



Otorohanga District Council

AGENDA

25 October 2011

Members of the Otorohanga District Council

Mr DF Williams (Mayor)
Mr MM Baxter
Mrs S Blackler (Deputy Mayor)
Mr RM Johnson
Mr A Ormsby
Mr KC Phillips
Mrs DM Pilkington
Mr R Prescott

Meeting Secretary: Mr CA Tutty (Governance Supervisor)

OTOROHANGA DISTRICT COUNCIL

25 October 2011

Notice is hereby given that an ordinary meeting of the Otorohanga District Council will be held in the Council Chambers, Maniapoto St, Otorohanga on Tuesday 25 October 2011 commencing at 10.00am.

14 October 2011

DC Clibbery
CHIEF EXECUTIVE

AGENDA

9.30am Citizenship Ceremony Morning Tea

ORDER OF BUSINESS:

ITEM	PRECIS	PAGE
PRESENT		1
OPENING PRAYER		1
IN ATTENDANCE		1
APOLOGIES		1
ITEMS TO BE CONSIDERED IN GENERAL BUSINESS		1
CONFIRMATION OF MINUTES		1
REPORTS		1
Item-155	KAWHIA COMMUNITY BOARD MINUTES 30 SEPTEMBER 2011	1
Item-156	DISTRICT LIBRARIANS QUARTERLY REPORT FOR JULY TO SEPTEMBER 2011	2
Item-157	DISTRICT PLANNERS REPORT	5
Item-158	DISTRICT BUILDING CONTROL OFFICER'S REPORT FOR JULY TO SEPTEMBER 2011	8
Item-159	AMENDMENT TO TRADE WASTE BYLAW 2000	10

Item-160	ANNUAL REPORT 2010/2011	11
Item-161	LOAN RAISING 2011/12	12
Item-162	ALL OF GOVERNMENT PROCUREMENT AND ASSOCIATED ISSUES	14
Item-163	LAPP SCHEME DISASTER INSURANCE	16
Item-164	ODC MATTERS REFERRED FROM 4 OCTOBER 2011	30
GENERAL		30

PRESENT

OPENING PRAYER

IN ATTENDANCE

APOLOGIES

ITEMS TO BE CONSIDERED IN GENERAL BUSINESS

CONFIRMATION OF MINUTES - 4 OCTOBER 2011

REPORTS

Item-155 KAWHIA COMMUNITY BOARD MINUTES 30 SEPTEMBER 2011

**To: His Worship the Mayor and Councillors
 Otorohanga District Council**

From: Governance Supervisor

Date: 25 October 2011

Executive Summary

Minutes of the meeting of the Kawhia Community Board held on 30 September 2011 as circulated.

Staff Recommendation

It is recommended that:

The minutes of the meeting of the Kawhia Community Board held on 30 September 2011 be received.

CA Tutty
GOVERNANCE SUPERVISOR

Item-156 DISTRICT LIBRARIANS QUARTERLY REPORT FOR JULY TO SEPTEMBER 2011

To: **His Worship the Mayor and Councillors
Otorohanga District Council**

From: **District Librarian**

Date: **25 October 2011**

Relevant Community Outcomes

- Ensure services and facilities meet the needs of the Community
 - Provide for the unique history and culture of the District
-

Executive Summary

Otorohanga District Libraries are participating in two nationwide initiatives: OverDrive (a downloadable ebook and audiobook service) and the Duffy Books in Homes public libraries' project. A depository collection has been reinstated at Korakonui School. Materials issues and physical visitors remain relatively steady for the quarter. Statistics are now being maintained for APNK usage (PCs and wireless) and library website visits.

Staff Recommendation

It is recommended that:

That the District Librarian's quarterly report for the period July to September 2011 be received.

Report Discussion

OverDrive downloadable ebooks & audiobooks

Otorohanga District Library has recently joined a nationwide project to offer ebooks and downloadable audiobooks in public libraries. The need for public libraries to move with technology to best meet the changing reading and information needs of their communities has been clearly seen during over the past two years with a growing interest in ebooks and other digital formats. This project is an example of resource-sharing by libraries to maximise value for councils and to make this cutting-edge service available to as many New Zealanders as possible.

Implementation of this project is now underway at around 40 library systems across the country through 3 regional-based groupings (Upper North Island, Lower North Island and South Island).

Otorohanga District Library is part of the Upper North Island e-book consortium (known as NOVeL). Other members are: Far North District Libraries, Hauraki District Libraries, H B Williams (Gisborne) Memorial Library, Kawerau District Libraries, Matamata-Piako District Libraries, South Waikato District Libraries and Waitomo District Library, Whangarei District Libraries. Participation in this consortium is costed on a population basis – the fee for our library is \$1,200 (\$600 administration fee and \$600 content credit). For this fee, Otorohanga library customers will have access to all of the content purchased by the consortium.

The service will be launched over the next few months using OverDrive – the same service currently used by Auckland, Christchurch and Wellington public libraries. Downloads will be free to participating library members, in line with all other libraries using OverDrive. The OverDrive

platform allows library customers to borrow audiobooks and ebooks for a limited time for use on their own devices.

Community libraries

We have recently been in contact with the Principal of Korakonui School to make arrangements to reinstate this school as a community library. A six-month loan collection of 100 books for adults was despatched to the school in September. Otorohanga Library now supplies loan collections to six community libraries throughout the district (Arohena, Hauturu, Korakonui, Maihihi, Ngaroma and Ngutunui).

