremes (intensity or duration), can overwhelm the current design capacity of these systems
- changes and associated impacts, such as risk based insurance will influence investment in built development (ie coastal and flood plain development) and types of farming
- the occurrence of heat waves will double by 2040.

Roading network – bridges and rehabilitations

- 14 The average age of roads is increasing. This increase will continue as more value is extracted from roads beyond their original intended value-exchange, especially low use roads that are pushed further out before renewal is justified. It is critical to ensure that roading assets are not pushed beyond the efficiency threshold, which would mean maintaining the asset is more expensive than renewing it.
- 15 The remaining lifespan of a number of wooden bridges in the district is reducing to the extent that renewal or significant structural upgrading is needed soon. As indicated above, the strategy for managing the risk posed by sub-standard bridges is to impose weight and or speed restrictions so they are not subjected to unsustainable loads. A risk still remains from road users ignoring the restriction signs and driving overweight vehicles over the bridge which could cause catastrophic failure.

Community wellbeings

- 16 In May 2019 the Labour-led government reinstated the four well-beings into the Local Government Act. One of the act's main objectives is to restore the purpose of local government to be "to promote the social, economic, environmental, and cultural well-being of communities".
- 17 Southland District Council anticipated the reinstatement of this section of the act. It is consistent with our approach of supporting communities to nurture the development, health and resilience of their own places through a process of community-led development.

Covid-19

- 18 The Covid-19 pandemic has placed significant pressures and restrictions on all New Zealanders and has changed the lives of many individuals, whanau and communities in New Zealand. The initial phase saw New Zealand placing a particular focus on the health aspects and the second phase has seen a greater focus on the economic and social impacts of the pandemic on community and business recovery.

19 It has also been recognised that the recovery phase will require a different focus and approach to the response phase. Adding to the complexities of recovery is that there is still significant uncertainty as to how the pandemic will play out and the variances of the effects globally, nationally, regionally and locally. There is also the variance of the effects on different sectors of the economy and community.

20 What is important to recognise is that no one organisation is responsible for the recovery required to deal with the economic and social impacts as a result of Covid-19. Local authorities are however, well positioned to play a community leadership and co-ordination role given the responsibility that they have to represent and advocate for their communities.

Revenue and Financing Policy

21 The draft Revenue and Financing Policy sets out the ways Council intends to pay for the operating and capital expenditure of each activity that Council provides and why. The policy provides the framework for how Council will fund its activities and how it will set rates as part of the Long Term Plan 2031 (LTP).

22 The review of the draft policy and associated rating review is being carried out ahead of the LTP in order to provide an early opportunity for community input and, to allow Council to model the impact on rates as part of the budgeting process before the LTP consultation document is prepared. Any changes however won't come into effect until 1 July 2021.

23 The large proportion of changes stem from the process to review Council's approach to rating, originating from the change to Council's community board representation arrangements resulting from the 2018 representation review. As such the changes largely relate to rating approaches for selected activities for which community boards have responsibility for and reflect the discussions held by Council staff with community boards over the previous months.

Future of local government

24 The local government sector is about to enter a period of transformation, particularly in light of the extensive changes that are likely to occur as a result of the three waters reform and resource management reform processes.

25 The reducing role of the local government sector in both the infrastructure provision and regulatory service areas are likely to have an impact on the number, shape and form of local authorities in the future. This is expected to include discussion about whether it remains relevant to have a distinction between regional and territorial local authorities.

Havelock North water enquiry and three waters reform

26 The government is reviewing the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment. Most three waters assets and services, are owned and delivered by local councils, including Southland District Council. The review ran in parallel to the latter stages of the Havelock North Inquiry into drinking water safety following the campylobacter outbreak in 2016.

27 During 2019/2020 a new national water services regulatory body, Taumata Arowai, was established to administer and enforce a new drinking water regulatory system (including the management of risks to sources of drinking water); and to support improving the environmental performance of wastewater and stormwater networks. The three waters reform will continue to

evolve over the next few years as councils work alongside Taumata Arowai to meet these higher standards.

