



WEST COAST  
REGIONAL COUNCIL

## **THE WEST COAST REGIONAL COUNCIL**

### **MEETING OF THE HOKITIKA SOUTHSIDE RATING DISTRICT**

**ON**

**18<sup>th</sup> June 2024, at 3pm**

**At the Wests Rugby Rugby Football Club 50 Brittan Street HOKITIKA**

### **AGENDA**

1. Welcome
2. Apologies
3. Minutes of last meeting
4. Matters Arising
5. Financial Update
6. Annual Works Report
7. Election of Committee
8. Terms of Reference (*verbal report*)
9. Impairment
10. Classification/Review (*verbal report*)
11. General Business
- 12a. Flood Protection Management Bylaws (*verbal report*)

Please let WCRC know if there is anything you would like discussed at this meeting that is not on the agenda by **Friday 14<sup>th</sup> June 2024**.

Please contact Lillian Crozier ([lillian.crozier@wcr.govt.nz](mailto:lillian.crozier@wcr.govt.nz)) or Shanti Morgan ([shanti.morgan@wcr.govt.nz](mailto:shanti.morgan@wcr.govt.nz)) with your queries.

**MINUTES OF THE ANNUAL MEETING OF THE  
SOUTHSIDE HOKITIKA RATING DISTRICT  
HELD AT THE ALL SAINTS CHURCH HALL, BEALEY STREET, HOKITIKA  
ON 18 OCTOBER 2018, COMMENCING AT 6.43 PM.**

**PRESENT**

N. Gallop, W. Montagu, K. Tinetti, C. & R. Hull

**IN ATTENDANCE**

West Coast Regional Council  
P. McDonnell, S. Challenger (Councillors).  
R. Beal, B. Russ, J. Ellis, T. Jellyman (Staff)

**APOLOGIES**

There were no apologies.

**BUSINESS**

Cr McDonnell opened the meeting and welcomed those present. He introduced himself and the Council staff.

**Moved:** *"That the minutes of the previous Annual Meeting held on 15 October 2012, be adopted as a true and correct record of that meeting."*

**MATTERS ARISING**

There was no attendees present from the 2012 to move or second the minutes.

**FINANCIAL REPORT**

R. Beal spoke to the financial statements for the financial period ending 30 June 2018. He reported that the opening balance was \$3,017.84 and the closing balance was \$3,722.01. Expenses for the year were \$663.25.

**WORKS REPORT**

B. Russ advised that there were no works carried out during the reporting period. He advised that the rating district is very fortunate as NZTA pay 50% of any works that need to be carried out. Discussion took place on whether or not Westland Milk Products are paying into the rating district. It was agreed that this matter would be followed up on by B. Russ as this may relate to work being done which relates to a resource consent.

B. Russ carried out an inspection on 19 September 2018 and no immediate works were identified but he advised that it would be prudent to allow \$3,000 for unforeseen works. He advised that \$1500 would be the rating district share and \$1500 is the NZTA contribution. Therefore any works be required would be cost shared 50/50 between NZTA and the rating district.

**Agreed levels of Service**

3.

B. Russ advised that Audit NZ has requested that agreed level of service is discussed at each rating district meeting. He advised that the Southside rating district was put in place to manage erosion and not flooding.

### **Willow Tree Loss**

Cr McDonnell introduced J. Ellis to the meeting. J. Ellis advised that there are not a large amount of willows in this rating district. J. Ellis spoke of the Large Willow Aphid which was found in NZ in 2013 and is now well established NZ wide. He stated that the full effect of the aphid is not being seen in this rating district but is in other places around Westland. J. Ellis stated that during autumn and winter the trunk and limbs will turn black and drip honey dew. He stated that bees and wasps are attracted to this honey dew and the aphid is now killing willows. J. Ellis spoke of the root system on willow trees and the protection the willow trees provide.

J. Ellis advised that Hon Shane Jones, Regional Development Minister, has set up an initiative to plant one billion trees over the next 10 years. Government funding is available to communities via the Provincial Growth Fund. J. Ellis advised that the trees to be replanted are likely to be a combination of exotics and native trees. He advised if this work is started soon then what happened during the Edgecumbe flood could possibly be avoided here as damaged willows caused added damage during this flood event. It was agreed that the rating district would like to be included in a joint application for the initiative.

