

THE WEST COAST REGIONAL COUNCIL

MEETING OF THE KARAMEA RATING DISTRICT

ON

11th April 2024, 1.30pm

At the Karamea RSA

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. Dept Allocation (*verbal report*)
9. Constitution (*verbal report*)
10. Impairment
11. Classification/Review (*verbal report*)
12. 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 4th April 2024.

Please contact Lillian Crozier (lillian.crozier@wrc.govt.nz) or Paulette Birchfield (pauletteb@wrc.govt.nz) with your queries.

THE WEST COAST REGIONAL COUNCIL
MINUTES OF THE ANNUAL MEETING OF THE
KARAMEA RATING DISTRICT
HELD AT KARAMEA RSA
ON 16TH MAY 2023, COMMENCING AT 12:30PM.

PRESENT (Rating District Members)

B. Jones, F. Volckman, G. Volckman, B. Langford, D. Simkin, R. Anderson, S. Heslop, L. Kees, P. Gibson.

IN ATTENDANCE (Staff)

Cr B. Cummings, Cr F. Dooley, (Councillor's)
 S. Scott, C. Munn, P. Birchfield, B. Murphy, T. Blyth, L Crozier (Staff)

APOLOGIES

B. Hofman, A. Hamson, M&R. Sampson, Cr P. Haddock, Cr M. McIntyre.

Movers-D. Simkin / F. Volckman- Carried

Welcome and Minutes of the Last Meeting

Cr. B Cummings opened the meeting and welcomed those present, introduced himself and council staff.

Some spelling/surname changes noted for previous minutes before being moved/carried.

Movers-D. Simkin / F. Volckman- Carried

Moved: *"That the minutes of the previous Annual Meeting held on 28th January 2022, be adopted as a true and correct record of that meeting."*

MATTERS ARISING

Cr F. Dooley requested the spokesperson to please provide L. Crozier with as many email addresses as possible.

P. Birchfield said there was no appetite from BDC or Buller Electricity to repair Little Wanganui erosion by bridge. S. Scott to arrange inspection on Little Wanganui bridge, does not need rock yet but could do, liaise with B. Russ, Little Wanganui and Blue Duck Road. We don't have any assets there, anything where there is not an existing asset will be capital works, B. Jones said the Little Wanganui work downstream of the bridge was maintenance because it was protecting the downstream spur, P. Birchfield thinks it maintenance R. Anderson thinks it is capital, Cr B. Cummings asks who pays, R. Anderson said farmer pays 100% percent for job 20% for fees, two spurs actually capital works but committee said that is only one person's opinion, P. Birchfield read an email from WCRC CEO saying there is to be a re-classification of zones, B. Jones said classifications of zones should be changed in minutes/about differentials. C. Munn said there has been discussion about it for next LTP round, an issue which has been suggested which will take place over the next 12 months. There is a lot of admin requirements and the schemes need to simplify. Cr F. Dooley said to do admin for 23 rating schemes

is a lot and needs to be reviewed to administer, C. Munn said needs to be simplified due to boundaries etc, C. Munn said there is not a regional rate but everyone benefits, roads and areas all benefit, then it could be taken to the next stage of a national benefit, Cr B. Cummings said if it goes to a LTP the community could submit on it. P. Gibson asked about the Karamea Domain bank. He said Westreef do not have appropriate machinery out here to do it now, has not been done for two years, may have to be done manually, the caretaker mowing main side has been bought a backpack for spraying, but the school portion has not been mowed or looked after. P. Birchfield will follow it up and come back to P. Gibson, P. Gibson will give some names to P. Birchfield, need a big, long arm on the mower. 3-4 hundred yards and on north side has not been looked after at all. If West Reef can't do it, we will need someone else, B. Murphy will follow this up.

FINANCIAL REPORT

C. Munn spoke on the financial report for the period of 1st July 2021 to 30th June 2022. He advised that the Karamea Rating District had an opening balance of \$158,061.09 with a total revenue of \$71,927.91, less expenses of \$45,676.25 for a closing balance of \$184,312.75.

