



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

Date: Wednesday, 10 November 2021
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 David Dodunski Barbara McNamee Pat McNamee David Nind Councillor John Douglas

IN ATTENDANCE

Committee advisor	Rose Knowles
Asset Manager – 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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1 Apologies

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

2 Leave of absence

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

3 Conflict of interest

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

4 Public forum

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

5 Extraordinary/urgent items

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

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

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

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

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

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

6 Confirmation of minutes

6.1 Meeting minutes of Five Rivers Water Supply Subcommittee, 05 November 2020



Five Rivers Water Supply Subcommittee

OPEN MINUTES

Minutes of a meeting of Five Rivers Water Supply Subcommittee held in the residence of David and Pam Nind, 142 East Dome Station Road, Five Rivers, Five Rivers on Thursday, 5 November 2020 at 5pm.

PRESENT

Chairperson	Ross Andrews
Members	Joan Andrews Doug Andrews James Baird Barbara McNamee Pat McNamee David Nind Pamela Nind Blair Thwarter Councillor John Douglas

IN ATTENDANCE

Committee Partner	Advisor/Customer	Support	Rose Knowles
Manager Water & Waste Operations			Bill Witham
Manager Water & Waste Operations			Grant Isaacs
Corporate Performance Leader			Jason Domigan

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

There were no Extraordinary/Urgent items.

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 9 December 2019 as a true and correct record of the meeting.

Reports

7.1 Financial Report for the year ended 30 June 2020

Record No: R/20/10/62873

Manager Water & Waste, Bill Witham and Jason Domigan, Corporate Performance Leader were in attendance for this item.

Mr Domigan advised the purpose of the report is to present the final results and supporting information for the Five Rivers Water Supply subcommittee for the year ended 30 June 2020.

Resolution

Moved Ross Andrews, seconded David Nind and resolved:

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.

7.2 Long Term Plan 2031 - Direction Setting Report

Record No: R/20/10/62653

Manager Water & Waste, Bill Witham and Jason Domigan, Corporate Performance Leader were in attendance for this item.

Mr Domigan advised the purpose of the report was for the subcommittee to consider the local budgets for 2021-2031 and to recommend to Council the budgets for the year commencing 1 July 2021.

Mr Witham advised that Water & Waste services are investigating the purchase of an automatic water reader for the scheme.

Resolution

Moved David Nind, seconded Barbara McNamee and resolved:

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.
- e) Identifies no 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.

Barbara McNamee thanked Joan Andrews and behalf of the subcommittee for hosting the Five Rivers Water Supply subcommittee meetings over many years.

The meeting concluded at 6pm

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FIVE RIVERS WATER SUPPLY
SUBCOMMITTEE HELD ON 5 NOVEMBER 2020

DATE:.....

CHAIRPERSON:.....

Direction-setting for Annual Plan 2022/2023

Record No: R/21/10/57064
Author: Jason Domigan, Corporate performance lead
Approved by: Anne Robson, Chief financial officer

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 The Five Rivers Water Supply subcommittee is being asked to review the second year of the Long Term Plan 2021-2031 (LTP) including any projects and associated reserve/loan funding. The report also identifies the movement from the current budget to 2022/2023, as well as any changes proposed to the second year of the LTP.

Executive Summary

- 2 The purpose of local government is to enable local decision-making and to promote the social, economic, environmental and cultural well-being of communities in the present and in the future.
- 3 The Annual Plan process ensures that planned community initiatives, projects and rates/charges align with the LTP overall strategic vision. Where extraordinary projects or changes to the level of service are needed outside of the LTP process, the Annual Plan provides an opportunity to raise these to ensure the ongoing needs of the community are met.
- 4 Staff have carried out an initial review of the LTP budgets for year two (2022/2023) and are not proposing any changes. Based on this, the recoveries needed to fund the water supply would increase from \$755 in 2021/2022 to \$2,725 in 2022/2023 (GST exclusive). After GST is added, the total recovery needed is \$3,134 which equates to an increase to the annual charge from \$217.06 (GST inclusive) to \$783.44 (GST inclusive) per user.
- 5 The subcommittee is now being asked to review the budgets and identify whether any changes are required. The revised budget (incorporating any changes/feedback) will then be recommended to Council to be included into Council's Annual Plan for 2022/2023 (expected to be adopted in June 2022).
- 6 The adopted budget will then be used to set the charges for the Five Rivers Water Supply for year beginning 1 July 2022.
- 7 This report outlines two options for consideration by the subcommittee; to accept the direction and budgets as proposed in the report, or to make amendments.

