



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

Date: Wednesday, 10 November 2021  
Time: 3pm  
Meeting room: Ryan Farms  
Venue: Workers meeting room  
2130 Dipton Mossburn Highway  
Lumsden 99730

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## Matuku Water Supply Subcommittee Agenda OPEN

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### MEMBERSHIP

|                    |   |
|--------------------|---|
| Chairperson        | Howard Boyd   |
| Deputy Chairperson |   |
| Members            | Helen Boyd<br>John Douglas<br>Donald Lawrence<br>Hamish Ryan<br>Mike Ryan<br>David Thomas<br>Liz Thomas<br>Peter Turner |

### IN ATTENDANCE

Committee advisor/customer support Rose Knowles  
Partner

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Postal address: PO Box 903, Invercargill 9840  
Email: [emailsdc@southlanddc.govt.nz](mailto:emailsdc@southlanddc.govt.nz)  
Website: [www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)

Full agendas **are available on Council's website**  
[www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)

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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><b>Te Anau Basin Water Supply Subcommittee (Fiordland Community Board)</b></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"> <li>• a water supply consumer from each of the following areas: <ul style="list-style-type: none"> <li>– Duncraigen</li> <li>– Homestead</li> <li>– Kakapo</li> <li>– Mt York</li> <li>– Princhester</li> <li>– Ramparts</li> <li>– Takitimu</li> </ul> </li> <li>• two representatives appointed by Landcorp.</li> </ul> <p><b>Matuku Water Supply Subcommittee (Northern Community Board)</b></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><b>Five Rivers Water Supply Subcommittee (Northern Community Board)</b></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><b>Te Anau Basin Water Supply Subcommittee</b></p> <p>Three meetings per annum or as required.</p> <p><b>Matuku Water Supply and Five Rivers Water Supply Subcommittee</b></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"> <li>• providing feedback to Council officers on relevant plans and strategies (including asset management plans)</li> <li>• receiving operational and financial reports</li> <li>• community engagement and representing community views to Council.</li> </ul>   |
| DELEGATIONS | <p><b>Power to Act</b></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"> <li>(a) power to recommend the annual budget relating to the relevant water supply scheme</li> <li>(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</li> <li>(c) power to approve new connections to the relevant water supply scheme</li> <li>(d) power to approve expenditure outside of the relevant annual budget for emergency works</li> <li>(e) policies relating to water schemes.</li> </ul> <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](http://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 Matuku Water Supply Subcommittee, 05 November 2020



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## Matuku Water Supply Subcommittee

### OPEN MINUTES

unconfirmed

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Minutes of a meeting of Matuku Water Supply Subcommittee held in the Staff Quarters, 109 Affleck Road, Lumsden on Thursday, 5 November 2020 at 3pm.

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#### PRESENT

|             |   |
|-------------|---|
| Chairperson | Howard Boyd   |
| Members     | Sarah Barlow<br>Keith Boyd<br>Hamish Ryan<br>Mike Ryan<br>David Thomas<br>Liz Thomas<br>Peter Turner<br>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 |



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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 Hamish Ryan, seconded David Thomas and resolved:

That the Matuku 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/20/10/62875

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 Matuku Water Supply subcommittee for the year ended 30 June 2020.

Resolution

Moved David Thomas, seconded Peter Turner and resolved:

That the Matuku 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/20/10/62652

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.

Resolution

Moved Chairman Boyd, seconded Liz Thomas and resolved:

That the Matuku 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 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> |
|---------------------------------------|---------------------------|
| Matuku water supply subcommittee rate | \$36,693                  |
- 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.

The meeting concluded at 4pm

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

DATE:.....

CHAIRPERSON:.....





## Direction-setting for Annual Plan 2022/2023

Record No: R/21/10/57225  
Author: Jason Domigan, Corporate performance lead  
Approved by: Anne Robson, Chief financial officer

☐ Decision ☒ Recommendation ☐ Information

### Purpose

- 1 The Matuku Water Supply subcommittee is being asked to review the second year of the Long Term Plan 2021-2031 (LTP) including any projects and associated rate, reserve and loan funding. The report 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 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 have updated the budgets for known changes. These include the expected increase in resource consent costs and reduced maintenance costs as a result of the maintenance contract renewal being deferred to 2022/2023. There have been no changes made to the projects planned for the year.
- 5 Based on this, the rates needed to fund the water supply would increase from \$38,854 in 2021/2022 to \$44,304 in 2022/2023 (GST exclusive). After GST is added, the total rate needed is \$59,950 which equates to an increase in the annual rate from \$406.11 (GST inclusive) to \$463.18 (GST inclusive) per unit.
- 6 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).
- 7 The adopted budget will then be used to set the rates for the Matuku Water Supply for year beginning 1 July 2022.
- 8 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 Matuku 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 the setting of the following rates and charges (GST inclusive) for the year commencing 1 July 2022 (subject to any amendments as a result of (e) and (f) below).

