

THE WEST COAST REGIONAL COUNCIL

MEETING OF THE OKURU RATING DISTRICT

ON

29th May 2024, 11.30am

At the Okuru Hall

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. Managers Update (*verbal report*)
9. Terms of Reference (*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 24th May 2024**.

Please contact Lillian Crozier (lillian.crozier@wrc.govt.nz) or Shanti Morgan (shanti.morgan@wrc.govt.nz) with your queries.

THE WEST COAST REGIONAL COUNCIL
MINUTES OF THE ANNUAL MEETING OF THE
OKURU RATING DISTRICT
HELD AT THE OKURU HALL
ON 18TH APRIL 2023, COMMENCING AT 11:30AM.

PRESENT (Rating District Members)

R. Garland, S. Templeton, B. Muir, J. Curin, S. Robertson, D. Robertson, G. Anderson, A. Anderson.

IN ATTENDANCE (Staff)

Cr B. Cummings, (Councillor)
C. Munn, J. Bell, (Staff)

APOLOGIES

Cr A. Campbell, Cr P. Haddock, L. Crozier (Staff).

Movers –A. Anderson/G. Anderson - Carried

Welcome and Minutes of the Last Meeting

Cr B. Cummings welcomed rating district members to the meeting and introduced himself and council staff. J. Bell advised he has been covering the Southern Area Engineer role and C. Munn has been Acting Infrastructure Manager.

Moved: *"That the minutes of the previous Annual Meeting held on 10th October 2012, be adopted as a true and correct record of that meeting."*

Movers –A. Anderson/G. Anderson - Carried

MATTERS ARISING

Rating District Members advised no work had been undertaken during the year. With climate change effects occurring will having \$120,000 reserves be sufficient if something was to happen in a major event. There are a lot more rate payers in this district now, a 40% of change in properties and subdivisions do we need more in the kitty?

J. Bell mentioned cost of services and materials is going up and said we do have the ability to increase rates if everyone was in agreement. There was discussion by committee members that there are now more scheme members to pay the rates and suggested an increase to \$10,000. J. Bell broke down the components of the rates. All the council's assets on the West Coast are covered by an infrastructure assets insurance policy. The premium is funded by each scheme in proportion with the value of the assets. That is the basis of the insurance costs charged to the scheme.

The Council's insurance has a current excess of \$500,000 dollars at present. It is quite high but with all the assets across the region pulled into one pot, if there is a big event across multiple catchments the Council can claim on the insurance policy. The insurance policy also enables NEMA funding to be

accessed as well, which covers up to 60% of the cost to repair the damage that occurred. The NEMA excess is around \$192,000. C. Munn explained in the February 2022 flood event we had over half a million dollars' worth of damage across the region. NEMA have to see the invoices for the repair work and have paid the Council claim. C. Munn said we need to reflect on what happened around the Hawkes Bay and the North Island over the last few months to see just how important the government contribution becomes. Cr B. Cummings explained how Westport never had a rating district, so they are starting from scratch now, no insurance, nothing.

FINANCIAL REPORT

J. Bell spoke on the financial report for the period of 1st July 2021 to 30th June 2022. He advised that the Okuru Rating District had an opening balance of \$113,079.73 with a total revenue of \$9,451.55, less expenses of \$2,230.00 for a closing balance of \$120,301.28.

Movers –S. Templeton/G. Anderson- Carried

ANNUAL WORKS REPORT

J. Bell spoke to the Annual Works Report. No works has been done in the 2021-2022 financial year and currently no works are planned to be carried out in the period to 30 June 23. A provision of \$5,000.00 has been made for unforeseen maintenance if any works need to be done between now and June.

Predicted balance for the start of the June 2023-2024 financial year should be approximately \$120,000. The target balance of the prudent reserve is set in AMP at \$100,000. We have that target achieved, which is fantastic, if we need to use it.

Okuru Rating District members discussed resource consent conditions for the new sub-division and questioned if there was a requirement to build a rock wall to join existing one. J. Bell said there was nothing in our information around this so they should check with the WDC. It was thought that the wall was a requirement of the subdivision. J. Bell said any capital works wouldn't come out of a rating district maintenance fund. C. Munn said staff would enquire with WDC about the conditions of the sub-division. It will be a district council requirement to enforce if it has not been built.

All in favour- Carried.

RATES 2023/ 2024

J. Bell advised that the balance of the rating district account at the beginning of the 2023-2024 financial year was likely to be \$120,000.00.

A rates strike of \$7,334.00 was proposed which included \$5,000.00 of rates, \$1,026.00 of infrastructure insurance and \$1,308.00 of Engineering Cost Recovery.

After discussion of the financial report J. Bell asked if the Rating District Members would like to increase the rates up to \$10,000, insurance and engineering recovery costs will stay the same so it will come up to \$12,334 excluding GST. J. Bell explained the rating district boundaries which will include the new homes and C. Munn said there is often a lag from when a sub-division occurs to getting this accurately recorded in the rates.