Resource management reform

- 28 In 2019 the government appointed an independent review panel, led by the Hon Tony Randerson QC, to undertake a comprehensive review of the resource management system. The review had a dual focus on improving outcomes for the natural environment and improving urban and other development outcomes.
- 29 The report recommends the repeal of the Resource Management Act 1991 (RMA) and its replacement with two new pieces of legislation being a Natural and Built Environments Act (NBEA) and a Strategic Planning Act. The focus of the Natural and Built Environments Act would be on enhancing the quality of the environment and on achieving positive outcomes to support the wellbeing of present and future generations. The Strategic Planning Act would set long-term strategic goals and facilitate the integration of legislative functions across the resource management system.
- 30 The reform of the RMA and increased focus on better environmental outcomes will significantly impact environmental management and will challenge how local government currently operates with the independent review panel recommending local government reform as a necessary step to be successful in achieving these outcomes.

Local budget development

- 31 The draft budgets for the Te Anau rural water community for 2021-2031 have been prepared based on the development of activity management plans as well as discussions between the committee, community partnership leaders, services and assets, and finance staff over the past few months.
- 32 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 to enable greater opportunity for Boards to plan for the future needs of their communities, and as the LTP is audited, to enable the finalisation of budgets to meet required timeframes.
- 33 While significant planning has taken place to date, there are further opportunities through future years in Annual Plan processes to deal with any new projects that may arise outside of the LTP.
- 34 The objective of this direction setting 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 consideration as part of Council's LTP.
- 35 If approved by Council via the LTP, the Te Anau Basin Water Supply Subcommittee will be able to spend Council funds allocated in accordance with the budgeted expenditure. This occurs via Council staff approving purchase orders.
- 36 Included in Attachment B of this report is a summary of all planned projects for the Te Anau rural water supply for the next 10 years.

Factors to Consider

Legal and Statutory Requirements

- 37 The draft budgets (including details of projects) will form part of the activity statements and financials in Council's Long Term Plan 2031. The LTP (and associated consultation document) is a requirement of the Local Government Act 2002.
- 38 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

- 39 Any significant issues affecting local communities may be included in the official consultation document including summarised financial projections will be publicly available from 1 March to April 2021.
- 40 Subcommittees are also asked to advise staff 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.
- 41 Any submissions received from the public on local issues will be forwarded to the relevant community partnership leader (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 2021.

Costs and Funding

- 42 The financial considerations are set out in Attachment's A-D as follows:
- | | |
|--------------|--|
| Attachment A | Te Anau Rural Water Supply financial summary and rates calculation |
| Attachment B | Te Anau Rural Water Supply projects |
| Attachment C | Te Anau Rural Water Supply reserve balances |
| Attachment D | Te Anau Rural Water Supply loan information |
- 43 Attachment A outlines the total rates needed to fund the costs for the current 2020/21 year and the ten years of the Long Term Plan. It also indicates the rate per rating unit or separately used and inhabited part based on the current units charged for each of the ten years of the plan. The actual increase in the nine years following the 2021/22 rating year will still be subject to review as part of that year's Annual Plan or Long Term Plan process.
- 44 While preparing the budgets for the Long Term Plan, we have identified that we made an error in the committee's rates charged for the year ended 30 June 2021.
- 45 When we came to the committee in November 2019, we advised you that the full unit rate for the 2020/21 financial year would be \$375.68 compared to \$360.97 in 2019/20 and the annual charge would be \$563.51 compared to \$541.45 in 2019/20. At the meeting, the committee agreed to amend the routine maintenance budget (for flow meters) from \$60,000 to \$20,000 and reduced the rates charged accordingly. Unfortunately the staff member at the meeting did not realise that the flow meter project was being funded from depreciation reserves, meaning that the rates identified in the report would be unchanged. As such, a transfer from depreciation reserves has subsidised the rates for 2020/21, resulting in the actual annual rate charge reducing to \$504.20 from \$541.45

in 2019/20 and the full charge reducing to \$336.13 from \$360.97 in 2019.20. We can only apologise for this occurring and we will be adding in extra steps in our budgeting process to ensure this doesn't occur again.