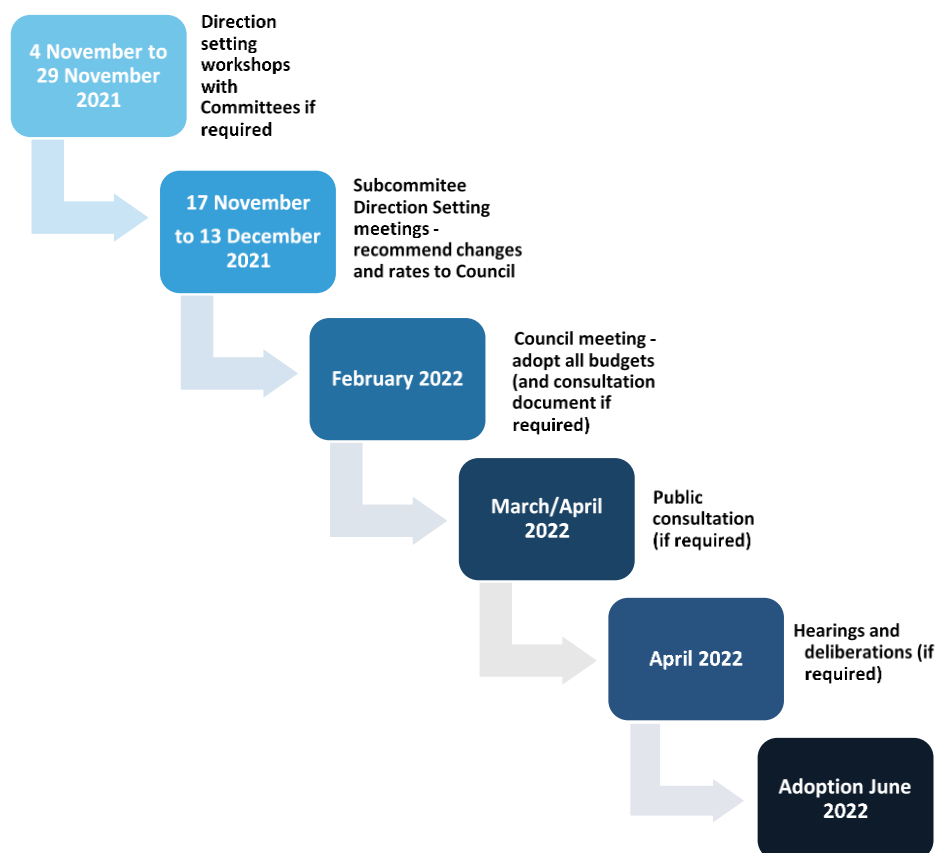
| <u>Rate</u>             | <u>Rate GST inclusive</u> |
|-------------------------|---------------------------|
| Matuku Rural Water Rate | \$50,950                  |

- e) Delegates authority to the subcommittee chair to approve any further material changes required to the budgets following this meeting.
- f) Notes that Council has yet to approve the assumptions on which the draft budgets have been prepared which may impact the proposed rate.
- g) Notes that staff will advise the subcommittee of the final rates approved for inclusion in the Annual Plan.

## Background

- 9 The Annual Plan process ensures that planned community initiatives, projects and rates 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).
- 10 The purpose of this report is to confirm the direction determined for the second year of the LTP.
- 11 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.
- 12 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 or projects.
- 13 As such, the subcommittee has the opportunity to recommend any such changes to Council for incorporation in the Annual Plan 2022/2023.
- 14 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.
- 15 The draft budgets for the Matuku Water Supply Subcommittee for 2022/2023 have been based on forecasted information from year two of the Long Term Plan 2021-2031.