Children's activities

Otorohanga Te Kuiti Te Awamutu School Library Network Meeting

This term's meeting, convened by Vicki Stephens from the National Library in Hamilton, was hosted at the Otorohanga College Library on 17 August. Sheila joined ten other library staff from around the wider region to exchange ideas and resource suggestions for getting boys into reading.

Duffy Theatre Show

On 13 and 14 September, the Duffy Theatre Show presented their performance "Duffy's Book Bus Adventure" at Otorohanga Primary and Kawhia Schools. Sheila attended the Otorohanga show (with Linda joining her at Kawhia) to be introduced to the children. Sheila reported that the actors were full of energy and that the show was well-received by the audience.

Class visits have been arranged as a follow-up to the performances. Otorohanga Primary school classes visited Otorohanga Library on 28 and 29 September and 5 October. The children have been issued with library cards and will receive stamps on a Duffy Rewards card which, after five visits, will entitle them to a free book.

The junior class from Hauturu School had a tour of the Otorohanga Library as part of their town visit on 21 September.

Arrangements have been now been made with the Kawhia School Principal for classes to visit the library on a regular fortnightly basis, between 11am and 12.30pm (outside the library's regular opening hours). In anticipation of these visits, Otorohanga Library will send supplementary collections of children's books to the Kawhia Library.

The Duffy Theatre Show initiative is a joint project between Duffy Books in Homes and the Association of Public Library Managers to encourage more children from low-decile homes to become active public library members.

October School Holidays

The Library will not be offering a programme for children during the October holidays.

Library Usage Statistics

The format used to report library usage statistics as been modified from previous reports, to better reflect the different ways in which our library patrons are interacting with the Otorohanga District Libraries.

Otorohanga Library – (July to September 2011)

	2011/12	2010/11	Notes
Physical Visits	15,947	16,078	<i>Decrease of 0.8%</i>
Website visits	225	NA	<i>Website not available in 2010.</i>
Materials Issued	15,212	15,396	<i>Decrease of 1.2%</i>

Computer Sessions	1,018	NA	<i>Sept only. Session count not recorded previously.</i>
Wireless Sessions	778	NA	<i>Aug & Sept only. Sessions not recorded previously.</i>
Membership registrations	159*	96	<i>*Includes Duffy school class registrations</i>

Kawhia Library – (July to September 2011)

	2011/12	2010/11	Notes
Materials Issued	715	865	<i>Decrease of 17.3%</i>
Computer Sessions	27	NA	<i>Sept only. Session count not recorded previously.</i>
Membership registrations	33*	14	<i>*Includes Duffy school class registrations</i>

Revenue Statistics (Financial Year to date)

	2010/11	2011/12
Memberships	680	539
Magazines	57	79
Fax	17	27
Photocopies	555	582
DVDs/Videos	526	401
Interloans	167	155
Sale books	561	404
Fines (overdues)	1487	1387
Book rentals	250	301
Reserves	81	102
Lost books	59	208
Donations	48	259
TOTAL	\$4,488	\$4,444

Sarah Osborne
DISTRICT LIBRARIAN

Item-157 DISTRICT PLANNERS REPORT

**To: His Worship the Mayor & Councillors
 Otorohanga District Council**

From: District Planner

Date: 25 October 2011

Relevant Community Outcomes

- Ensure services and facilities meet the needs of the Community
 - Promote the local economy and opportunities for sustainable economic development
 - Manage the natural and physical environment in a sustainable manner
-

Executive Summary

Reporting on Resource Consents granted under Delegated Authority for the period 1 July to 30 September 2011.

Staff Recommendation

It is recommended that:

The District Planner's report for July to September 2011 be received.

Report Discussion

Resource Consents

22 Resource Consents were granted under Delegated Authority in this period, as in the table below. This compares with 18 consents (10 Land Use, 8 Subdivision) for the same period last year.

Ward	Land Use	Subdivision
Wharepuhunga	0	3
Kio Kio	1	3
Waipa	0	1
Tihiroa	2	4
Otorohanga	4	1
Kawhia	1	2
Total	8	14

Ministry for the Environment Bi-Annual Resource Management Act Questionnaire

This survey was completed on behalf of Council for 2010 financial year by 30 July 2011.

