

THE WEST COAST REGIONAL COUNCIL

MEETING OF THE TARAKAU RATING DISTRICT

ON

2nd May 2024, at 10.30am

**At the Stevenson Residence
673 Taramakau Settlement Road**

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
TARAMAKAU RATING DISTRICT
HELD AT LANDGRIDGE RESIDANCE
ON 27TH MARCH 2023, COMMENCING AT 10:30A.M.

PRESENT (Rating District Members)

S. Landridge, (Spokesperson) D. Groot, A. Stewart, M. Stewart, P. Stevenson.

IN ATTENDANCE (Staff)

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

APOLOGIES

Cr Birchfield (Chair WCRC), Cr P. Ewen, (Councillor) J. Stewart

Movers –D. Groot/P. Stevenson - Carried

Welcome and Minutes of the Last Meeting

Cr Cummings opened the meeting and welcomed those present.

Moved: *"That the minutes of the previous Annual Meeting held on 6th December 2021, be adopted as a true and correct record of that meeting."*

Movers –D. Groot/ P. Stevenson- Carried

MATTERS ARISING

The Taramakau Rating District has made Council aware of maintenance issues that need attention. A site visit will be carried out to define the scope of works in the first week of April 2023.

The Good Earth Matters report to confirm a baseline for stopbank heights hasn't progressed due to staff capacity (currently no Southern Area Engineer) and workloads. Lidar data has been obtained but quality assurances processes have still to be completed.

The process for undertaking emergency works in the Taramakau Rating District needs to be reviewed and documented to ensure that it complies with Council requirements and enables works to be undertaken quickly following an event.

FINANCIAL REPORT

C. Munn spoke on the financial report for the period of 1st July 2021 to 30th June 2022. He advised that the Taramakau Rating District had an opening balance of \$23,295.65 with a total revenue of \$83,511.04 less expenses of \$173,845.97 for a closing balance of \$67,039.28.

J. Bell spoke on the financial report for the period of 1st July 2022 to 31st January 2023. He advised that the Taramakau Rating District had an opening balance of \$67,039.28 with a total revenue of \$144,423.63 less expenses of \$164,409.48 for a closing balance of \$19,985.84. J. Bell said NEMA have

accepted the claim submitted for flood damage that occurred in February 2022. The Taramakau Rating District share of this recovery is \$42,346.03 with payment expected in the near future.

Movers –D. Groot/M. Stewart– Carried

ANNUAL WORKS REPORT

J. Bell spoke to the annual works report. During the 2021 - 2022 year two projects had been completed by Henry Adams Contracting totally \$155,799.97.

In December 2022 flood repair works were undertaken at four sites by Henry Adams Contracting, totalling \$153,639.96. This was funded directly by the individual landowners as there were insufficient scheme reserves. A provision of \$30,000 has been made for further works to the end of June 2023.

With this expenditure the estimated closing balance for the scheme at the end of June 2023 is \$26,780.26.

There was discussion around the cost of the gravel fill used sites 3 and 4 and a suggestion that this should have been included in the unit rate for the rock. J. Bell will discuss with Henry Adams and obtain a breakdown of the rock price and review the terms of contract.

There was concern about the use of the grader to maintain the top of the stopbank following access by off-road dumpers and the consequent loss of stopbank height. The loss of height affects the capacity of the scheme and will need to be reinstated in the future at a cost to scheme members. The stopbank was put up with dozer and levelled but use of dumpers has tightened the bank while losing height.

A number of leakage points had been noted in a few paddocks adjacent to the stopbank. M. Stewart said there is concern about a length of stopbank along S. Landridge and D. Groot's boundary. It was agreed that some further repair work would be undertaken now. J Bell will use the drone to investigate the area further. It was estimated that 1,000 tonnes of rock would be required to fill the holes.

There was further discussion about the need to complete works quickly following flood damage. The works undertaken in December 2022 had taken too long. The expectation is that Henry Adams would be activated within 24 hours. If there were insufficient scheme funds available, then they had an agreement in place for the six individual scheme members to pay for the work.

Concern was expressed that the Rating District meeting did not take place in October 2022. The Council needs to understand that if emergency works are required, they need to be completed immediately.

The arrangement is detailed in the Asset Management Plan, but this may need to be updated. It was noted that Council delegations need to be adhered to.

There was discussion about the review of the river stewardship, ownership of resource consents and gravel extraction. Most repairs are undertaken under permitted activity rules. Reference was made to the Council submission on rivers, prepared by R. Vaughan. The planning team are proposing to designate the flood protection assets to provide further protection. The Council flood protection bylaws are also being renewed.

Movers- S. Landridge / A. Stewart- 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 \$27,000.

He proposed rates strike of \$102,300 which included \$83,838.94 of rates, \$10,788.56 of infrastructure insurance and \$7,672.50 of Engineering Cost Recovery.

