



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

Date: Thursday, 5 November 2020
Time: 5pm
Meeting Room: Residence of David and Pam Nind
Venue: 142 East Dome Station Road
Five Rivers

Five Rivers Water Supply Subcommittee Agenda OPEN

MEMBERSHIP

Chairperson Ross Andrews

Members Joan Andrews
James Baird
David Dodunski
Barbara McNamee
Pat McNamee
David Nind

IN ATTENDANCE

Committee Advisor/Customer Support Rose Knowles
Partner
Manager Water and Waste Operations 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 Five Rivers Water Supply Subcommittee, 09 December 2019



Five Rivers Water Supply Subcommittee

OPEN MINUTES

Minutes of a meeting of Five Rivers Water Supply Subcommittee held in the Mrs Joan Andrew's Residence, No 3 R D, Five Rivers, Lumsden on Monday, 9 December 2019 at 5pm.

PRESENT

Chairperson	Ross Andrews
Members	Joan Andrews
	David Dodunski
	Barbara McNamee
	Pat McNamee
	David Nind
	Councillor John Douglas

IN ATTENDANCE

Committee	Advisor/Customer	Support	Rose Knowles
Partner			
Manager Water And Waste Operations			Bill Witham

1 Apologies

There were no apologies.

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

The Chair sought the Subcommittees approval to receive a late item provided to the members entitled "Financial report for the year ended 30 June 2019", to be considered as the financial report relates to the year ended 30 June 2019 and as the Committee only meets annually it is appropriate for the report to be considered at this meeting.

Moved Ross Andrews seconded Pat McNamee **and resolved:**

That the Five Rivers Water Supply Subcommittee consider the following item as a matter of urgent business in order that the report can be received , subject to Section 46A of the Local Government Official Information and Meetings Act 1987.

Item 1: Financial report for the year ended 30 June 2019 – Due to this being the yearly meeting of the subcommittee.

6 Confirmation of Minutes

Resolution

Moved Ross Andrews, seconded Joan Andrews **and resolved:**

That the Five Rivers Water Supply Subcommittee confirms the minutes of the meeting held on 14 November 2018 as a true and correct record of the meeting.

Reports

7 Direction-setting for Annual Plan 2020/2021

Record No: R/19/11/26491

Operation Manager Water & Waste Services – Bill Witham was in attendance for this item.

Mr Witham advised that the purpose of the report was to confirm the direction determined for the 2nd year of the 2018/2028 Long Term Plan.

The report also provided an overview of the forecasted projects and services for the Five Rivers Water Supply Subcommittee in 2019/2020. It includes any variations from what was anticipated in year two of the Long Term Plan 2018-2028.

The Five Rivers Water Supply Subcommittee have no variances identified for year two of the LTP.

Resolution

Moved Ross Andrews, seconded David Dodunski **and resolved:**

That the Five Rivers Water Supply Subcommittee:

- a) **Receives the report titled “Direction-setting for Annual Plan 2020/2021”**
- b) **Determines that this matter or decision be recognised 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 that the budgets for the year commencing 1 July 2020 be adopted for inclusion in Council’s Draft 2020/2021 Annual Plan.**
- e) **Request that Council investigate the divesting of the Five Rivers Water Supply Subcommittee Scheme to the consumers.**
- f) **Request staff to provide water take readings to the members and investigate setting up the readings through the Council systems.**

8 Financial Report for the year ended 30 June 2019

Record No: R/19/12/28401

Operation Manager Water & Waste Services – Bill Witham was in attendance for this item.

Mr Witham advised that the financial report for the year ended 30 June 2019 were the financial result for the Five Rivers business units for the 2018/2019 financial year.

Resolution

Moved Pat McNamee, seconded Ross Andrews **and resolved:**

That the Five Rivers Water Supply Subcommittee:

- a) **Receives the report titled "Financial Report for the year ended 30 June 2019" dated 6 December 2019.**

The meeting concluded at 6.30pm

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FIVE RIVERS WATER SUPPLY
SUBCOMMITTEE HELD ON 9 DECEMBER 2019

DATE:.....

CHAIRPERSON:.....