Aimee Bishop
DISTRICT PLANNER

Attachments

- a. Decisions given under Delegated Authority

Resource Consent Decisions - 1/07/11 to 30/09/11

No	Applicant/Location/Proposal	O/S	Decision
<u>110034</u>	DM Flintoff 194 Happy Valley Rd Side Yard Encroachment for Proposed Shed Extension	LU AB GDA	1/07/11
<u>110039</u>	Kordia Ltd Sainsbury Rd Certificate of Compliance Application to Attach an Antenna to the Existing Telecom `Pirongia Mobile Site`	LU AB GDA	1/07/11
<u>110038</u>	R Prescottt 7 Merrin Ave Relocate Dwelling Older than 5 Years	LU AB G	8/07/11
<u>110051</u>	WB & S King 10A Rangipare St Section 127 Application to Cancel Conditions 6, 7, 8, 9 of RM090017	LU AB GDA	14/07/11
<u>110048</u>	M & E Balks 362 Pekanui Rd Certificate of Compliance for Additions & Alterations to Existing Dwelling	LU AB GDA	21/07/11
<u>110047</u>	Pat Prescottt Limited 5 Te Kanawa St Caltex Service Station Upgrade that involves the Removal & Replacement of the Existing Underground Petroleum	LU AB GDA	29/07/11
<u>100060</u>	PJ Abel 197 Lawton Dr Undertake Additions to Existing Dwelling	LU AB GDA	12/08/11
<u>110058</u>	RB & BR Patel 60 Hinewai St Relocate Two Second Hand Dwellings Older Than 5 Years	LU AB GDA	30/09/11
Total for	L	8	
<u>110035</u>	AJ & TR Wilson 44 Ngahape Rd Subdivision to Create Three Additional Allotments	SB AB GDA	4/07/11
<u>110041</u>	AJ & JA Murray 1308 Wharepungunga Rd Proposed Boundary Relocation & Amalgamation of Titles	SB AB GDA	2/08/11
<u>060170</u>	GC Withers Cherry Lane Creation of 9 additional allotments	SB ARL D	3/08/11
<u>060075</u>	J Apiti 528 Aotea Rd Create one additional lot	SB ARL D	4/08/11
<u>070008</u>	C Auld 4267 S Hway 31 Kawhia Rd Create one additional lot	SB ARL D	4/08/11
<u>080142</u>	Googie Whatu Pirika Apiti 528 Aotea Rd Subdivision to create one additional allotment on land that contains archaeological sites	SB AB D	5/08/11
<u>110044</u>	Stranleigh Farm Ltd 1270 Te Kawa Rd Subdivision to create one additional allotment and cancellation of an existing easement pursuant to Section	SB AB GDA	10/08/11
<u>110050</u>	BL & RM Addison 555 Happy Valley Rd Subdivision to create one additional allotment	SB AB GDA	10/08/11
<u>080083</u>	M Scott 320 Okupata Rd	SB KB1 D	15/08/11

<u>080089</u>	Create four additional lots M Scott Hauturu Rd	SB	ARL	D	15/08/11
<u>100078</u>	Create one additional lot BF & LN Pitts-Brown 627 Waitomo Valley Rd Subdivision to Create One Additional Allotment & Right of Way Over Lot 2 DP 363630	SB	OP	GDA	17/08/11
<u>110054</u>	KD & CA Middlemiss 418 Mclean Rd Proposed Subdivision by Way of Boundary Relocation & Amalgamation	SB	AB	GDA	18/08/11
<u>110055</u>	FD Lands Ltd 536 Bayley Rd Section 127 Application to Change RM100022 into a Two Stage Subdivision	SB	AB	GDA	8/09/11
<u>110064</u>	Otorohanga District Council 308 Ngutunui Rd Application for S226 Resource Management Act 1991 Certificate	SB	AB	GDA	19/09/11
<u>060071</u>	Insel Farm Ltd 94 Kio Kio Station Rd Create two additional lots	SB	ARL	GDA	21/09/11
<u>110056</u>	CA & MM Leigh Bayley Rd Subdivision to Create Three Additional Allotments	SB	AB	GDA	21/09/11
<u>110049</u>	Slane Dairy Holding Limited 457 Mangawhero Rd Subdivision to Create Two Additional Allotments in Two Stages	SB	AB	GDA	22/09/11
<u>110033</u>	AJ & RE Collinson Smith 1483 Te Kawa Rd Subdivision to Create One Additional Allotment	SB	AB	GDA	26/09/11
<u>110052</u>	AJ Powell & MJ Hall 2803 State Highway 31 Kawhia Road Subdivision by Boundary Relocation & Amalgamation between 3 Existing Computer Freehold Registers	SB	AB	GDA	27/09/11
<u>110057</u>	RB & BR Patel 60 Hinewai St Subdivision to Create One Additional Certificate of Title	SB	AB	GDA	30/09/11

Total for	S				20

Grand Total					28

Item-158 DISTRICT BUILDING CONTROL OFFICER'S REPORT FOR JULY TO SEPTEMBER 2011

To: **His Worship the Mayor and Councillors
Otorohanga District Council**

From: **District Building Control Officer**

Date: **24 October 2011**

Relevant Community Outcomes

- Ensure services and facilities meet the needs of the Community
-

Executive Summary

A routine report on Building Control matters is presented.

Staff Recommendation

It is recommended that:

The District Building Control Officer's report for July to September 2011 be received.

Report Discussion

Building Consents Issued

1 July to 20 September 2011

		% Change
Total Consents Issued	56	-21%
Includes New Dwellings	8	-11%
And Commercial / Industrial / Cowsheds	0	
Value of Building Work	\$3,345,250.00	-21%
CCCs Issued	55	-57%

Consents approved over the same period in 2010

<i>Total Consents Issued</i>	<i>71</i>	
<i>Includes New Dwellings</i>	<i>9</i>	
<i>And Commercial / Industrial / Cowsheds</i>	<i>3</i>	
<i>Value of Building Work</i>	<i>\$4,265,656.00</i>	
<i>CCCs Issued</i>	<i>128</i>	

General

The Building Department continues to be busy even with the changing economic times. Councils are forever updating the amendments required for compliance with the Building Code. Earlier this year the Department consulted on proposed changes to update, withdraw or amend references to over 60 Standards in Acceptable Solutions, verification methods and the Compliance Schedule handbook. To reflect these changes, amended documents were:

- Building Code Handbook
 - Compliance Schedule Handbook
 - C/AS1 Fire Safety
 - D1/AS1 Surface Water
 - E3/AS1 Internal Moisture
 - F6/AS1 Visibility in Escape Routes
 - F7/AS1 Warning Systems
-

- G1/AS1 Personal Hygiene
- G2/AS1 Laundering
- G4/AS1 Ventilation
- G5/AS1 Interior Environment
- G10/AS1 Piped Services
- G12/AS1 Water Supplies
- G13/AS1 Foul Water
- G14/AS1 Industrial Liquid Waste
- H1/AS1 Energy Efficiency

These changes took effect from 10 October 2011. B1 Structure took effect from 1 August 2011, B12 Durability took effect from 4 April 2011, and E2/AS1 External Moisture took effect on 1 August 2011.

With all the changes forced on Councils, it is a mammoth task for Building Control to keep up and check building consents for compliance.

Licensed Building Practitioners

As from 1 March 2012 critical building work that is known as restricted building work must be done by a Licensed Building Practitioner (LBP).

Under the Building Act 2004, the Department of Building and Housing established in November 2007 the Licensed Building Practitioner Scheme. The scheme sets out regulated process where skilled and/or qualified building practitioners are required to demonstrate their ability to meet industry consulted competencies in order to obtain the status of being a LBP. The scheme has seven license classes:

1. Designers
2. Carpenters
3. External Plasterers
4. Bricklayer Blocklayers
5. Foundation Specialists
6. Roofers
7. Site (these are onsite supervisors or managers).

Registered architects and plumbers as well as chartered professional engineers, are also deemed to be licensed.

The LBP logo confirms for consumers that the building practitioners they are engaging have been assessed as technically competent in their licensed field. To retain their licence, a LBP is to provide the Department with a record of training and activities such as reading industry publications or attending seminars they have undertaken as a means to ensure that their knowledge of their trade stays current. From 1 March 2012 it is an offence for an unlicensed person to carry out or supervise restricted building work and it is an offence to knowingly engage an unlicensed person to carry out or supervise restricted building work unless they have obtained an owner exemption from their building consent authority (Council).

Staff

The Environmental Services Team has been busy going through old consents and processing new consents. We are also checking that all documentation is compliance with the Regulations and are numbered to comply.

The next round of Accreditation is set for August 2012 and the Team is working well to achieve this.

Gavin Phillips
DISTRICT BUILDING CONTROL OFFICER

Item-159 AMENDMENT TO TRADE WASTE BYLAW 2000

To: **His Worship the Mayor and Councillors
Otorohanga District Council**

From: **Environmental Services Manager**

Date: **24 October 2011**

Relevant Community Outcomes

- Ensure services and facilities meet the needs of the Community
 - Manage the natural and physical environment in a sustainable manner
 - Protect the special character of our harbours and their catchments
-

Executive Summary

The part of the Otorohanga District Trade Waste Bylaw that deals with breaches and offences against the bylaw requires amendment.

The current bylaw cites the offence provisions of the Local Government Act 1974 which was repealed in 1974. This section was superseded by s239 Local Government Act 2002.

Staff Recommendation

It is recommended that:

Part 1.17 of the Trade Waste Bylaw be amended by the substitution of the following clauses in order for the bylaw to be consistent with the provisions of the Local Government Act 2002.

1.17 OFFENCES

1.17.1 Any breach of this Bylaw constitutes an offence pursuant to section 239 of the Act.

1.17.2 Any person or occupier not complying with any provisions of this Bylaw, commits an offence under section 239 of the Local Government Act 2002 and is liable on summary conviction to a fine under section 242(5) of the Act, not exceeding \$200,000.

Andrew Loe
ENVIRONMENTAL SERVICES MANAGER

Item-160 ANNUAL REPORT 2010/2011

To: **His Worship the Mayor and Councillors
Otorohanga District Council**

From: **District Accountant**

Date: **25 October 2011**

Relevant Community Outcomes

- Ensure services and facilities meet the needs of the Community
 - Foster an involved and engaged Community
-

Executive Summary

The Draft Annual Report for the year ended 30 June 2011 is attached under separate cover.

Staff Recommendation

It is recommended that:

The Draft Annual Report for the year ended 30 June 2011 be adopted.

Brendan O'Callaghan
DISTRICT ACCOUNTANT

Item-161 LOAN RAISING 2011/12

**To: His Worship the Mayor and Councillors
 Otorohanga District Council**

From: Finance & Administration Manager

Date: 25 October 2011

Executive Summary

Council is required to pass a resolution authorising loan raising for the current financial year.

Staff Recommendation

It is recommended that:

1. Pursuant to the Local Government Act 2002, Council resolves to authorise the Chief Executive to borrow up to \$3,000,000 for a term not exceeding thirty years, secured against the rates revenue of the District, and targeted rates as provided for in any Deed of Charge or Debenture Trust Deed if this is in place at the time of loan raising.
2. The purpose of the loan shall be to refinance existing debt, and to allow the works contained in Council's Annual Plan for 2011/2012 and other works to be carried out.
3. Council delegates to the Chief Executive the authority to determine:
 - the coupon rate;
 - the period of interest payments;
 - the maturity date;
 - any other terms and conditions necessary for the issuing of security and for compliance with the Local Government Act, any other applicable Act, the security, and the Register and Paying Agency Agreement, and to issue such debenture stock with a face value sufficient to yield the sum \$3,000,000 and execute such; and
4. To give one or more certificates in respect thereof for the purposes of the Local Government Act.
5. And further that, in authorising this borrowing, Council has considered the risks and benefits associated with the proposal and is satisfied that the proposed borrowing complies with Council's Liability Management Policy.