### Overview of process



### Issues

#### Changes to LTP

- 16 The key issue that the subcommittee is being asked to review are the changes to the rates as shown in paragraph 22 below. There are no other significant changes from what was originally included in year two of the LTP.

#### Three waters announcement

- 17 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.
- 18 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.



- 19 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

- 20 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

- 21 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.
- 22 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).
- 23 If formal consultation is not required, Council will also consider what form of community engagement is required, if any.

### Costs and Funding

- 24 The key reasons for the change in overall rate from 2021/2022 to 2022/2023 are outlined below:

| Matuku Rural Water Supply                     |               |   |
|---|---------------|---|
| Nature of change                              | Movement (\$) | Reason  |
| Total 2021/2022 rates (excl GST)              | \$38,845      |   |
| <i>Changes as per LTP (year 2)</i>            |               |   |
| Term Loan interest and principal repayments   | \$3,120       | Interest and principal repayment on loan to be drawn down in 2021/2022 for the sanitising investigation project   |
| Maintenance                                   | \$2,664       | The maintenance contract was planned to be renewed, increasing the cost of maintenance from year 2 of the LTP   |
| Other costs                                   | \$1,843       |   |
| Total 2021/2022 rates (excl GST) per LTP yr 2 | \$46,472      |   |
| <i>Proposed changes to Annual Plan</i>        |               |   |
| Maintenance routine                           | (\$2,527)     | The current maintenance contract has been rolled for a further year, the renewal and increase in costs have been deferred to 1 July 2023. The current budget reflects the contract price paid in 2021/2022 increased for inflation. |
| Resource consents                             | \$377         | Small increase to match the current costs of resource consents for two schemes  |
| Other costs                                   | (\$18)        |   |

|  |          |  |
|--|----------|--|
| Proposed 2022/2023 Matuku Rural Water Supply rate (excl GST) | \$44,304 |  |
| Plus GST   | \$6,646  |  |
| Proposed 2022-23 Matuku Rural Water Supply rate (incl GST)   | \$50,950 |  |

### Overall Impact on Rates

- 25 The changes noted above impact on the proposed rates for the water supply. The table below shows what the potential rate for 2022/2023 will be based on the number of water units at June 2021, compared to the 2021/2022 rate.

| Rate Type          | Basis of Rate | Actual 2021/2022<br>(Incl GST) | Proposed 2022/2023<br>(Incl GST) | Change  |
|--------------------|---------------|--------------------------------|----------------------------------|---------|
| Matuku Rural Water | Per unit      | \$406.11                       | \$463.18                         | \$57.07 |

- 26 The final rate will be calculated using the number of water units at the time the Annual Plan is finalised.
- 27 Where relevant, the subcommittee may also want to consider if all or some of any additional costs/projects could be funded from reserves or loans.

### Assumptions made in preparing the budgets

- 28 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 on the Local Government Funding Agency (LGFA) 17 year fixed interest rate at the time of setting the LTP 2021-2031 assumptions.
- 29 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.
- 30 Inflation rates have also been kept consistent with BERL rates adopted in the 2021-2031 LTP.
- 31 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

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

### Analysis

#### Options Considered

- 33 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"><li>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</li><li>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.</li></ul> | <ul style="list-style-type: none"><li>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.</li></ul> |

### 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"><li>allows for any further amendments that staff may not have factored in</li><li>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</li></ul> | <ul style="list-style-type: none"><li>There may not be sufficient time for staff to adequately scope new initiatives and projects for inclusion in the Annual Plan.</li><li>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.</li></ul> |

## Assessment of Significance

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

## Recommended Option

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

## Next Steps

- 36 The recommendations passed in this report will be incorporated into Council's draft Annual Plan 2022/2023. 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.
- 37 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.

- 38 The final Annual Plan including changes made as a result of consultation, will be adopted by Council in June 2022.