- 46 We estimate that the yearend position will result in a \$50,666 deficit, this is based on the unbudgeted report cost of the flow meters and the removal of the subsidisation of rates from the depreciation reserve transfer. Although you agreed to fund the flow meters from a 30 year loan, the installation can be funded from the depreciation reserves as such the actual deficit will be \$21,472. This will need to be funded from future rates and a discussion over options will be discussed at the meeting.
- 47 Staff are currently still in the process of calculating the depreciation on infrastructure assets held. The result of this process will see some of the projects identified in this report funded from the depreciation reserves collected.
- 48 Staff plan to update the committee at the meeting the impact of these changes.

- 49 The key reasons for the change in the overall rural water supply rate from 2020-21 to 2021-22 are outlined below.

Nature of change	Movement (\$)	Reason
Te Anau Rural Water Supply		
Total 2020-21 rates for (excl GST)	\$340,020	
Additions		
Water Supply - Duncraigen	\$608	Allowance has been made for the increase in maintenance routine costs.
Water Supply Mount York	\$7,363	There has been an increase in electricity, resource consents costs and maintenance routine costs. Electricity costs have increased due to the change in AOG contract. Resource consent costs are based on 19/20 actuals.
Water Supply Overheads	\$71,589	As noted above this is due to rates being subsidised by a transfer from depreciation.
Water Supply Princhester	\$7,609	There has been an increase in electricity, resource consents costs and maintenance routine costs. Electricity costs have increased due to the change in AOG contract. Resource consent costs are based on 19/20 actuals.
Water Supply Ramparts	\$5,742	There has been an increase in electricity and resource consents costs.
Proposed 2021-2022	\$439,301	
Te Anau rural water supply rate (excl GST)		
Plus GST	\$65,895	
Proposed 2020-2021	\$505,196	
Te Anau Rural Water Supply rate (incl GST)		

Assumptions

- 50 In preparing the 10 year forecasts, Council has used a number of assumptions as follows:
- Estimates are built from the levels of service desired by the community.
- 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
 - the estimates include an allowance for price level changes (inflation) which is a financial reporting requirement. For the plan, overall inflation has been assumed at 2.5-3.7% per

annum. The individual inflation components used to develop the budgets are assumed at 1.5-3.5% per annum

- interest on borrowings has initially been charged at 2.00% per annum, this is still subject to Council confirmation and as such may change
- no allowance has been made in the estimates for any possible increases in contract rates for contracts being re-tendered
- reserves have been used to fund project/capital work where possible rather than using internal loans.

Policy Implications

- 51 There are no specific policy implications in this direction setting report. If the subcommittee identifies an additional funding source that is not identified in the Revenue and Financing Policy, this would require an update to the policy to allow for that mechanism to be used as a funding source.

Analysis

Options Considered

- 52 There are two options identified for the subcommittee to consider.
- option 1 – recommend that Council adopt the proposed budgets outlined in this report
 - option 2 – make amendments to the proposed budgets outlined in this report.

Analysis of Options

Option 1 – Recommend that Council adopt the proposed budgets outlined in this report, including any amendments agreed at this meeting

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• enables the draft Long Term Plan to be progressed within the legislative timeframe• local rates recommendation to Council is finalised• budgets and projects 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">• no further changes can be recommended by the subcommittee outside of future Annual Plan processes unless a submission is made through the formal consultation process.

Option 2 – Make amendments to the proposed budgets outlined in this report

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the proposed budgets and projects accurately reflect the wishes of the subcommittee.	<ul style="list-style-type: none">rates requirements may need to be recalculatedmay impact the delivery of the Long Term Plan within the legislative timeframe.