Report Discussion

Council is required to pass a resolution to authorise the loan raising required during the current financial year.

The loans will be raised as follows

10 June 2012	\$2,000,000	To refinance a Loan maturing on that day
--------------	-------------	--

The balance of the estimated loan raising will be assessed later in the financial year and raised if necessary and when required.

\$1,000,000 - To finance Capital Works as outlined in the Annual Plan.

The maturity dates of the loans will be spread so that unless it is prudent to do so the maturities will not be falling in the same period.

A summary of Councils Public Debt forecasts if all the loan raising is carried out is as follows:

Balance 1 July 2011	\$13,447,613
Loans Raised	\$ 3,000,000
Less Loans Repaid	\$ 2,000,000
Balance 30 June 2012	\$14,447,613

G D BUNN
FINANCE AND ADMINISTRATION MANAGER

Item-162 ALL OF GOVERNMENT PROCUREMENT AND ASSOCIATED ISSUES

**To: His Worship the Mayor and Councillors
Otorohanga District Council**

From: Chief Executive

Date: 25 October 2011

Relevant Community Outcomes

- Ensure services and facilities meet the needs of the Community
 - Promote the local economy and opportunities for sustainable economic development
-

Executive Summary

There is an opportunity for Council to participate in central government's 'All of Government' collective procurement scheme, which if pursued could require changes to be made to Council's existing policy in respect of purchasing light vehicles.

Staff Recommendation

It is recommended that:

1. The report be received.
2. Council participates in 'All of Government' collective procurement arrangements in respect of office supplies, computer hardware, print devices and passenger vehicles.
3. If necessary the provisions relating to vehicle purchase contained in Council's Light Vehicle Policy are amended to enable purchases of vehicles to occur through the 'All of Government' contract if this is considered to offer best value to Council.

Report Discussion

Collective procurement (where a number of separate agencies or organisations join together to maximise their 'purchasing power' and obtain the best possible terms from suppliers) has been amongst the approaches recently promoted by central government.

Towards this end central government has established a framework for its own collective procurement of office supplies, computer hardware, print devices and passenger vehicles. Recently an invitation has been extended to Local Government to participate in these 'All of Government' (AoG) procurement arrangements.

An exercise has been previously undertaken to identify potential collaboration or shared service opportunities for this Council, with a number of aspects of collective procurement being identified as being beneficial, with the extent of such benefits being dependant on the scale of the collective buying group that could be established.

It was initially envisaged that for ODC a collective procurement group might be established at a regional level, but the AoG scheme now offers the opportunity to be part of a buyer group at the national level, which would be expected to maximise benefits for Council. It therefore appears prudent for Council to participate in all of the AoG schemes.

To participate in the AoG scheme an organisation must however agree that it will purchase the relevant category of items only through the supplier (or suppliers) that are part of the 'panel' of suppliers for that particular AoG scheme.

For most of the goods and services currently being offered through AoG such limitations will not pose any problem for Council, since many of the existing suppliers to ODC are included in the relevant 'panels'.

Council's Light Vehicle Policy does however currently impose limitations on the purchase of new vehicles, as follows:

"Where a new car franchise holder is established in town, vehicles of that brand will only be purchased from that franchise holder"; and

"Where a make of vehicle is purchased for which there is no franchise holder in the District, a letter will be required from the franchised dealer supplying the vehicle which confirms that local servicing of the vehicle will not void the warranty"

It appears likely that participating in the AoG contract for the supply of vehicles could potentially conflict with these provisions, as not all of the local franchised vehicle brands are included in the AoG panel whilst other brands without local franchises are in the panel, and furthermore the form of the supply chain for vehicles through AoG is not yet clear, and it is possible that it might not be through local dealers.

The restrictions that are currently placed on the purchase of vehicles in Council's Light Vehicle Policy are inconsistent with the general procurement approach adopted by Council, which is focussed on obtaining best value, without attempting the potentially difficult exercise of balancing this against the less easily quantified benefits of supporting local businesses.

Even without the need to enable procurement of vehicles through AoG it might potentially BE beneficial for Council to remove the existing restrictions on vehicle purchasing for reasons that include:

- Potential to take advantage of promotional or 'run out' deals sometimes available from vehicle dealers in larger centres.
- Informal evidence suggests that dealerships in larger centres may often offer more competitive pricing.
- Potential to inspect and assess a wider range of models.

There are however potential disadvantages of such a change, which may include:

- Should any problems occur with a new vehicle, it is likely to be more easily resolved with a local dealer (though the frequency of such issues with modern vehicles is expected to be low).
- Servicing of the new vehicles needs to be able to be undertaken without voiding the vehicle's warranty. From a logistic perspective it is not desirable for vehicles to have to be taken out of town for such servicing.
- Loss of existing positive relationships with local dealers.