## Attachments

- A Matuku Rural Water Supply Rates Calculation 2022-23 [↓](#)
- B Matuku Rural Water Supply Reserves 2022-23 [↓](#)
- C Matuku Rural Water Supply Loans 2022-23 [↓](#)

## Matuku Rural Water Supply Rate - Rates Calculation

| Northern  |                           | Current Year Budget |               | LTP 2021-31 Budget |               | Annual Plan Budget<br>Financial Year |               |
|---|---------------------------|---------------------|---------------|--------------------|---------------|--------------------------------------|---------------|
| Rate Description                                    | Business Unit Description | 2122                |               | 2223               |               | 2223                                 |               |
| Matuku Rural Water - Full Charge                    | Water Supply Matuku       | -\$                 | 38,845        | -\$                | 46,472        | -\$                                  | 44,304        |
| Plus GST  |                           | -\$                 | 5,827         | -\$                | 6,971         | -\$                                  | 6,646         |
| <b>Matuku Rural Water Supply Rate including GST</b> |                           | <b>-\$</b>          | <b>44,672</b> | <b>-\$</b>         | <b>53,443</b> | <b>-\$</b>                           | <b>50,950</b> |

| New rate per rating unit | Count | 2122      |               | 2223      |               | 2223      |               |
|--------------------------|-------|-----------|---------------|-----------|---------------|-----------|---------------|
| Matuki rural water       | 110   | \$        | 406.11        | \$        | 485.84        | \$        | 463.18        |
| <b>Total Collected</b>   |       | <b>\$</b> | <b>44,672</b> | <b>\$</b> | <b>53,443</b> | <b>\$</b> | <b>50,950</b> |

Note the rate per rating unit is based on the LTP count of connections

## Matuku Rural Water Supply Reserve

|                           |  | Opening<br>Balance 30<br>June 2021 | Annual Plan<br>Movement<br>2021/22 | Projected<br>Balance 30<br>June 2022 | Annual Plan<br>Movement<br>2022/23 | Closing<br>Balance 30<br>June 2023 |
|---------------------------|--|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| Matuku Rural Water Supply |  | \$ 592                             | -\$ 549                            | \$ 43                                | \$ 12                              | \$ 55                              |
| <b>TOTAL RESERVES</b>     |  | <b>\$ 592</b>                      | <b>-\$ 549</b>                     | <b>\$ 43</b>                         | <b>\$ 12</b>                       | <b>\$ 55</b>                       |
|                           |  |                                    |                                    |                                      |                                    |                                    |

## Matuku Rural Water Supply Loans for 2022-23 Annual Plan

ASSUMING 2% PA INTEREST RATE

| Description                                    | Business Unit | Existing/<br>Planned | 22/23 Term<br>of Loan as<br>at 1 July<br>2022<br>(years) | 22/23<br>Principal | 22/23<br>Interest | 22/23 Loan<br>Balance as at<br>30 June 2023 |
|--|---------------|----------------------|--|--------------------|-------------------|---|
| Water Supply Matuku                            | 23561         | Existing             | 6  | \$736              | \$93              | \$3,908                                     |
| Matuku water supply                            | 23561         | Existing             | 7  | \$1,188            | \$177             | \$7,643                                     |
| Matuku RWS sanitising investigations (P-10423) | 23561         | Planned<br>2021/22   | 30   | \$1,722            | \$1,397           | \$68,130                                    |
|  |               |                      |  | <b>\$3,646</b>     | <b>\$1,667</b>    | <b>\$79,682</b>                             |

Note the budgeted loans are in line with those in the 2021-31 Long Term Plan



## Financial Report for the year ended 30 June 2021

Record No: R/21/9/49815  
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 Matuku 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 Matuku Water Supply Subcommittee:

- a) **Receives the report titled “Financial Report for the year ended 30 June 2021” dated 28 October 2021.**

### Attachments

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



### **Matuku water supply subcommittee - Financial performance for the year ended 30 June 2021**

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The summary tables overleaf show the final financial results for the Matuku 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 below for your information.



### Variances to the 2020/2021 Annual Plan budget

| <b>Matuku - Business Units for the year ended 30 June 2021</b> |                 |                          |                           |                 |                          |                           |                 |                          |                           |
|--|-----------------|--------------------------|---------------------------|-----------------|--------------------------|---------------------------|-----------------|--------------------------|---------------------------|
|  | <b>Income</b>   |                          |                           | <b>Expenses</b> |                          |                           | <b>Capital</b>  |                          |                           |
| <b>Business Unit</b>   | <b>Actual</b>   | <b>Forecasted Budget</b> | <b>Annual Plan Budget</b> | <b>Actual</b>   | <b>Forecasted Budget</b> | <b>Annual Plan Budget</b> | <b>Actual</b>   | <b>Forecasted Budget</b> | <b>Annual Plan Budget</b> |
| Water Supply Matuku  | \$30,132        | \$30,129                 | \$30,129                  | \$38,143        | \$33,005                 | \$33,005                  | \$10,411        |                          |                           |
| <b>Total</b>   | <b>\$30,132</b> | <b>\$30,129</b>          | <b>\$30,129</b>           | <b>\$38,143</b> | <b>\$33,005</b>          | <b>\$33,005</b>           | <b>\$10,411</b> | <b>\$0</b>               | <b>\$0</b>                |

Income was \$30,132 which was slightly above budget (\$3).