1 Recommendation

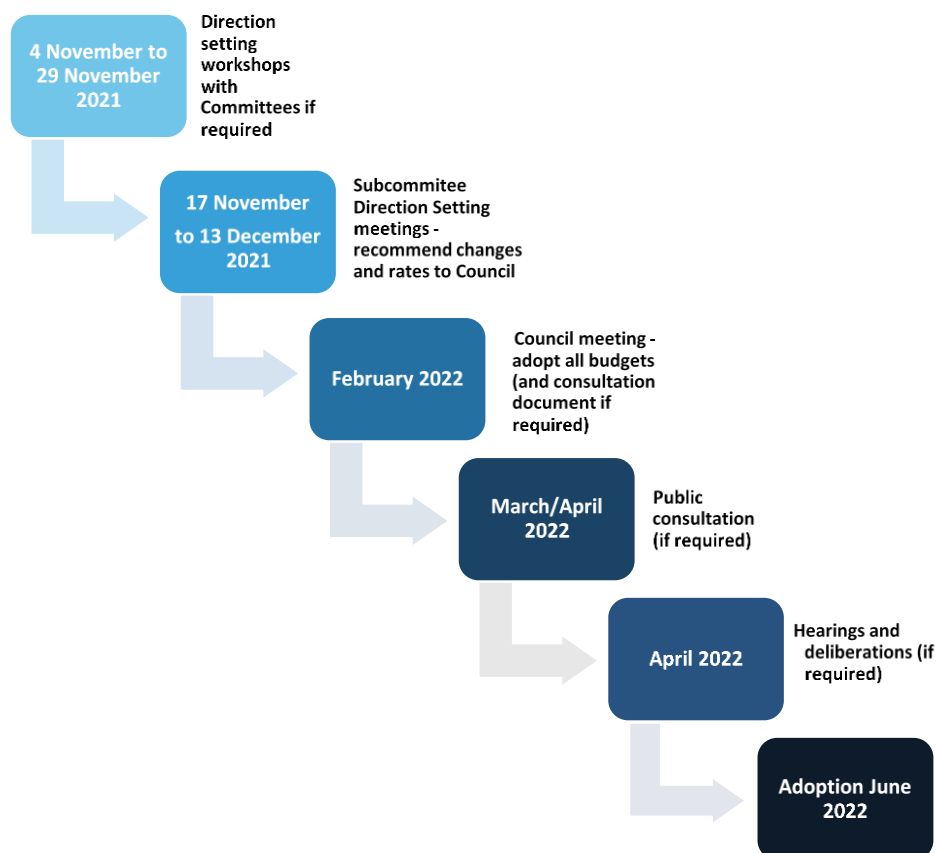
That the Five Rivers Water Supply Subcommittee:

- a) **Receives the report titled “Direction-setting for Annual Plan 2022/2023”**
- 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 to Council that the budgets as noted in paragraph 23 of the report for **the year commencing 1 July 2022 be incorporated into Council’s draft 2022/2023 Annual Plan** (subject to any amendments made at this meeting).
- e) Recommends to Council the setting of charges to recover \$3,134 (GST inclusive) for the year commencing 1 July 2022 (subject to any amendments as a result of (f) and (g)).
- f) Delegates authority to the subcommittee chair to approve any further material changes required to the budgets following this meeting.
- g) Notes that Council has yet to approve the assumptions on which the draft budgets have been prepared and the finalisation of these may impact the charge.
- h) Notes that staff will advise the subcommittee of the final budgets and charges approved for inclusion in the Annual Plan.

Background

- 8 The Annual Plan process ensures that planned community initiatives, projects and rates/charges align with the LTP strategic vision. The LTP community outcomes for Southland District are:
- kaitiakitanga for future generations (environmental),
 - inclusive connected communities (cultural),
 - a diverse economy creating healthy and affordable lifestyles (economic), and
 - empowered communities with the right tools to deliver the best outcomes (social).
- 9 The purpose of this report is to confirm the direction determined for the second year of the LTP.
- 10 The LTP concentrated on setting what is needed to deliver on the agreed levels of service for each activity. As such, it sets the envelope within which Council is planning to operate. There are occasions where extraordinary projects or changes to the level of service may be needed outside of the LTP process. The Annual Plan is an opportunity to incorporate any changes to ensure that the ongoing needs of the community are being met.
- 11 Given the work that has gone into the LTP, it is not expected that the subcommittee is likely to have a large number of changes. However, there may be some areas where projects and/or costs need to be updated to reflect known changes such as contract variations or changes in timing/priorities.
- 12 As such, the subcommittee has the opportunity to recommend any such changes to Council for incorporation in the Annual Plan 2022/2023.
- 13 Any proposed changes will also need to be considered within the wider district work programme to ensure that the required resources are available to deliver on the programme within the 2022/2023 financial year. If there are any issues relating to this, staff will liaise with the subcommittee to discuss options.

Overview of process



Issues

Changes to LTP

- 14 The key issue that the subcommittee is being asked to review is the changes to the recoveries and charges as shown in paragraph 23.