At this stage the extent of potential savings through the AoG scheme relative to other purchasing options is not known, and may continue to be uncertain as it is likely that other suppliers outside of the AoG panels may adjust their pricing downwards so as to remain competitive.

Recent changes to the management of Council's vehicle fleet, such as the extension of replacement intervals, has also reduced the impact that vehicle purchase price has on the overall economics of associated Council activities.

As such it is not possible to conclusively state that any particular course of action in relation to vehicle purchasing is optimal at this time. It is however believed that there is a strong parallel between the establishment of AoG scheme and the Local Government Funding Agency, in that the success of both will in a large part be dependant upon the level of participation. For this reason it is believed that ODC should participate in all of the available AoG purchasing groups, taking the steps necessary to achieve this.

Dave Clibbery
CHIEF EXECUTIVE

Item-163 LAPP SCHEME DISASTER INSURANCE

To: **His Worship the Mayor and Councillors
Otorohanga District Council**

From: **Chief Executive**

Date: **25 October 2011**

Relevant Community Outcomes

Ensure services and facilities meet the needs of the Community

Executive Summary

Consideration is given to the potential withdrawal of Council from the LAPP infrastructural asset insurance scheme, in response to the increased contributions to the scheme arising from the Christchurch earthquakes.

Staff Recommendation

It is recommended that:

1. Council gives notice to withdraw from the Local Authority Protection Programme ('LAPP'), so that a final contribution is paid to LAPP in the 2012/13 financial year.
2. That a 'Piped Services Disaster Fund', to be used only for potential replacement of assets previously covered by the LAPP scheme, is established in Council's 2013/14 financial year.
3. That approximately half of the current increased LAPP contributions (this half being approximately \$32,000) is paid into the Piped Services Disaster Fund in 2013/14 and for each of the following two financial years.
4. That for every financial year from 2016/17 onwards an inflation adjusted payment equivalent in real terms to Council's contribution to LAPP prior to the Christchurch earthquake (\$16,000 per annum in 2010/11) is made to the Piped Services Disaster Fund.
5. That until such time as the balance of the Piped Services Disaster Fund is sufficient to meet 40% of the assessed damage to previously LAPP insured assets in comprehensive flood of the Otorohanga Community (currently assessed to be approximately \$1 million) the 201Ha farm property owned by Council on Te Raumauku Road shall be retained to ensure that such costs can if necessary be met by the sale of this property.
6. That improved contingency plans should be developed to manage a potential flooding of the Otorohanga Community, as this is clearly the most significant natural disaster risk in the District.

Report Discussion

At a workshop following Council's meeting of 2 August 2011, the effects of the Christchurch earthquakes on this Council's insurance of infrastructural assets was discussed.

In particular there was discussion of the quadrupling of annual contributions to the Local Authority Protection Programme (LAPP) Disaster Fund. Prior to the Christchurch earthquakes

ODC's annual contribution to the fund was \$16,000 per annum, but now a contribution of \$64,000 per annum is being sought, so that the \$40 million fund which underpins the LAPP scheme can be re-built after being completely depleted in response to Christchurch events, and higher reinsurance premiums can be paid.

It is understood that such higher levels of LAPP contributions are likely to continue for 4 or 5 years, after which they will progressively decline, though probably never to the previous lower levels, with a possibility that they will remain at levels around twice that which prevailed prior to the Christchurch earthquakes.

There can be no question that there are sound reasons for LAPP to raise the level of contributions if it is to continue to function as it has in the past. The fund must be re-built, and it is natural that after the recent hugely expensive earthquake events in Christchurch and Japan, the perceptions of international re-insurers in respect of financial risks associated with earthquakes will have changed, with higher premiums being sought to compensate for the large sums that will be paid out for these events.

Earthquake risk re-insurance is subject to great uncertainties, without reliable models to predict the likelihood or magnitude of damage events, and as such it appears inevitable that the re-insurers would err on the side of caution in determining future premiums.

It should however also be noted that events of such severity (in terms of the extent of damage) are probably of a 'once in a lifetime' nature for those countries affected, and that there has been no fundamental change in the risk of earthquake events just because those events have recently occurred.

With this in mind, there was discussion at the workshop regarding whether Council should reconsider its continuing participation in LAPP, given that the likelihood of a seriously damaging earthquake in the Otorohanga District appears to be very low, and even if this risk is significantly elevated following the Christchurch events, the overall levels of disaster risks does not appear to be sufficiently high to justify paying the increased LAPP contributions.

It is however also recognised that a potential decision to exit the LAPP scheme potentially has significant consequences, and should not be made lightly. This report therefore presents, at some length, issues that are considered relevant to this decision.

The LAPP Scheme

The LAPP Fund was established in 1993, to help its New Zealand local authority members pay their share of infrastructure replacement costs for water, sewage and other uninsurable essential services damaged by natural disaster. These include:

water reticulation, treatment and storage;

- sewage reticulation and treatment;
- storm water drainage;
- dams and canals;
- flood protection schemes including stopbanks, and floodgates, seawalls and harbour risks such as buoys, beacons and uninsurable foreshore lighthouses.
- Roads and bridges are not covered by the Fund as local authorities have access to subsidies from Transit New Zealand.