Movers-B. Jones / D Simkin- Carried

WORKS REPORT

P. Birchfield read to works report, BDC contribution will show up in next financials as well, survey from Wattnow Ltd to check height before creek clean out. P. Birchfield read to Little Wanganui Emergency Repair Works Report. See report, names of the sites were changed for NEMA claim (compared to the contract document) C. Munn spoke to how NEMA claim is one claim in two parts so we do not lose the excess, Cr F. Dooley explained how the claim works, collective claims, share of that anything below the threshold then we do not get anything at all, they pay up to 60% of the claim, they have acknowledged and there has been no issue with it. F. Volckman said he had a concern that is took so long to get the work done, as an affected party we are paying rates, do WCRC think it was getting slow in getting done, P. Birchfield said it was quite complicated, quite a bit of balancing to make sure everything claimed for was an asset, C. Munn said it comes down to amount in kitty to pay, NEMA may not come to party, if they accept claim the 60% cost will come back to you. F. Volckman asked do we need to look at kitty if NEMA had not come to party, Cr F. Dooley said F. Volckman's question is a wider issue to cover, we are conscious and trying to do something about it, F. Volckman asked a loan or some type of agreement could that be activated, Cr F. Dooley said good to look at in an emergency situation, F. Volckman is talking about infrastructure that is already there not capital, C. Munn said it is around delegations, Cr B. Cummings described the Taramakau RD document, C. Munn said if reserves available then carry on doing work but can't guarantee NEMA might come in, need to be clear in what needs to be done in part of that decision Cr F. Dooley requested S. Scott to follow up on emergency work delegation, P. Birchfield described how it is hard to estimate 10 year 20 year reserves without a level of service, Cr F. Dooley asked P. Birchfield to explain damage exposure, and calculate, C. Munn said it is in the Asset Management Plan, basically around level of service, depends on what level you are trying to protect to, Cr F. Dooley said we are saying Rating District prudent reserve far too low, setting higher rate to put more aside, Cr F. Dooley said if there is money in the kitty the process will go faster, F. Volckman concerned a lot could have happened in that year, and we were blessed, Cr F. Dooley follow up on emergency works delegations and how we set prudent reserves, F. Volckman said can we increase prudent reserve by \$200,000 Cr F. Dooley said another \$25,000 more on this year's rate strike. Moved, one person did not agree, but all the rest in favour. B Jones said he apologizes to this but does not think we should be supporting R. Anderson (Blue Duck Creek assets), Cr F. Dooley asked can that classification be passed? L. Kees asked if he has work done is it registered, has not been included in scheme, both were turned down at committee until we got reclassification done, above the bridge not below the bridge, L. Kees asked if wall on south side of the Karamea River is part of the scheme. L. Kees said it was filled with shingle and laced

with rock, now we do 100% rock, P. Birchfield said a report was done on it (cutting off the Karamea into the Otumahana Estuary) and it was expensive, beyond three million, C. Munn said if not a scheme asset is not an issue, Cr F. Dooley said orphan assets could be part of a scheme, things that fall into no man's land and do we need to do an asset review.

B. Jones is that lidar on sea level rises and inundation zones? And are we left off the list, C. Munn said it has been done but is being verified and is an expensive exercise, P. Birchfield said Matt Gardner acquired original LiDAR data from NIWA but M. Gardner said it did not align well, so it is best to wait for his accurate data. No timeframe for that at this stage, C. Munn said he has made suggestions of companies that can do it, P. Birchfield said we are getting somewhere now that M. Gardner is organising the QA, Cr B. Cummings said we need this before we can go to government etc, Cr F. Dooley said if damage to structure not recorded in assets we do not get any funding to repair it, L. Kees said that wall should be in scheme, Cr F. Dooley asked S. Scott and B. Murphy to look into this, B. Jones said he does not know if they were given chance to consider it, B. Jones said after 1929 earthquakes silt ruined harbour and that's when it was built, B. Jones, said we want it to run straight out, do not know if what is appropriate for that now, B. Jones said half wall was designed, F. Volckman said the committee can make these decisions for the community, Cr F. Dooley said before we have our next meeting the committee should thrash out before they come to us and make recommendation as an committee, should be around six in committee.

D. Simkin and B. Jones to move the prudent reserve, Cr F. Dooley said stage increase rather than one hit, take it up to \$72,058.

Movers-B. Jones/G. Volckman-Carried

RATES 2023 / 2024

Recommended rates strike, prudent reserve of Rating District, financial balance at beginning of next financial year

Cr B. Cummings advised that the balance of the Rating District account at the beginning of the 2023-2024 financial year was likely to be \$175,000, he proposed a rates strike of \$72,057 which included \$55,000 of rates \$9,209.00 of infrastructure insurance and \$7,848 of engineering cost recovery.