Three waters announcement

- 15 On 27 October, Local Government Minister Nanaia Mahuta announced that the three waters reform will be mandatory with all councils being part of the change. Southland District will be part of an entity which covers the majority of the South Island. Minister Mahuta said in the announcement that the case for change is strong and that no one Council can fix the ongoing issues around water assets.
- 16 As a result of local government feedback, a joint working party will be established to look at the common themes including the governance structure and accountability. In its submission to government, Council said it is imperative that the local community voice is accounted for and integrated into any entity moving forward. It is not currently clear how local communities will be able to input and influence decision-making on local issues. Council will be seeking to work with our communities as more information regarding the three waters transition becomes available.
- 17 Until Council is advised of how and when management of the three waters assets will transfer to a new entity, for budgeting purposes, Council has retained the assumption from the LTP that we will continue to manage these assets.

Factors to Consider

Legal and Statutory Requirements

- 18 The Annual Plan 2022/2023 is a requirement of the Local Government Act 2002 and is also closely aligned with the Local Government (2002) Rating Act.

Community Views

- 19 Council is yet to consider whether it will consult on the Annual Plan. This decision is dependent on the nature of the changes proposed from the LTP and will be considered later this year.
- 20 If Council decides to consult on the Annual Plan, there is an opportunity for any significant issues affecting local communities to be included in the official consultation document which will be publicly available (likely during March/April 2022).
- 21 If formal consultation is not required, Council will also consider what form of community engagement is required, if any.

Costs and Funding

- 22 Staff have not identified any changes to the budget for year two of the LTP.
- 23 The recoveries needed to fund the water supply expenditure has increased from \$755 in 2021/2022 to \$2,725 in 2022/2023 (an increase of \$1,970 excluding GST) as detailed below.

Five Rivers Water Supply		
Nature of change	Movement (\$)	Reason
Total 2021/2022 general recoveries (excl GST)	\$755	
<i>Additions</i>		
Term Loan interest and principal repayments	\$1,946	Interest and principal repayment on loan to be drawn down in 2021/22 for the sanitising investigation project
Other Costs	\$24	
2022/2023 general recoveries (excl GST)	\$2,725	
Plus GST	\$409	
2022/2023 general recoveries (incl GST)	\$3,134	

Based on four users, this equates to an increase to the annual charge from \$217.06 (including GST) to \$783.44 (including GST).

Five Rivers Budget

Budget Value		Account Description	Budget 2122	2223
Income	11194	General Recoveries	(\$755)	(\$2,725)
Income Total			(\$755)	(\$2,725)
Expenses	21225	Term Loans - Interest Charge		\$500
	21311	Material Damage Insurance	\$97	\$100
	31531	Resource Consents	\$500	\$515
	35223	Maint - Unplanned	\$158	\$164
	41128	Depn - Water Supply	\$2,513	\$3,625
Expenses Total			\$3,268	\$4,904
Capex	65561	Water - Acquisition LOS	\$25,000	
Capex Total			\$25,000	
	81111	Term Loans - Principal	(\$25,000)	
	89302	To - LGFA repayment RES		\$1,446
	99511	Add Back Non Cash Depn	(\$2,513)	(\$3,625)
7 Total			(\$27,513)	(\$2,179)

Five Rivers Rural Water Supply Loans for 2022-23 Annual Plan

ASSUMING 2% PA INTEREST RATE

Description	Existing/ Planned	22/23 Term of Loan as at 1 July 2022 (years)	22/23 Principal	22/23 Interest	22/23 Loan Balance as at 30 June 2023
Five Rivers RWS sanitising investigations (P-10428)	Planned 2021/22	15	\$1,446	\$500	\$23,554

Note there is no change from 2021-2031 year two of the Long Term Plan

Assumptions made in preparing the budgets

- 24 All assumptions that were made when preparing the LTP 2021-2031 have been applied in these budgets including the interest rate on borrowings. The interest rate is 2.00% and is based is based on the Local Government Funding Agency (LGFA) 17 year fixed interest rate at the time of setting the LTP 2021-2031 assumptions.
- 25 Interest on community reserves (monies held on reserve by the community for various purposes) has been calculated at 2.00% on the average of these balances at year end, and is consistent with the 2021-2031 LTP.
- 26 Inflation rates have also been kept consistent with BERL rates adopted in the 2021-2031 LTP.
- 27 Council has yet to approve the assumptions to be used in the Annual Plan which means that the budgets proposed in this document may alter. As such, staff will advise the subcommittee about any further changes and the final budgets/charges included in the Annual Plan.

Policy Implications

- 28 There are no policy implications in the direction setting for the Annual Plan 2022/2023.