Since 1991, central and local government has shared responsibility for these costs. Beyond a threshold, central government will pay 60% of the restoration costs, leaving local authorities to pay the remaining 40%. Full details of the roles of central and local government in disaster recovery are set out in the Guide to the National Civil Defence Emergency Management Plan, where it is stated that:

Government assistance will not normally be available for assets.... unless:

- a. *The local authority has adequately protected itself through asset and risk management including mitigation where appropriate and the proper maintenance of infrastructural assets; or:*

- b. *The local authority has made sound financial provisions (such as the provision of reserve funds, effective insurance or participation in a mutual assistance scheme with other local authorities) to a level sufficient to ensure that the local authority could reasonably be expected to meet its obligations to provide for its own recovery.*

LAPP was established as such a mutual assistance scheme that criteria b above would be satisfied.

It is understood that currently around 58 of the NZ local authorities (out of a total of 73) are members of the LAPP scheme. Some of those who are not LAPP members have in some cases established their own reserve funds, but others appear to have chosen not to provide any mechanism to satisfy criteria b, presumably because they believe that they either will not require central government assistance, or believe that they satisfy criteria a (the exact meaning of which is not entirely clear).

It should be noted that Council's withdrawal from LAPP will not in any way compromise the financial support for the recovery efforts in Christchurch. The balance of the previous LAPP funds has been fully assigned to Canterbury, and the new fund being built with the current increased contributions will not be available to cover further events in the Christchurch area.

Earthquake Risks for ODC

In recent times Council staff have conducted an exercise to roughly estimate the likely level of risk (and associated risk cost) for natural disaster damage to the assets currently insured with LAPP. This exercise was carried out independently to, and without knowledge of, similar exercises that have been conducted by Risk Management Partners Ltd (RMP), who provide a risk evaluation service to LAPP, which is used in the evaluation of premiums for LAPP members.

Council's assessment of earthquake risk made use of readily available information on recorded earthquakes and associated geological features, and incorporated some very conservative assumptions.

The figures on Appendix 1 show that whilst there are virtually no areas in New Zealand where earthquakes do not occur, the frequency of significant earthquakes in the western Waikato is very low, as the area is remote from major faults and the subduction zone of the Pacific tectonic plane, which is at least 100km below most of the District, and the surface effects of a ground movement occurring at such depth are therefore greatly reduced.

Whilst the nature of surface ground conditions in the area is such that some areas might suffer liquefaction in a severe earthquake, the low frequency of such earthquakes, combined with the relatively modest extent of Council's assets and the likely limited extent of damage to in-ground infrastructure, makes the annualised risk cost of such events very low.

A calculation based on the available information and some apparently conservative assumptions suggested that this annualised risk cost of LAPP insured assets might be as little as \$1,000 per annum, making it a minor component of even the previous \$16,000 annual contribution that has been paid to LAPP.

Subsequent inspection of the LAPP 'Risk Profile' for the Otorohanga District prepared by RMP confirmed that this is the case, with RMP's evaluation of the Council's risks under LAPP being as follows:

Earthquake Frequency	Event Severity (Mercalli Intensity)	Expected Loss to Assets insured by LAPP	Annualised Loss (Loss divided by frequency)
100 years	6.06 to 6.66	\$2000	\$20
500 years	6.88 to 7.43	\$21,000	\$42
1000 years	7.2 to 7.77	\$42,000	\$42

Total annualised loss - earthquakes **\$104**

It is acknowledged that the Christchurch earthquake may have caused previous guidelines in respect of 'asset damage ratios' (the proportion of total asset value that has been spent on replacement or repairs after an event) to be re-assessed, but in this case even if the damage ratios used for RMP's ODC risk profile are increased by a factor of 10, the annualised earthquake risk cost only increases to the level indicated in the independent assessment conducted by Council staff, and remains a small element of the overall risk profile.

Whilst it therefore appears that Council's earthquake risk is very low, there is intense awareness that a similar view may have been held of Christchurch until the recent events.

The graph in Appendix 2 compares the extent of shallow earthquakes in the Otorohanga District and an equal corresponding area around Christchurch from when accurate recording commenced (circa 1940) until just before the Christchurch earthquake in 2010.

It can be seen that whilst there were many more earthquakes in Christchurch over this period, in terms of the more severe events (magnitude 4.0 and above) there was greater activity in the Otorohanga District.

Whilst it cannot be categorically stated that what has happened in Christchurch could not occur in the Otorohanga District, the likelihood of this seems very remote. In particular a factor that is considered to support this view is the location of the most severe earthquakes is clearly associated with the alpine fault in the South Island and the east coast of the North Island, as shown on the map in Appendix 3.

Since extensive European presence in NZ there has been only one major inshore earthquake in the upper north island, which was the 1987 magnitude 6.3 Edgecumbe event, which is in an area of extensive active volcanism and faulting.

The Otorohanga District is not very close to such a geologically active area, and is also not in close proximity to any of the three large active faults known to be present in the Waikato, which are:

- The Kerepehi Fault - extending along the Thames Estuary and the Hauraki Plains.
- The Rangipo Fault - on the eastern side of Mount Ruapehu.
- The Wairoa North Fault - running along the Bombay Hills north-east of Mercer.

On the other hand whilst the Christchurch area did not have a strong recent history of seismic activity and was also not known to be close to an active fault prior to the recent events, it is on the fringes of an area that contains the large Alpine fault which has a history of major earthquakes.