Moved: *"That rate strike for Okuru Rating District is \$12,334.00 Excl GST for the 2023-2024 financial year."*

Movers –S. Templeton/S. Robinson- Carried

ELECTION OF OFFICERS

Moved: *A. Gordon, C. Goom and R. Sinclair no longer on the committee.
S. Templeton and J Curin to be added.*

*"That the Committee for the 2023/2024 financial year now consists of":
S. Templeton
J. Curin
G. Anderson
A. Anderson
C. Sinclair*

Moved: *"That G. Anderson is elected as Spokesperson, for the 2023-2024 financial year."*

Movers all in agreement - Carried.

GENERAL BUSINESS

There was discussion about the asset management plans. Some assets are missing from the maps. J Curin had emailed J Bell photos and information on a drainage valve and flap gate but these are not shown on the asset management plans.

G Anderson said W. Moen designed the wall and drainage valve, which needs to be on plans as it is an essential wall that protects the paddocks. It needs a bit of maintenance just underneath the pipe. It needs to be in the plan for insurance purposes (it was done at the same time). J. Bell will talk to Wayne about this and get his opinion and if he can dig back into his information. C. Munn said sometimes these assets get mixed up with roading but they perform the same function.

Rating District member asked if resource consent went further up the river toward the bridge. J. Bell discussed the spurs groynes that were put in. C. Munn said consent may have expired and now we may only be able to maintain what is there now rather than extend.

Cr B. Cummings asked if there is anyone down here that could do the maintenance work around the culvert., Rating District Members said that it is something that needs to be done by hand and that they would do themselves. C. Munn said the scheme would pay for fixing/maintaining the culvert and flap gate. J. Bell said to get the work done and send the invoices to us and we will code to the rating district.

There was discussion about some mitigation work is required near a whitebait stand (S Templeton)? Two truckloads of rubble required. Further investigation required.

Cr B. Cummings discussed emergency consents for mouth cutting. J. Bell will look to see if J.J Nolan had lodged a consent. C. Munn advised the WCRC would have been applying for it in our name, as the operations part of the council, to the regulator part of the council. We would hold it we would need to comply with the conditions of consent.

C. Munn advised that the Flood Protection Management Bylaws were in the process of being renewed, and these will be notified in the near future.

Action Points for follow up.

- 40% increase in ratepayers with subdivision. Need to confirm if all the properties are now being rated.
- Johnny Curin raised issue of the culvert floodgate. Whose asset, is it? Apparently, Wayne Moen designed the wall and floodgate. James to discuss with Wayne.
- RD agreed to undertake the culvert repairs and invoice Council for the cost of the materials.
- Need to confirm if floodgate and secondary floodwall is part of the scheme. If so may need to be added to the assets and AMP
- JJ Nolan was going to apply for a consent to cut the mouth. RD requested that WCRC investigate obtaining a consent.
- Suggestion that some mitigation work is required by the whitebait stand (S Templeton?). Two truckloads of rubble required. Needs further investigation.
- Criticism of new District Plan. Treated as a red zone because the wall is not recognised as a bund. Part of the land protected is WDC reserve.

**West Coast Regional Council
Okuru District Financial Accounts
For the 12 Months to 30 June 2023**

		2022/23 YTD
Reserve Opening Balance 1 July 2022		120,301.28
Add Incomings:		
Internal interest income / (expense)	2,335.53	
Rates	7,281.83	
Total Incomings		9,617.36
		129,918.64
Less Outgoings:		
Advertising	(71.00)	
Insurance	(1,003.00)	
Staff Time	(1,279.00)	
Total Outgoings		(2,353.00)
Reserve Balance at 30 June 2023		127,565.64

West Coast Regional Council – Okuru 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

Total Maintenance Works for the 2022 / 2023 Financial Year:	<hr/> \$0.00
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2. Capital works carried out from 1 July 2022 to 30 June 2023

No works carried out

Total Capital Works for the 2022 / 2023 Financial Year:	<hr/> \$ 0.00
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3. Administration (Other expenditure)

Advertising	\$ 71.00
Insurance	\$ 1,003.00
Staff time	\$ 1,279.00

Total Other Expenditure for the 2022 / 2023 Financial Year:	<hr/> \$ 2,353.00
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4. Future Works to be carried out from 1 July 2023 to 30 June 2024

As a result of inspections carried out during 2023 no works were identified, there remains budget for unforeseen maintenance however with the end of the financial year approaching this is likely to be carried over.

Allow for unforeseen maintenance	\$ 10,000.00
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Total works estimated for the 2023 / 2024 financial year	<hr/> \$ 10,000.00
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5. Okuru 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 \$ 140,000.00. This is larger than expected due to the maintenance budget not being spent.

This target balance for the 'prudent reserve' for this rating district is \$100,000.

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

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	\$ 5,000.00
Prudent Reserve (achieved)	\$ n/a
Engineers Cost Recovery	\$ 1,308.00
Infrastructure Insurance	\$ 1,143.00
Total:	<hr/> \$ 7,451.00

The Council recommend a maintenance rate strike of \$ 7,451.00 excluding GST.

7. General Business

Coastal Hazard Line

Condition assessments

Boat Ramp

Vehicles

Resource consent for river opening

Culvert

Surveying (Cross-sections 2024)

3rd groyne

Is vegetation sufficiently managed?

Re-visit Section 6 following discussion of Section 7, adjust the proposed maintenance rates if required

Quarry

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.