Total expenditure was \$38,143 which was \$5,137 above budget primarily due to additional depreciation on additional capital renewal expenditure completed as well as the asset revaluation.

Capital expenditure was \$10,411, due to the unbudgeted Matuku switchboard upgrade work. This was funded through the depreciation reserve \$7,998 along with a small loan of \$2,008. A retrospective unbudgeted expenditure report is being presented at the 10<sup>th</sup> November meeting 2021 for this work.



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

|  |                                | Actual            | Forecasted Budget | Annual Plan Budget |
|--|--------------------------------|-------------------|-------------------|--------------------|
| <b>Water Supply Matuku</b>             |                                |                   |                   |                    |
| Income                                 | Rates - Collected              | (\$30,118)        | (\$30,117)        | (\$30,117)         |
|  | Internal - Interest on Reserve | (\$15)            | (\$12)            | (\$12)             |
| <b>Income Total</b>                    |                                | <b>(\$30,132)</b> | <b>(\$30,129)</b> | <b>(\$30,129)</b>  |
| Operational Expenditure                | SCADA                          | \$0               | \$216             | \$216              |
|  | Material Damage Insurance      | \$771             | \$194             | \$194              |
|  | Electricity                    | \$3,738           | \$5,222           | \$5,222            |
|  | Resource Consents              | \$693             | \$314             | \$314              |
|  | Maintenance - Routine          | \$14,115          | \$13,631          | \$13,631           |
|  | Depn - Water Supply            | \$13,699          | \$8,301           | \$8,301            |
|  | Internal -Interest on Loans    | \$762             | \$762             | \$762              |
|  | Internal - WWS Management Fee  | \$4,365           | \$4,365           | \$4,365            |
| <b>Operational Expenditure Total</b>   |                                | <b>\$38,143</b>   | <b>\$33,005</b>   | <b>\$33,005</b>    |
| <b>Net Operating (Surplus)/Deficit</b> |                                | <b>\$8,010</b>    | <b>\$2,876</b>    | <b>\$2,876</b>     |
| Capital Expenditure                    | Water - Acquisition LOS        | \$0               | \$0               | \$0                |
|  | Water - Renewal                | \$10,411          | \$0               | \$0                |
| <b>Capital Expenditure Total</b>       |                                | <b>\$10,411</b>   | <b>\$0</b>        | <b>\$0</b>         |
| Funding Sources                        | Internal Loans - Princ         | (\$2,009)         | \$0               | \$0                |
|  | Internal Loans - Repaid        | \$1,644           | \$1,644           | \$1,644            |
|  | To-Matuku RWS General - OP     | \$15              | \$12              | \$12               |
|  | Ex-Matuku RWS General - OP     | (\$553)           | \$0               | \$0                |
|  | Ex - District Operations Reser | (\$577)           | \$0               | \$0                |
|  | To - Depn Matuku               | \$4,755           | \$4,981           | \$4,981            |
|  | Ex - Depn Matuku               | (\$7,998)         | (\$1,212)         | (\$1,212)          |
|  | NFS Depn Matuku                | (\$4,755)         | (\$4,981)         | (\$4,981)          |
|  | Add Back Non Cash Depn         | (\$8,943)         | (\$3,320)         | (\$3,320)          |
| <b>Funding Sources Total</b>           |                                | <b>(\$18,422)</b> | <b>(\$2,876)</b>  | <b>(\$2,876)</b>   |
| <b>Water Supply Matuku Total</b>       |                                | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>         |



## Reserves

The Matuku rural water supply reserve balance at 30 June 2021 is shown below.

Interest was allocated to reserves at 30 June 2021 based on the average reserve balance for the year 1 July 2020 to 30 June 2021 at a rate of 2.58%.