Assessment of Significance

- 53 The decision to be made by the subcommittee is not a significant decision on its own under Council's Significance and Engagement Policy. However, the Long Term Plan (into which the committee's budgets are incorporated) is considered significant and will be consulted on in March 2021.

Recommended Option

- 54 Staff recommend the subcommittee endorse option 1 - Recommend that Council adopt the proposed budgets outlined in this report, including any amendments agreed at this meeting.

Next Steps

- 55 Recommendations made through this direction setting process from all community boards/subcommittees will be considered by Council at the meeting on 16 December 2020. Following that, the LTP consultation document is developed and subject to Council endorsement, will be made available for public consultation in March 2021.

Attachments

- A Te Anau Financial Summary and Rates Calculation Meeting 28 October 2020 - 2021 - 2031 Long Term Plan [↓](#)
- B Projects for Te Anau Rural Water Supply Meeting [↓](#)
- C Te Anau Water Basin Supply Reserve Balance Meeting 3.11.20 - LTP 2021-2031 [↓](#)
- D Te Anau RWS Loan schedule 28.10.20 [↓](#)

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

Te Anau Rural Water Supply Rate		Previous Year	Current Year	LTP Budget Financial Year									
Rate Description	Business Unit Description	1920	2021	2122	2223	2324	2425	2526	2627	2728	2829	2930	3031
Te Anau Rural Water	Water Supply - Duncraigen	-\$ 10,979	-\$ 11,224	-\$ 11,832	-\$ 13,142	-\$ 13,475	-\$ 13,827	-\$ 14,203	-\$ 14,580	-\$ 15,004	-\$ 15,457	-\$ 15,931	-\$ 16,386
	Water Supply Homestead	-\$ 29,447	-\$ 30,105	-\$ 32,735	-\$ 35,807	-\$ 33,530	-\$ 34,376	-\$ 35,281	-\$ 36,192	-\$ 37,213	-\$ 38,301	-\$ 39,439	-\$ 40,537
	Water Supply Kakapo	-\$ 62,925	-\$ 66,103	-\$ 67,316	-\$ 76,075	-\$ 77,948	-\$ 79,905	-\$ 82,003	-\$ 84,105	-\$ 86,466	-\$ 88,980	-\$ 91,612	-\$ 92,918
	Water Supply Mount York	-\$ 33,796	-\$ 34,552	-\$ 41,915	-\$ 45,703	-\$ 46,856	-\$ 49,425	-\$ 50,710	-\$ 51,998	-\$ 53,435	-\$ 54,964	-\$ 56,563	-\$ 58,109
	Water Supply Overheads	-\$ 85,067	-\$ 50,873	-\$ 122,462	-\$ 147,701	-\$ 191,846	-\$ 228,940	-\$ 253,524	-\$ 264,681	-\$ 255,716	-\$ 113,966	-\$ 114,802	-\$ 124,768
	Water Supply Princhester	-\$ 18,171	-\$ 18,577	-\$ 26,186	-\$ 28,559	-\$ 29,284	-\$ 30,042	-\$ 30,849	-\$ 31,660	-\$ 32,564	-\$ 33,526	-\$ 34,530	-\$ 35,503
	Water Supply Ramparts	-\$ 76,182	-\$ 77,896	-\$ 83,638	-\$ 90,579	-\$ 92,888	-\$ 95,301	-\$ 97,888	-\$ 100,481	-\$ 103,392	-\$ 106,494	-\$ 109,742	-\$ 112,871
	Water Supply Takitimu	-\$ 49,581	-\$ 50,690	-\$ 53,217	-\$ 57,987	-\$ 57,568	-\$ 62,444	-\$ 61,662	-\$ 66,715	-\$ 68,549	-\$ 70,497	-\$ 72,536	-\$ 74,507
Te Anau Rural Water Total		-\$ 366,148	-\$ 340,020	-\$ 439,301	-\$ 495,553	-\$ 543,395	-\$ 594,260	-\$ 626,120	-\$ 650,412	-\$ 652,339	-\$ 522,185	-\$ 535,155	-\$ 555,599
Plus GST		-\$ 54,922	-\$ 51,003	-\$ 65,895	-\$ 74,333	-\$ 81,509	-\$ 89,139	-\$ 93,918	-\$ 97,562	-\$ 97,851	-\$ 78,328	-\$ 80,273	-\$ 83,340
Te Anau Rural Water Supply Rate including GST		-\$ 421,070	-\$ 391,023	-\$ 505,196	-\$ 569,886	-\$ 624,904	-\$ 683,399	-\$ 720,038	-\$ 747,974	-\$ 750,190	-\$ 600,513	-\$ 615,428	-\$ 638,939