Financial Report for the year ended 30 June 2020

Record No: R/20/10/62873
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 scheme located within the Five Rivers Water Supply subcommittee area for the year ended 30 June 2020. The financial report is contained within attachment A of this report.
- 2 As the audit of Council is still occurring, the financial results presented are still subject to change.

Recommendation

That the Five Rivers 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 - Five Rivers Water Supply [↓](#)



Five Rivers Water Supply subcommittee - Financial performance for the year ended 30 June 2020

The summary tables overleaf show the final financial results for your scheme 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 business unit is also included in this report for your information.


Five Rivers Water - 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 Five Rivers	\$570	\$956	\$956	\$3,569	\$4,286	\$4,286			
Total	\$570	\$956	\$956	\$3,569	\$4,286	\$4,286	\$0	\$0	\$0

Detailed Breakdown of Business Unit for the year ended 30 June 2020

		Actual	Forecasted Budget	Annual Plan Budget
Water Supply Five Rivers				
Income	General Recoveries	(\$570)	(\$956)	(\$956)
Income Total		(\$570)	(\$956)	(\$956)
Operational Expenditure	Material Damage Insurance	\$76	\$35	\$35
	Resource Consents	\$437	\$767	\$767
	Maint - Unplanned	\$0	\$154	\$154
	Maintenance - Routine	\$57	\$0	\$0
	Depn - Water Supply	\$2,999	\$3,330	\$3,330
Operational Expenditure Total		\$3,569	\$4,286	\$4,286
Net Operating (Surplus)/Deficit		\$2,999	\$3,330	\$3,330
Funding Sources	Add Back Non Cash Depn	(\$2,999)	(\$3,330)	(\$3,330)
Funding Sources Total		(\$2,999)	(\$3,330)	(\$3,330)
Water Supply Five Rivers Total		\$0	(\$0)	(\$0)



Significant variances to the 2019/2020 Annual Plan budget

Five Rivers Water Supply

Income was \$570 which was under budget by \$386. This is due to lower than anticipated costs for the year (refer below).

Total expenditure was \$3,569 which was slightly under budget by \$717. This was primarily due to depreciation being less than anticipated (\$331), lower resource consent expenditure (\$330) and less maintenance than anticipated (\$97).

Long Term Plan 2031 - Direction Setting Report

Record No: R/20/10/62653

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 Five Rivers water for 2021-2031 which are provided under the governance of the Five Rivers 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, services and assets, and finance staff along with activity management plans (AMPs) that officers have prepared.

Recommendation

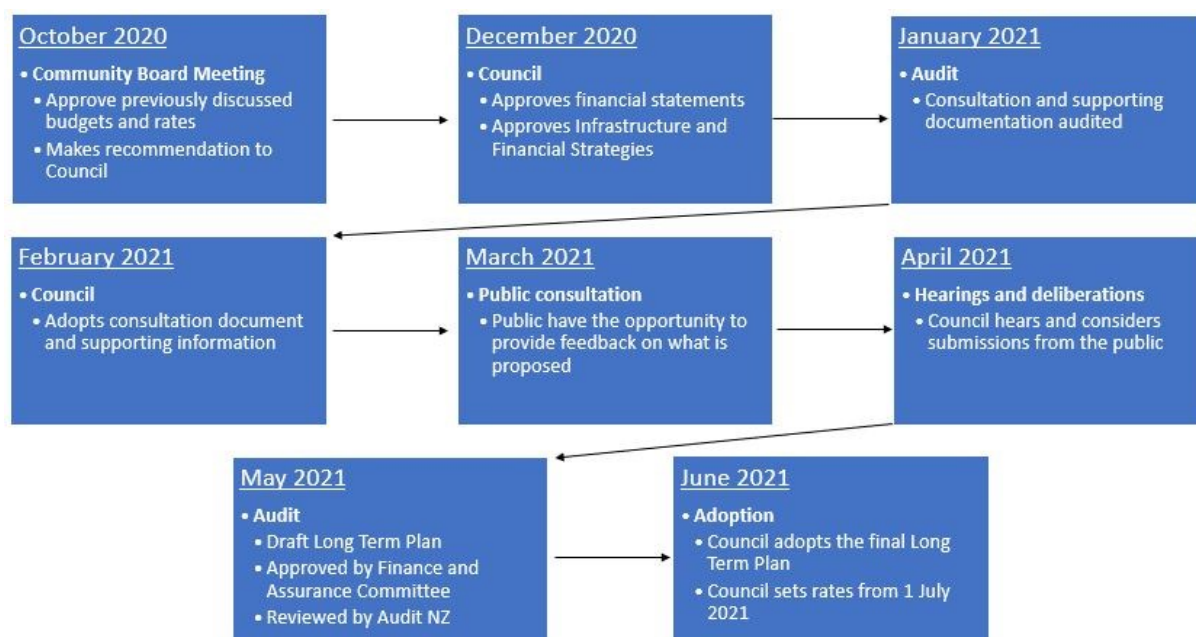
That the Five Rivers Water Supply Subcommittee:

- a) Receives the report titled “Long Term Plan 2031 - Direction Setting Report” dated 30 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 budgets for the years 1 July 2021 to 30 June 2031 be included in the 2021-2031 Long Term Plan (subject to any amendments made to the meeting).**

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 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 Five Rivers 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 Five Rivers Basin Water Supply Subcommittee's consideration as part of Council's LTP.

- 35 If approved by Council via the LTP, the Five Rivers 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 Five Rivers 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 | Five Rivers Water Supply financial summary and rates calculation |
| Attachment B | Five Rivers Budget Estimate Report |
| Attachment C | Five Rivers Water Supply projects |
| Attachment D | Five Rivers Water Supply reserve balances |
| Attachment E | Five Rivers Water Supply loan information |
- 43 Attachment A outlines the costs/funding requirements for the current 2020/21 year and the ten years of the Long Term Plan. It also indicates the rate user 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 years Annual Plan or Long Term Plan process.
- 44 Invoicing for 2020/21 is budgeted at \$1,125 or \$281.18 per user. The budget for 2021/22 is \$868 or \$217.06 per user. This is due to reducing the resource consents costs in line with actual costs for 2019/20

- 45 As discussed previously, under the new three waters regulation, if a water source is supplying more than one dwelling it is classified as a public supply. As the committee have previously advised us that the five rivers water supply is being used for household use, Council has a responsibility to make sure that the five rivers water supply is of adequate quality as per the drinking water standards. As such we need to look to provide some form of treatment as the water enters individual dwellings.
- 46 In 2022/23 the total budgeted to be needed is \$3,313 or \$783.44 per user. This increase includes the planned installation of water treatment units for the dwellings connected to the scheme. Currently \$25,000 has been budgeted for approximately six dwellings, with a loan raised over 15 years to fund the purchase of the units.

Assumptions

- 47 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

- 48 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

- 49 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 recalculated• may impact the delivery of the Long Term Plan within the legislative timeframe.

Assessment of Significance

- 50 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

- 51 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

- 52 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 Five Rivers Water Supply Financial Summary Meeting 3 November 2020 - 2021 - 2031 Long Term Plan [↓](#)

- B Five Rivers Budget Estimate Report [↓](#)
- C Five Rivers Water Supply Projects Community Board Meeting 04.11.20 - LTP 2021-31 [↓](#)
- D Five Rivers Water Supply Reserves Meeting 3.11.20 - LTP 2021-2031 [↓](#)
- E Five Rivers Water Supply loans for 2021-2031 [↓](#)

Five Rivers Water Supply - Financial Summary

Five Rivers Water Supply		Current Year		LTP Budget Financial Year																		
Description	Business Unit Description	2021		2122		2223		2324		2425		2526		2627		2728		2829		2930		3031
Water Supply Five Rivers	Water Supply Five Rivers	-\$ 978	-\$	755	-\$	2,725	-\$	2,743	-\$	2,764	-\$	2,786	-\$	2,806	-\$	2,830	-\$	2,855	-\$	2,881	-\$	2,906
Plus GST		-\$ 147	-\$	113	-\$	409	-\$	411	-\$	415	-\$	418	-\$	421	-\$	425	-\$	428	-\$	432	-\$	436
Five Rivers Water Supply recoveries including GST		-\$ 1,125	-\$	868	-\$	3,134	-\$	3,154	-\$	3,179	-\$	3,204	-\$	3,227	-\$	3,255	-\$	3,283	-\$	3,313	-\$	3,342

