

THE WEST COAST REGIONAL COUNCIL

MEETING OF THE RAFT CREEK RATING DISTRICT

ON

1st May 2024, at 10.00am

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 **Thursday 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
RAFT CREEK RATING DISTRICT
HELD AT THE KOWHITIRANGI HALL
ON 12TH APRIL OCTOBER 2023, COMMENCING AT 10.00 A.M.

PRESENT

S. Wright, J. Burden, S. Hyde, A. Provis, H. Dillon, J. Dillon, A. Godfrey (Vine Creek RD)

IN ATTENDANCE

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

APOLOGIES

Cr Haddock

WELCOME AND MINUTES OF THE LAST MEETING

Cr A. Campbell 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 25th October 2018, be adopted as a true and correct record of that meeting."*

Moved-S. Wright/S. Hyde– Carried

MATTERS ARISING

Quarry rock. C. Munn discussed the recent rock campaign. There will be a large quantity of rock required for Hokitika projects. Members advised there was a need for rubble for Raft and Vine Creek schemes. The quarries were not operating for a period while reviews were undertaken. J. Bell said rubble is still available and he will confirm prices for both rock and rubble. He will inform Keri Harrison (Quarry Manager) that material is required and request Keri to contact Scott Hyde. J. Bell to confirm the work is located within the rating district boundary and get it priced.

FINANCIAL REPORT

J. Bell spoke on the financial report for the period of 1st July 2021 to 30th June 2022. He advised that the Raft Creek Rating District had an opening balance of \$78,112.57 with total revenue of \$11,464.48 less expenses of \$2,520.50 leaving a closing balance of \$87,056.55.

C. Munn spoke to infrastructure insurance and the excess and the allocation of the annual premium spread over all the schemes based on asset value. J. Bell discussed a multi catchment flood event where work is required across the region. Having insurance cover also assists when making claims to NEMA who refund up to 60% of the repair costs above an excess amount.

Moved-J. Burden/A. Provis-Carried

ANNUAL WORKS REPORT

J. Bell spoke to the Annual Works Report. During the 2021–2022-year work was done to clear a gravel build up.

This financial year, the creek at McKinley farms has been cleaned out. A provision for maintenance of \$8,000 has been made for any further work that might be required to the end of June 2023 meaning the estimated cost of the works \$13,800.

Scott Hyde advised of works around Wright’s Creek. J. Bell will investigate the two sections of work. S. Wright advised new members of group how the water builds up over summer with weed growth. After frosts, the weeds die back, and the water drops. Water is not getting away for Harry and Jeremy Dillon’s property. Scott said the works plan needs to ensure the creek gets cleaned out before the consents expire. C. Munn advised to get new consents application needs to be lodged six months before old one expired to ensure continuance.

J. Bell said there is a lot of drain on asset register, and it covers quite a big area. C. Munn asked do we do any monitoring work and is it noted in the asset management plan.

Moved-S. Wright/S. Hyde– 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 \$80,000.00.

He proposed rates strike of \$11,496.43 which included \$9,838.43 of rates, \$349.00 of infrastructure insurance and \$1,309.00 of Engineering Cost Recovery.

Moved: *“That rate strike for Raft Creek Rating District is \$11,496.43 Excl GST for the 2023-2024 financial year.”*

Moved-A. Provis/J. Burden– Carried

ELECTION OF OFFICERS

It was noted that traditionally this rating district has only ever had a spokesperson and not a committee as well. It was agreed that the status quo would remain.

Moved: *“That S. Hyde be elected as Spokesperson for the 2023/2024 financial year.”*

Moved-S. Wright/A. Provis– Carried

GENERAL BUSINESS

Harry and Jeremy Dillon requested simple engineering plan of the scheme. Steve said Raft Creek not necessarily the problem and the issue is Wrights Creek that has silt. The biggest issue is weeds in summer. C. Munn recommended a two-step process and to do inspection first to see if further works are needed. Steve said the stream was constrained by number of bridges around Wrights Creek, C. Munn said we would need to do more work to capture this.

C Munn advised the Council’s Flood Protection Management Bylaws had expired last year and are in the process of renewed to ensure the integrity of the scheme assets.

Action Points for follow up.

Undertake an inspection to confirm if further cleaning work is required. Aim to be more transparent with work going forward. Spokesperson to call around scheme members before work goes ahead.

Meeting closed 10:37

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.