Analysis

Options Considered

- 29 There are two options to be considered in this report:
- option 1: accept the direction as proposed in the report
 - option 2: accept the direction proposed in the report with minor variations recommended to the Annual Plan.

Analysis of Options

Option 1 – Accept the direction as proposed in the report

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• ensures that Council has the recommendations from the subcommittee prior to determining whether formal consultation on the Annual Plan will be required. This decision needs to be made by December 2021• ensures that the changes required by the subcommittee to ensure community needs are met are incorporated into the 2022/2023 Annual Plan, subject to resourcing confirmation.	<ul style="list-style-type: none">• if the committee wants any further changes not discussed and included as part of this meeting they will not be funded and unbudgeted expenditure reports will be required during the year to undertake the work.

Option 2 – Accept the direction as proposed in the report with minor variations recommended to the Annual Plan

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• allows for any further amendments that staff may not have factored in• ensures that the changes required by the subcommittee to ensure community needs are met are incorporated into the 2022/2023 Annual Plan, subject to resourcing confirmation.	<ul style="list-style-type: none">• There may not be sufficient time for staff to adequately scope new initiatives and projects for inclusion in the Annual Plan.• if the committee wants any further changes not discussed and included as part of this meeting they will not be funded and unbudgeted expenditure reports will be required during the year to undertake the work.

Assessment of Significance

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

Recommended Option

- 31 Staff recommend Option 1, accept the direction as proposed in the report.

Next Steps

- 32 The recommendations passed in this report will be incorporated into Council's draft 2022/2023 Annual Plan. Staff will consider any changes proposed by the subcommittee to ensure that the required resources are available to deliver on the programme within the 2022/2023 financial year. If there are any issues relating to this, staff will liaise with the subcommittee to discuss options.
- 33 If there are significant or materially different variances from the LTP, these may be included in a consultation document and released for consultation or as part of informal engagement in March/April 2022.
- 34 The final Annual Plan including changes made as a result of consultation, will be adopted by Council in June 2022.

Attachments

There are no attachments for this report.

Financial Report for the year ended 30 June 2021

Record No: R/21/8/47656
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 Five Rivers Water Supply area for the year ended 30 June 2021. The financial reports are contained within attachment A of this report.
- 2 As the audit of Council is not scheduled to occur until November/December, the financial results presented may be subject to change.

Recommendation

That the Five Rivers Water Supply Subcommittee:

- a) **Receives the report titled “Financial Report for the year ended 30 June 2021” dated 3 November 2021.**

Attachments

- A Financial Report to Five Rivers Water Supply for the year ended 30 June 2021 [↓](#)



Five Rivers water supply subcommittee - Financial performance for the year ended 30 June 2021

The summary tables overleaf show the final financial results for Five Rivers water supply scheme for the year ended 30 June 2021. Please note these financial results are being audited in November/December 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 budget adjusted for the effect of expenditure carried forward from 2019/2020, unbudgeted expenditure, projects that have been put on hold or are to be completed in 2021/2022 and/or anticipated changes to income and operating expenditure over the year.

This report will discuss significant variances between the "Actual" results and the "Annual Plan Budget".

A detailed breakdown of the individual business unit is included within this report for your information.



Variances to the 2020/2021 Annual Plan budget

Five Rivers Water - Business Units for the year ended 30 June 2021									
	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	\$746	\$978	\$978	\$5,236	\$4,313	\$4,313			
Total	\$746	\$978	\$978	\$5,236	\$4,313	\$4,313	\$0	\$0	\$0

Income was \$746 which slightly below budget (\$232).

Total expenditure was \$5,236, which was \$923 over spent. This was primarily due to depreciation being higher than anticipated (\$1,155) as a result of the revaluation of the assets. This was offset by lower resource consent expenditure (\$271).

There was no capital expenditure in 2020/2021.



Detailed Breakdown of Business Unit for the year ended 30 June 2021

		Actual	Forecasted Budget	Annual Plan Budget
Water Supply Five Rivers				
Income	General Recoveries	(\$746)	(\$978)	(\$978)
Income Total		(\$746)	(\$978)	(\$978)
Operational Expenditure	Material Damage Insurance	\$92	\$36	\$36
	Resource Consents	\$513	\$784	\$784
	Maint - Unplanned	\$0	\$158	\$158
	Maintenance - Routine	\$142	\$0	\$0
	Depn - Water Supply	\$4,490	\$3,335	\$3,335
Operational Expenditure Total		\$5,236	\$4,313	\$4,313
Net Operating (Surplus)/Deficit		\$4,490	\$3,335	\$3,335
Funding Sources	Add Back Non Cash Depn	(\$4,490)	(\$3,335)	(\$3,335)
Funding Sources Total		(\$4,490)	(\$3,335)	(\$3,335)
Water Supply Five Rivers Total		\$0	\$0	\$0