R. Beal stated that further information will be forthcoming via the Weedbusters newsletter and once the annual meetings have been held throughout the region, depending on interest, then a combined application will be made to this fund.

Discussion took place on gravel build up and where the river is currently sitting.

B. Russ advised that there is no emergency stockpile of rock in place for this rating district. It was noted that the rating district is in a close location to rock sources.

### **RATES 2019 / 2020**

The recommended rate strike is \$1,250. B. Russ stated that this is pretty low and should there be a significant event there is not enough money in the account to cover this. Traditionally the rating district has resisted having a prudent reserve.

### **ELECTION OF OFFICERS**

It was noted that all members of the rating district are members of the committee. H. Hamilton is currently the spokesperson, but he has now moved out of the area. B. Russ explained the role of the spokesperson and the importance of having a spokesperson in the area. K. Tinetti offered to take this position on. B. Russ offered to supply K. Tinetti with maps for the area.

**Moved:** *"That K. Tinetti be elected as the spokesperson for the 2018 / 2019 financial year and that all members of the Rating District be members of the Committee."*

*N. Gallop / W. Montagu - Carried*

### **GENERAL BUSINESS**

Questions were answered by staff regarding how regional rates function and what costs they cover.

Cr McDonnell asked the meeting if they were happy with biannual meetings. It was agreed that the next meeting would be held in 2020.

There being no further business, the meeting closed at 7.12 pm.

### **Action Points**

- B. Russ to ascertain whether Westland Milk Products are paying into the rating district, or if this is just for work relating to a resource consent.
- B. Russ to add the 50 / 50 share for NZTA works is included in the asset management plan.

### **Council Infrastructure Insurance Details**

Information provided by R. Mallinson (Corporate Services Manager)

Council exited LAPP in 2011 following the Canterbury earthquakes, as it was going to be unaffordable to continue.

We then established a designated Catastrophe Fund, which has grown to \$1M.

As from 1/11/17 WCRC Infrastructure is covered under the AON Lloyds scheme. We are in a grouping of South Island Councils (Nelson, Tasman, Buller, Grey, Westland, WCRC, Queenstown Lakes, Environment Southland) with total programme cover of (now) \$300M.

WCRC carries cover of \$35M and the annual premium is paid for from interest earned on the \$1M Catastrophe Fund. The excess is \$250,000.

See details of actual cover below taken from the actual Policy wording: The infrastructure cover includes (quoting direct from Policy).

“Materials damage natural catastrophe insurance” including:

Earthquake, Natural landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic eruption, Hydrothermal and geothermal activity, Subterranean Fire, And Business Interruption resulting from them.

5.

**West Coast Regional Council  
Hokitika River South Bank District Financial Accounts  
For the 12 Months to 30 June 2023**

		<b>2022/23 YTD</b>
<b>Reserve Opening Balance 1 July 2022</b>		<b>5,278.14</b>
Add Incomings:		
Internal interest income / (expense)	102.57	
Rates	3,426.37	
<b>Total Incomings</b>		<b>3,528.94</b>
		8,807.08
Less Outgoings:		
Advertising	(103.20)	
Insurance	(931.00)	
Staff Time	(1,279.00)	
<b>Total Outgoings</b>		<b>(2,313.20)</b>
<b>Reserve Balance at 30 June 2023</b>		<b>6,493.88</b>

**West Coast Regional Council –Hokitika Southside Rating District****Annual Works Report on Rating District Assets****1. Maintenance works carried out from 1 July 2022 to 30 June 2023**

No works carried out	\$n/a
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<b>Total maintenance works for the 2022/23 financial year:</b>	<b>\$n/a</b>

**2. Capital works carried out from 1 July 2022 to 30 June 2023.**

No works carried out	\$n/a
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<b>Total capital works for the 2022/23 financial year:</b>	<b>\$n/a</b>

**3. Administration (other expenditure)**

Advertising	\$103.20
Insurance	\$931.00
Staff time	\$1,279.00
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<b>Total other expenditure for the 2022/23 financial year:</b>	<b>\$ 2,313.20</b>

**4. Maintenance works carried out during this financial year to date**

No works carried out	\$n/a
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<b>Total maintenance works completed for this financial year to date</b>	<b>\$n/a</b>

**5. Future maintenance works to be carried out to end of this financial year**

Allow for unforeseen maintenance	\$1,278.75
	<hr/>
<b>Total maintenance works estimated for remainder of this financial year</b>	<b>\$1,278.75</b>