New rate per unit of service	Count	1920	2021	2122	2223	2324	2425	2526	2627	2728	2829	2930	3031
Te Anau rural water - annual charge	207	\$ 541.45	\$ 504.20	-\$ 651.42	-\$ 734.83	-\$ 805.77	-\$ 881.20	-\$ 928.44	-\$ 964.46	-\$ 967.32	-\$ 774.32	-\$ 793.55	-\$ 823.87
Te Anau rural water - full charge	278	\$ 360.97	\$ 336.13	-\$ 434.28	-\$ 489.89	-\$ 537.18	-\$ 587.47	-\$ 618.96	-\$ 642.98	-\$ 644.88	-\$ 516.21	-\$ 529.04	-\$ 549.25
Te Anau rural water - half charge	10	\$ 180.48	\$ 168.07	-\$ 217.14	-\$ 244.94	-\$ 268.59	-\$ 293.73	-\$ 309.48	-\$ 321.49	-\$ 322.44	-\$ 258.11	-\$ 264.52	-\$ 274.62
Te Anau rual water - 7.7 charge	74	\$ 2,779.46	\$ 2,588.23	-\$ 3,343.94	-\$ 3,772.13	-\$ 4,136.30	-\$ 4,523.49	-\$ 4,766.00	-\$ 4,950.91	-\$ 4,965.58	-\$ 3,974.85	-\$ 4,073.58	-\$ 4,229.20
Total Collected		\$ 422,694	\$ 391,023	-\$ 505,196	-\$ 569,886	-\$ 624,904	-\$ 683,399	-\$ 720,038	-\$ 747,974	-\$ 750,190	-\$ 600,513	-\$ 615,428	-\$ 638,939

Te Anau Rural Water Supply Projects

Town			Cost	SQ Meters (Approx)	Funding Source	Year
Overheads	Water Supply Overheads	P-10422A - Te Anau Basin Rural Water Sanitising	\$ 150,000		Rates & Loan	2021/22
Kakapo	Water Supply Kakapo	RW 1605-A - Plant and Equipment Kakapo	\$ 12,362		Reserves	2021/22
Duncraigen	Water Supply Duncraigen	P-10511-A Intake Screen - Duncraigen RWS	\$ 50,000		Rates & Loan	2021/22
		Total 2021/22	\$ 212,362			
Overheads	Water Supply Overheads	P-10422B - Te Anau Basin Rural Water Sanitising	\$ 517,000		Rates & Loan	2022/23
		Total 2022/23	\$ 517,000			
Ramparts	Water Supply Ramparts	RW 1613-A Plant Equipment (Ramparts)	\$ 11,026		Reserves	2023/24
Overheads	Water Supply Overheads	P-10422B - Te Anau Basin Rural Water Sanitising	\$ 530,955		Rates & Loan	2023/24
Mount York	Water Supply Mount York	P-10501-A Consent Preparation - Mt York Water	\$ 53,096		Rates & Loan	2023/24
Takitimu	Water Supply Takitimu	P-10515A - Consent renewal preparation - Takitimu RWS	\$ 53,096		Rates & Loan	2023/24
Duncraigen	Water Supply Duncraigen	P-10511-A Intake Screen Duncraigen RWS	\$ 22,270		Reserves	2023/24
		Total 2023/24	\$ 670,443			
Princhester	Water Supply Princhester	P-10513-A Trunk main renewal - Princhester RWS	\$ 54,529		Rates & Loan	2024/25
Overheads	Water Supply Overheads	P-10422B - Te Anau Basin Rural Water Sanitising	\$ 545,291		Rates & Loan	2024/25
		Total 2024/25	\$ 599,820			
Takitimu	Water Supply Takitimu	P-10514-A Switchboards and pump - Takitimu RWS	\$ 181,669		Rates & Loan	2025/26
		Total 2024/25	\$ 181,669			