### Matuku Schedule Of Reserve Balance

|                              |                               | Actual<br>June - 020 | Transfers<br>To/(From) | Actual<br>June -021 |
|------------------------------|-------------------------------|----------------------|------------------------|---------------------|
| <b>Water</b>                 |                               |                      |                        |                     |
| <i>Operating Account</i>     |                               |                      |                        |                     |
|                              | Matuku Rural WS General - OPR | 88631                |                        |                     |
|                              |                               | 1,129.74             | (538.09)               | 591.65              |
|                              |                               | <b>1,129.74</b>      | <b>(538.09)</b>        | <b>591.65</b>       |
| <b>Water Total</b>           |                               | <b>1,129.74</b>      | <b>(538.09)</b>        | <b>591.65</b>       |
| <b>Total Matuku Reserves</b> |                               | <b>1,129.74</b>      | <b>(538.09)</b>        | <b>591.65</b>       |

## Loans

The following schedule of loans includes existing and new scheme loans as at 30 June 2021.

| Business Unit       | Loan Name                             | Opening balance<br>1 July 2020 | Repayments<br>20/21 | Additions<br>20/21 | Closing balance<br>30 June 2021 | Years remaining<br>at 30 June 2021 |
|---------------------|---------------------------------------|--------------------------------|---------------------|--------------------|---------------------------------|------------------------------------|
| Water Supply Matuku | Water Supply Matuku                   | \$ 6,000                       | \$ 634              |                    | \$ 5,366                        | 7                                  |
| Water Supply Matuku | Matuku 18/19                          | \$ 11,005                      | \$ 1,009            |                    | \$ 9,996                        | 8                                  |
| Water Supply Matuku | Matuku Switchboard upgrade<br>2020/21 |                                |                     | \$ 2,009           | \$ 2,009                        | 1                                  |



## Retrospective Unbudgeted Expenditure - Replacement Switchboard for Matuku Rural Water Scheme

Record No: R/21/10/58326

Author: Bill Witham, Manager contracts - water and waste

Approved by: Matt Russell, Group manager infrastructure and environmental services

☐ Decision

☒ Recommendation

☐ Information

### Purpose

- 1 To seek a recommendation that council approves retrospective unbudgeted expenditure to replace the electrical switchboard at the Matuku rural water scheme.

### Executive Summary

- 2 In February 2021, Council staff approved the replacement of the switchboard at Matuku. This was completed as a matter of urgency as the switchboard had been damaged by rodents and had become a safety hazard.
- 3 There was no budget for this work.

### Analysis

- 4 The old switchboard was installed in the 1986 and as such it was not deemed either logical or economical to rewire the old board as the components and cabinet were also in need of replacement.
- 5 A significant risk to both safety and continuity of operation has been addressed by the replacement.

## Recommendation

That the Matuku Water Supply Subcommittee:

- a) **Receives the report titled “Retrospective Unbudgeted Expenditure - Replacement Switchboard for Matuku Rural Water Scheme” dated 3 November 2021.**
- 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 that Council approve retrospective unbudgeted expenditure incurred of \$10411 for the replacement of the switchboard, be funded by depreciation reserve (\$7,998), general reserve (\$405) and a one-year loan (\$2,008) with the repayments funded by the Matuku rural water scheme rates



## Background

- 6 The old switchboard is thought to be the original unit installed in the 1980s and as such has exceeded the nominal service life attribute to switchboards of 30 years.

## Issues

- 7 There was an immediate hazard as rodents had damaged the wiring.
- 8 The cabinet was in very poor condition and in need of replacement.
- 9 The fuses and other componentry were also original and as such needed replacing.

## Factors to Consider

### Legal and Statutory Requirements

- 10 None identified.

### Community Views

- 11 The work was undertaken to address safety issues and maintain the expected level of service and this request is considered to represent the views of the community.

### Costs and Funding

- 12 The switchboard cost \$10,411 installed.
- 13 As there was no budget for this work, the cost of \$10,411 is has been funded (\$7,998) from the depreciation reserve and the general reserve (\$405) with the balance funded by a one year loan (\$2,008) with repayments funded by the Matuku rural water scheme rate.

### Assessment of significance

- 14 The assessment of significance needs to be carried out in accordance with Council's Significance and Engagement Policy. The Significance and Engagement Policy requires consideration of the impact on social, economic or cultural wellbeing of the region and consequences for people who are likely to be particularly affected or interested. Community views have been considered throughout this process thus the proposed decision is not considered significant.

## Attachments

There are no attachments for this report.