New rate per user	Count	2021		2122		2223		2324		2425		2526		2627		2728		2829		2930		3031
Water Supply Five Rivers	4	-\$ 281.18	-\$	217.06	-\$	783.44	-\$	788.61	-\$	794.65	-\$	800.98	-\$	806.73	-\$	813.63	-\$	820.81	-\$	828.29	-\$	835.48
Total Collected		-\$ 1,125	-\$	868	-\$	3,134	-\$	3,154	-\$	3,179	-\$	3,204	-\$	3,227	-\$	3,255	-\$	3,283	-\$	3,313	-\$	3,342

Budget Estimate Report for 23560 Water Supply Five Rivers

Start Year: 2021/2022

Five Rivers Water 23560 Water Supply Five Rivers

Object	Description	Actuals 2019/2020	Current Budget	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Income													
11194	General Recoveries	(570)	(978)	(755)	(2,725)	(2,743)	(2,764)	(2,786)	(2,806)	(2,830)	(2,855)	(2,881)	(2,906)
		(570)	(978)	(755)	(2,725)	(2,743)	(2,764)	(2,786)	(2,806)	(2,830)	(2,855)	(2,881)	(2,906)
Expenditure													
21311	Material Damage Insurance	76	36	97	100	102	105	108	110	113	116	119	122
31531	Resource Consents	437	784	500	515	527	541	555	568	583	599	615	631
35223	Maint - Unplanned	-	158	158	164	168	172	177	182	188	194	201	207
35227	Maintenance - Routine	57	-	-	-	-	-	-	-	-	-	-	-
41128	Depn - Water Supply	2,999	3,335	3,342	3,350	3,361	3,376	3,390	3,408	3,430	-	-	-
43317	Internal -Interest on Loans	-	-	-	500	471	442	412	381	350	318	285	252
		3,569	4,313	4,097	4,629	4,629	4,636	4,642	4,649	4,664	1,227	1,220	1,212
Net Operating (Surplus)/Deficit		2,999	3,335	3,342	1,904	1,886	1,872	1,856	1,843	1,834	(1,628)	(1,661)	(1,694)
Capital Expenditure													
65561	Water - Acquisition LOS	-	-	25,000	-	-	-	-	-	-	-	-	-
		-	-	25,000	-	-	-	-	-	-	-	-	-
Loans													
71532	Internal Loans - Princ	-	-	(25,000)	-	-	-	-	-	-	-	-	-
71533	Internal Loans - Repaid	-	-	-	1,446	1,475	1,504	1,534	1,565	1,596	1,628	1,661	1,694
		-	-	(25,000)	1,446	1,475	1,504	1,534	1,565	1,596	1,628	1,661	1,694
Non Cash Depreciation													
99511	Add Back Non Cash Depn	(2,999)	(3,335)	(3,342)	(3,350)	(3,361)	(3,376)	(3,390)	(3,408)	(3,430)	-	-	-
		(2,999)	(3,335)	(3,342)	(3,350)	(3,361)	(3,376)	(3,390)	(3,408)	(3,430)	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-

Five Rivers Water Projects

Town			Cost	SQ Meters (Approx)	Funding Source	Year
Five Rivers	Water Supply Five Rivers	P-10428-A Five Rivers investigations	\$ 25,000		Rates & Loan	2021/22
		Total 2021/22	\$ 25,000			

Five Rivers Water Supply Reserve

		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
Five Rivers Water Supply		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total - Matuku		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL RESERVES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Five Rivers Rural Water Supply Loans for 2021-2031 LTP

ASSUMING 2% PA INTEREST RATE

Description	Business Unit Activity	Actual/B udget	Loan balance	Term	Start Date	Interest Rate	Total interest 2021-2031	Total Principal 2021-2031	Loan Balance 2030/2031
			@ start/drawn down						
Five Rivers RWS sanitising investigations (P-10428)	23560 Water Supply	Budget	25,000	15	1/07/2022	2.00%	3,409	14,102	10,898