**6. Capital works carried out during this financial year to date**

No works carried out	\$n/a
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<b>Total capital works completed for this financial year to date</b>	<b>\$n/a</b>

**7. Future capital works to be carried out to end of this financial year**

None planned	\$n/a
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<b>Total capital works estimated for remainder of this financial year:</b>	<b>\$n/a</b>

## 8. Hokitika Southside Rating District financial balance

The balance in the rating district account at the beginning of the 2024 / 2025 financial year is likely to be approximately \$6,600

This target balance for the 'prudent reserve' for this rating district is \$95,000 and this is well below what is required.

This prudent reserve does not meet the target balance, however the funds that exist are immediately accessible for urgent emergency works that may be required following a major coastal or flooding event.

It is likely the current reserve is too low, but of the funds that exist these would attempt to cover a portion of the actual cost of the potential damage that could occur.

## 9. Proposed maintenance rates for the 2024 / 2025 financial year

Rates Maintenance	\$1,250.00
Prudent Reserve (not achieved)	\$n/a
Engineers Cost Recovery	\$1,308.00
Infrastructure Insurance	\$1,061.00
<b>Total:</b>	<b>\$3,619.00</b>

\* Maintenance rate from previous financial year not spent so is carried over

*Council recommends a total rate strike of \$3,619.00 excluding GST.*

## 10. General Business.

Prudent reserve

Drone

Is there any requirement for vegetation management?

## MEMORANDUM

### **Subject: Impairment of Rating District infrastructure assets and the associated implications for the Community, Rating Districts, and Regional Council?**

Impairment is **unexpected damage** to the asset (*e.g. unscheduled damage due to a flood*), whereas depreciation is based on expected / scheduled wear and tear over the useful life of the asset based on either the straight-line or diminishing value methods.

Impairment can occur because of an unusual / one-time event (*e.g. flood event or earthquake*), and/or damage that impacts an asset (*e.g. the potential impact of climate changes leading to flood protection assets no longer being fit for purpose from a design or level of service perspective*).

Generally accepted accounting principles (GAAP) and PBE IPSAS 21: Impairment of Non-Cash-Generating Assets require **assets be tested for impairment regularly** (*i.e. WCRC complete impairment testing annually*) to ensure the asset values recorded on Councils balance sheet are not overstated. Impairment exists when an asset's fair value is less than its carrying value (or book value) on the balance sheet.

A summary of implications to WCRC due to a flood protection asset impairment event follows:

1. There would be no impact to rating district financials in the event of impairment nor would there be any more or less rates required because of it. There are however accounting impacts at an all of Council level, but no impact to rate or funding requirements *in the first instance*. There could be flow on impacts around restoring assets back to fit for purpose state.
2. It would impact Council books with asset values would go down, and there would be an accounting 'loss' that would potentially make it appear Council was in the red at the end of the financial year but would cost no cash or outgoings. It is purely an accounting book loss.
3. Impairment event could trigger a capital investment decision needed if asset levels of service are to be remediated back to a fit for purpose state, and that *would* require money from community, or the repayment of debt should the RD agree to major works on their assets. That would be no different to current practices today about levels of service (LOS) with community even without impairment. Same process would apply.
4. Impairment would impact on the community around what (LOS) they are going to accept (and Council would maintain) from their assts going forward, and any downward change in LOS should be formally documented and agreed in writing. This would be the most real world significant and strategic impact to Council and RD from a risk perspective if an impairment event were to happen.
5. The implications for a RD not accepting a Council proposal to remediate the assets back to acceptable LOS would heighten the risk to Council as it relates to their legislative duties of care around river management and flood protection. It is uncertain what sort of legal defence the Council could offer by allowing communities to drop levels of service knowing that the impact could be significant to life and property in the event of a flood scenario.
6. There would likely be insurance implications to Council assets (premiums go up due to heightened risk or become uninsurable), but also could impact private property holders who may be suddenly considered now in a high-risk area if the flood protection assets are no longer deemed fit for purpose (particularly pertinent considering the insurance retreat is already well documented elsewhere given climate change assumptions).
7. There could be impacts to planning and consents for various activities at a Regional Plan or District Council level that may no longer allow building or development in affected areas. This could impact property market values significantly and create a strong drag effect on economic development.