

THE WEST COAST REGIONAL COUNCIL

MEETING OF THE KOWHITIRANGI RATING DISTRICT

ON

1st May 2024, at 11.30am

At the Kowhitirangi 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 April 2024**.

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

Agenda Items 5. and 6., will be uploaded to the WCRC website from the 22nd of April and hard copies will be available at the meeting.

THE WEST COAST REGIONAL COUNCIL

MINUTES OF THE ANNUAL MEETING OF THE KOWHITIRANGI RATING DISTRICT HELD AT KOWHITIRANGI HALL ON 12TH APRIL 2023, COMMENCING AT 11:30AM.

PRESENT (Rating District Members)

N. Monk, A. Godfrey, T. Burden, T. Little, M. Hyde, T. Matthewson, P. Cook, T. Taft, S. Keenan, G. Burden.

IN ATTENDANCE (Staff)

Cr Campbell (Councillor)
C. Munn, J. Bell, L Crozier (Staff)

APOLOGIES

Cr A. Birchfield

Moved-S. Keenan/T. Taft-Carried

Welcome and Minutes of the Last Meeting

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

Moved: *"That the minutes of the previous Annual Meeting held on 8th December 2021, be adopted as a true and correct record of that meeting."*

Moved-S. Keenan/T. Taft-Carried

MATTERS ARISING

Steve Keenan commented that there had been a lot of discussion at the last meeting that was not included in last minutes. There has been a change of staff and meetings have been held years apart without updated sets of finance statements which were had not been circulated. Those financial accounts are a record of what has happened in the scheme. J. Bell will collate previous minutes and finances and circulate these to the scheme members. Accounts and minutes for 2018, 2019 and 2020 will be circulated. S. Keenan would like to go back to annual meetings rather than biannual. C. Munn confirmed they are normally annual meetings unless the members agree there is nothing to talk about. S. Keenan said there is often other things that come up. Actions points, minutes and finances will be circulated in an email. The last minutes for the meeting held on 8 December 2021 will remain unconfirmed until they have been reviewed and updated.

J. Bell requested that scheme members put their email address on the register.

S. Keenan asked about the progress with river cross sections. J. Bell said they are ready to go but we need to work with the GIS and Natural Hazards staff to get lidar data completed. S. Keenan asked if the scheme assets are taken over by the three waters review? J. Bell said if the prudent reserve gets disbanded it would probably be paid out to scheme members. Cr A. Campbell said most of us are protecting our land to keep river off.

S. Keenan asked about the infrastructure insurance, how is this working now? What is happening to those million bucks? C. Munn advised the Council has flood protection assets valued at \$120M. These are insured with a \$0.5M excess. The annual premium is spread across the schemes in proportion to the value of the assets. S. Keenan said "we voted ourselves out of the LAPP insurance" because

Christchurch had consumed all our money was no point being in it. He queried whether the insurance cover was a good proposition? J. Bell advised the insurance also assists with NEMA claims.

S. Keenan would prefer rock than insurance. C. Munn explained that this works in normal flood events but in big regional flood events access to NEMA funds and insurance is critical. J. Bell advised that the repairs following the February 2022 event were estimated to be over \$900,000. NEMA have refunded a share of those repairs. Without those payments we could help out a few of the rating districts.

C. Munn commented that the Kowhitirangi Rating Scheme had \$6.5M of assets. The high \$0.5M excess keeps the premium down. C. Munn said it was Council policy to insure these assets. The 2024 LTP process has commenced, and this is the time for any changes to be made.

J. Bell advised on the status of the LIDAR. C. Munn much more cost efficient to use lidar, but verification is costly and slow. He said we are moving away from relying on physical cross sections to using lidar. Currently we are waiting for it to be verified. J. Bell said we usually get surveys done every three or so years. Brendon was to review in March 2022 but has since left WCRC. S. Keenan said this was important information for the committee to make decisions around scheme.

FINANCIAL REPORT

J. Bell spoke on the financial report for the period of 1st July 2021 to 30th June 2022. He advised that the Kowhitirangi Rating District had an opening balance of \$167,435.59 with a total revenue of \$22,629.61, less expenses of \$9,183.00 for a closing balance of \$180,882.20.

Moved-S. Keenan/T. Taft-Carried

ANNUAL WORKS REPORT

J. Bell spoke to Annual Works Report and advised no work had been undertaken in the 2021-2022 Financial Year. He advised no work had been done this financial year but that a provision of \$10,000 had been made for unforeseen maintenance. S Keenan advised some work may be required after the current event.

Moved-N. Monk/T. Taft-Carried

RATES 2023/ 2024

J. Bell advised that the balance of the Kowhitirangi Rating District account at the beginning of the 2023-2024 financial year was likely to be \$185,000.00.

He proposed a rates strike of \$19,394 which included \$10,000.00 of rates, \$5,558.00 of infrastructure insurance and \$3,836.00 of Engineering Cost Recovery.

Moved: *"That rate strike for Kowhitirangi Rating District is \$19,394 Excl GST for the 2023-2024 financial year."*

Moved-T. Taft/N. Monk-Carried

ELECTION OF OFFICERS

Moved: *"That the present committee, namely:
N. Monk*

*T. Taft
R. Burden
S. Keenan
P. Cook*

*Be retained as the committee for the 2023/2023 financial Year.
(M. Nicholls to be removed, was on list in error).*

Moved: *"That S. Keenan be re-elected as Spokesperson, for the 2023-2024 financial year."*

Movers all in agreement - Carried.

GENERAL BUSINESS

S. Keenan advised the quarry needs to be open with access at a moment's notice. Cr. A. Campbell confirmed that the Council has set the rock price and it is operating. C. Munn updated Committee on the Council's review process to operate the quarries and set prices for material. The Council confirmed a tender for the Hokitika Project at its meeting on 11 April 2023, which will source rock from the quarry. A further rock campaign will be required to fulfill this tender. S. Keenan asked if material is available for purchase. C. Munn confirmed it was and they should work through quarry manager Keri Harrison. Contact details will be made available.

Verification would be required on what is going out of gate. It will not be an open quarry as we need to comply with health and safety requirements. They will need to contact Quarry Manager to make arrangements for purchase. C. Munn confirmed material has been sitting on site for a period and was ready to use. P. Cook advised the Vine Creek rating district meeting had discussed the use of the rubble.

S. Keenan asked what jurisdiction Rosco had over the quarry. C. Munn confirm ROSCO had a contract with the Council to operate the quarry. T. Burden asked why there was so much rubble? S. Keenan said was historic. The Council was charging the same amount for rubble as for rock, so no one was taking the rubble. J. Bell said the Council needed to confirm a price for the rubble.

S. Keenan asked about excess water that used to go into the swamp that now goes into the river. He said DOC had constructed a wall up without consent".

C. Munn advised the Council was in the process of reviewing the Flood Protection Management Bylaws which had expired last year.

J. Bell reminded scheme members to put their email address on the registration form for future correspondence.

Action Points for follow up.

Confirm quarry managers contact details available to the Kowhitirangi Rating District Committee.
J. Bell & L. Crozier-Last three years of finances and works reports to be sent out to committee.
(These should have been received by all over this time with a non-meeting covering letter).
Confirm decisions regarding scheme assets after survey work has been completed.

Meeting closed 12:15pm.

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.