Te Anau Rural Water Supply Reserves

		OPENING	ANNUAL PLAN	CARRYFORWARDS	PROJECTED	LTP	CLOSING
		BALANCE	MOVEMENT	FROM	BALANCE	MOVEMENT	BALANCE
		30 JUNE 2020	2020/21	2019/20	30 JUNE 2021	21-31	30 JUNE 2031
Te Anau Rural WS General Reserve		\$ 127	\$ -	\$ -	\$ 127	\$ -	\$ 127
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total - Te Anau Rural Water Supply		\$ 127	\$ -	\$ -	\$ 127	\$ -	\$ 127
TOTAL RESERVES		\$ 127	\$ -	\$ -	\$ 127	\$ -	\$ 127

Te Anau Rural Water Supply Loans for 2021-2031 LTP

ASSUMING 2% PA INTEREST RATE

Description	Business Unit Activity	Actual/Budget	Loan balance @ start/drawn down	Term	Start Date	Interest Rate	Total interest 2021-2031	Total Principal 2021-2031	Loan Balance 2030/2031
Electrical Upgrade Residual Balance	26960 Water Supply	Actual	2,552	1	1/07/2021	2.00%	51	2,552	-
Water supply Mount York	26962 Water Supply	Actual	7,039	29	1/07/2021	2.00%	1,235	1,987	5,052
Water supply Kakapo	26964 Water Supply	Actual	10,050	9	1/07/2021	2.00%	1,032	10,050	-
Water supply Homestead	26965 Water Supply	Actual	20,762	29	1/07/2021	2.00%	3,644	5,860	14,902
Flow Meter replacements - Rural schemes	26960 Water Supply	Budget	29,194	30	1/07/2021	2.00%	5,155	7,880	21,314
Consent renewal preparation (Ramparts)	26960 Water Supply	Budget	7,063	30	1/07/2021	2.00%	1,247	1,906	5,156
Consent renewal preparation (Kakapo)	26960 Water Supply	Budget	1,499	30	1/07/2021	2.00%	265	405	1,095
Te Anau RWS santising investigations (P-10422)	26960 Water Supply	Budget	150,000	30	1/07/2022	2.00%	24,210	36,068	113,932
Te Anau RWS santising physical works (P-10422)	26960 Water Supply	Budget	517,500	30	1/07/2023	2.00%	75,363	109,487	408,013
Te Anau RWS santising physical works (P-10422)	26960 Water Supply	Budget	584,051	30	1/07/2024	2.00%	75,515	107,030	477,021
Te Anau RWS - Mt York Consent renewal preapration (P-10501)	26962 Water Supply	Budget	30,556	30	1/07/2024	2.00%	3,951	5,600	24,956
Te Anau RWS - Takitimu Consent renewal preapration (RW-591 and P-10515)	26963 Water Supply	Budget	32,448	30	1/07/2024	2.00%	4,195	5,946	26,502
Te Anau RWS santising physical works (P-10422)	26960 Water Supply	Budget	599,820	30	1/07/2025	2.00%	67,423	93,269	506,551
Te Anau RWS - Takitimu switchboards and pump (P-10514)	26963 Water Supply	Budget	22,202	30	1/07/2026	2.00%	2,109	2,848	19,354
TOTAL			2,014,736				265,395	390,887	1,623,849