Moved: *"That rate strike for Taramakau Rating District is \$102,300 Excl GST for the 2023-2024 financial year."*

Movers –P. Stevenson/D. Groot- Carried

ELECTION OF OFFICERS

Moved: *"That the present Committee, namely:*

*P. Stevenson
D. Groot
A. Stewart
M. Stewart
J. Stewart
S. Landridge*

Be retained as the committee for the 2023/2024 financial year.

Moved: *"That P. Stevenson is elected as Spokesperson, M. Stewart as deputy Spokesperson for the 2023-2024 financial year."*

Movers all in agreement - Carried.

GENERAL BUSINESS

Discussion around the wooden road bridge (not a WCRC asset) which needs to be big enough for trucks to go over.

Action Points for follow up.

Further maintenance works to be undertaken to strengthen parts of the stopbank. J Bell to arrange to obtain drone imagery to confirm scope of work in the first week of April. 800 – 1,000 tonnes of rock required.

Confirm when next river survey will be undertaken.

A review of the funding arrangements for emergency works in the Taramakau Rating District to be undertaken to confirm the agreement meets Council requirements and enables repair works to be undertaken urgently when required. The Agreement needs to be detailed in the Asset Management Plan.

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

		2022/23 YTD
Reserve Opening Balance 1 July 2022		(67,039.28)
Add Incomings:		
Contributions - Agreed works	153,640.00	
NEMA Insurance Recoveries	42,346.03	
Internal interest income / (expense)	(526.42)	
Rates	100,000.19	
Total Incomings		295,459.80
		228,420.52
Less Outgoings:		
Capital Expenditure	(153,639.96)	
Contractors and Consultants	(44,000.00)	
Insurance	(10,789.00)	
Staff Time	(7,673.00)	
Total Outgoings		(216,101.96)
Reserve Balance at June 2023		12,318.56

West Coast Regional Council –Taramakau Rating District

Annual Works Report on Rating District Assets

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

Henry Adams Contracting, replenish five [5] stockpiles	\$44,000
<i>Site 1 960T of rock @ \$27.50/T</i>	<i>\$26,400</i>
<i>Site 2 120T of rock @ \$27.50/T</i>	<i>\$3,300</i>
<i>Site 3 40T of rock @ \$27.50/T</i>	<i>\$1,100</i>
<i>Site 4 80T of rock @ \$27.50/T</i>	<i>\$2,200</i>
<i>Site 5 400T of rock @ \$27.50/T</i>	<i>\$11,000</i>
Total maintenance works for the 2022/23 financial year:	\$44,000.00

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

Henry Adams Contracting, site#22	\$30,800.00
<i>1120T of rock @ \$27.50/T</i>	
Henry Adams Contracting, site#33B	\$90,120.00
<i>3120T of rock @ \$27.50/T</i>	<i>\$85,799.99</i>
<i>540 m³ of gravel @ \$8.00 / m³</i>	<i>\$4,320.00</i>
Henry Adams Contracting, Site#50(or49)	\$1,920.00
<i>240 m³ of gravel @ \$8.00 / m³</i>	
Hendry Adams Contracting, Site#101	\$30,800
<i>1120T of rock @ \$27.50/T</i>	
Total capital works for the 2022/23 financial year:	\$153,639.96

3. Administration (other expenditure)

Insurance	\$10,789.00
Staff time	\$7,673.00
Total other expenditure for the 2022/23 financial year:	\$18,462.00

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

No maintenance undertaken	\$0.00
Total maintenance works completed for this financial year to date	0.00

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

Allow for unforeseen maintenance	\$83,839
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Total maintenance works estimated for remainder of this financial year	\$83,839*
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* Possibly won't be spent and will be carried over.

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

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

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

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

8. Taramakau 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 \$95,118.40. This increase includes the non-spent maintenance budget from the 23/24 year.

This target balance for the 'prudent reserve' for this rating district is \$500,000 and the actual balance is well below what is required. A plan from discussions with the rating district committee is advised to address this.

This prudent reserve is therefore only partially available for urgent emergency works that may be required following a major flood event.

The current reserve is too low, and would likely cover only a small portion of the actual cost of the potential damage that could occur.

9. Proposed rates for the 2024 / 2025 financial year

Rates Maintenance	\$83,839.00
Prudent Reserve (not achieved)	\$n/a
Engineers Cost Recovery	\$7,673.00
Infrastructure Insurance	\$12,299.00
Total:	\$103,811.00

Council recommends a total rate strike of \$103,811.00 excluding GST.

10. General Business.

Prudent reserve
 Drone
 Is vegetation managed to a suitable level?
 XS Survey (Done in 2021?)

Long Section Survey
Contract (Henry Adams)

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.