Moved: *"That rate strike for the Karamea Rating District is \$72,058.00 Excl GST for the 2023-2024 financial year."*

Movers-B. Jones/G. Volckman-Carried

ELECTION OF OFFICERS

Moved: *"That the present committee":*

*Angela Hamson,
Paul McClintock,
Peter Langford,
Darryl Simkin,
Brian Jones,
Andrew Bruning,
and Bevan Langford be the committee for the 2023-2024 financial year."*

Moved: *"That B. Langford is re-elected/elected as Spokesperson for the 2023-2024 financial year."*

All in favour/Carried

GENERAL BUSINESS

C. Munn advised flood protection bylaws are being renewed, Discussion around NEMA insurance, Cr F. Dooley said NEMA claims are for total catastrophe, Cr B. Cummings advised one event for whole West Coast, catastrophe fund at council was discussed, Kawatiri fund scour, Cr F. Dooley said we will find out on Thursday how much we will recover from catastrophe fund. In big event P. Birchfield said will be used for excess which is spread across everyone, C. Munn said if you do get an event over the whole region, discussion about previous and various events, Cr F. Dooley said we need procedures to act quickly, need to be able to work with more urgency, put in place right process to do this, up to us as a council to change delegation.

B. Jones asked if any sort of results from spray, T. Blyth advised we had Linz permission, no consents required, C. Munn said deadwood needs to be managed. B. Jones said potential to get caught in bridges T. Blyth will have a look in TTPP plan, B. Jones said remove from side of river before becoming an issue.

Action Points for follow up.

T. Blyth - to have a look at TTPP plan regarding deadwood resulting from spraying.

S. Scott - Response time and delegation policies.

B. Murphy – Mower

**West Coast Regional Council
Karamea Rating District Reserve Account
For the 12 Months to 30 June 2023**

		2022/23 YTD
Opening Balance		184,312.75
Add Incomings:		
Insurance Recoveries	51,045.00	
Internal interest income / (expense)	3,661.19	
Other Income	415.00	
Rates	67,081.25	
Total Incomings		122,202.44
		306,515.19
Less Outgoings:		
Capital Expenditure	(85,074.98)	
Contractors and Consultants	(887.00)	
Insurance	(9,002.00)	
Other Expenditure	(234.68)	
Staff Time	(7,673.00)	
Surveyors	-	
Venue Hire	-	
Total Outgoings		(102,871.66)
Closing Balance		203,643.53

West Coast Regional Council – Karamea Rating District

Annual Works Report on Rating District Assets

1. Maintenance works carried out from 1 July 2022 to 30 June 2023

May 2023 SM Lowe Contracting Ltd

Dig gravel from Granite Creek (part payment)	\$620.00
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July 2022 Westreef

Remove vegetation Karamea Domain Stopbank	\$247.00
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Total Maintenance Works for the 2022 / 2023 Financial Year:	\$867.00
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2. Capital works carried out from 1 July 2022 to 30 June 2023

January 2022 – SM Lowe Contracting Ltd

Little Wanganui River – Little Wanganui Erosion repair	\$36,745.00
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February 2022 – SM Lowe Contracting Ltd

Little Wanganui River - Erosion repair	\$48,330.00
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Total Capital Works for the 2022 / 2023 Financial Year:	\$ 85,075.00
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3. Administration (other expenditure)

January 2023 – Hire of hall	\$20.00
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June 2023 – Mail outs	\$234.68
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Total administration for the 2022 / 2023 Financial Year:	\$ 254.68
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4. Future Maintenance Works to be carried out from 1 July 2022 to 1 July 2023

A. Domain Bank vegetation removal	\$500.00
B. Cross section survey of riverbed	\$2,600.00
C. Balance of flood model work	\$6,000.00
D. Allow for unforeseen maintenance	\$10,000.00

Total proposed maintenance works for the 2023 / 2024 financial year	\$ 19,100
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5. Karamea 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 \$ 240,000

This target balance for the 'prudent reserve' for this rating district is \$150,000.

This prudent reserve is immediately available for urgent emergency works that may be required following a major weather event.

The predicted damage exposure to the scheme's assets is estimated at \$380,000 – \$950,000 depending on the size of the flood (refer Karamea Rating District Asset Management Plan).

6.

It is likely the current reserve will only cover a portion of the actual cost of the potential damage that could occur.

6. Proposed maintenance rates for the 2024 / 2025 financial year

Rates Maintenance	\$ 50,000.00
Prudent Reserve (achieved)	\$ 0.00
Engineers Cost Recovery	\$ 7,849.00
Infrastructure Insurance	\$ 9,209.00
Total:	\$ 67,058.00

The Council recommend a maintenance rate strike of \$ 67,058.00 excluding GST.

7. General Business.

Ongoing maintenance of the Domain Bank.

Karamea River cross section survey data.

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.