As such it is believed that it would be excessively conservative to have great regard for recent events in Christchurch in determining the most appropriate future earthquake risk management approach for the Otorohanga District.

Other Risks covered by LAPP

Earthquakes are just one of the natural disasters against which LAPP provides protection. The following sections consider the exposure of the Otorohanga District to other disaster events.

Flooding

Flooding is the most significant natural disaster risk for the Otorohanga District, with the Otorohanga Community being particularly at risk.

Whilst it may be devastating to other types of assets, in general flooding has only a limited potential to damage the type of assets that are protected through LAPP, the majority of which are buried in the ground. Apart from a few blockages caused by the entry of sediment and some localised damage where erosion occurs, water, sewerage and stormwater pipes are likely to be little affected by a flood.

The Otorohanga stopbanks are also insured through LAPP, but here too the potential damage to the insured asset (the stopbanks themselves) is limited. Stopbank failure is likely to be localised,

with probably only a hundred metres or so of banks being lost in the worst case. The overall effects of a flood on the town would be devastating, but the loss in terms of LAPP assets would be relatively small.

The greatest LAPP asset loss that would be expected in the event of a failure of the Otorohanga stopbanks would be at the water treatment plant and the various pump stations, where flooding would destroy all of the electrical equipment, and damage mechanical plant.

The total value of such items in Otorohanga is in the order of \$1 million, and if it was assumed that all such items were completely destroyed (which appears very pessimistic, particularly given that the water treatment plant is built on a raised mound) together with localised damage to the stopbanks and extensive blockages of pipes, it is suspected that LAPP insured assets with a total value of between \$1.5 million and \$2.0 million could be lost in a worst case scenario.

The frequency with which such flooding events are likely to occur is uncertain. LAPP's current risk assessment assumes that the stopbanks are adequate to resist floods with a 100 year return period, but would fail if exposed to a flood with a 500 year return period.

Questions have been previously raised regarding the level of protection that is provided by the stopbanks in Otorohanga, and whether climate change may have compromised the original design specifications.

The stopbanks were designed to safeguard the community against a flood with a 100 year return period, and the floods of 1998 and 2004 - at that time suggested to be of the severity associated with return periods of between 30 and 50 years - had peak river levels substantially below the crests of the stopbanks, suggesting that the original design was conservative, and that a much more severe event - such as that with a 500 year return period - would be required to overtop them.

Based on such assumptions an annualised risk cost in the order of \$10,000 is indicated.

Wind Damage

The assets currently covered by LAPP - being buried or otherwise very robust - are generally at little risk from wind damage during storms. The only potential exceptions to this are the large timber water reservoirs in the Kawhia Community and on the Tihiroa and Waipa rural water schemes, which have potential to be unstable if exposed to very strong winds (160km/hr or more) whilst only partially full. The Tihiroa reservoir has in the past collapsed through such a mechanism.

A conservative estimate might assume that a reservoir collapse due to such a mechanism would be a 1 in 50 year event, and that the cost of remedial works would represent approximately 50% of the cost of full reservoir replacement, which is typically in the order of \$100,000. This limited proportion is because significant elements of the structure (including the concrete base, pipework, wall timbers, steel ropes and even elements of the roof) would be expected to be potentially re-useable.

As such the annualised risk costs associated with potential storm damage are again modest, perhaps in the order of \$1000 per annum, spread across all of the systems.

LAPP's assessment of 'Meteorological Hazards' was that they were minimal, and no expected loss was estimated.

Volcanic Eruption

Estimating potential costs associated with the fall of volcanic ash is not straightforward, and no attempt has therefore been made to conduct an assessment independent of that provided by LAPP, which was based on a >1mm thick fall of ash with a 1 in 1000 year return period having a cost of \$370,000, and a 1 in 5000 year ash fall with a thickness greater than 20mm having a cost of \$5.84 million.

This latter figure is very high, presumably because of assumptions that extremely high levels of blockage or damage will be caused to storm water and wastewater systems.

Taken together these risks imply an annualised risk cost of \$1,400 per annum.

Tsunami, Storm Surge and Coastal Erosion

In LAPP's assessment of tsunami risk it is stated that *'Due to the large return periods and lack of reliable data, the expected dollar loss amount has not been quantified, but is expected to be significant'*.

This statement of the significance of a tsunami risk is somewhat at odds with other information presented in the LAPP risk profile and available elsewhere, which suggests that for the west coast of our district a tsunami event with a 1 in 500 year return period would have a height of between 1.5 and 2 metres on the open shore, which is much less than the heights expected on the east coast of the North Island.

Furthermore because Kawhia is well inside a harbour with a narrow opening to the ocean it would be expected that it would be greatly protected against any such surge of water.

Whilst the community of Aotea is more exposed, it does not contain any significant assets insured under LAPP that are likely to be severely damaged by a relatively small tsunami.

The Aotea seawall is insured under LAPP, but it has been considered unlikely that this structure would sustain severe damage from a single tsunami, storm surge or coastal erosion event. A conflicting view on this matter was initially presented by a coastal process expert engaged in the review of Council's District Plan, but it is believed that opinion has now shifted back towards a belief that if the Aotea seawall was to fail, this would be more likely to occur progressively, over an extended period, in a manner that is not covered by LAPP. As such the annualised risk cost associated with part of the Aotea sea wall succumbing to the type of event for which protection is provided by LAPP is considered to be relatively small, perhaps in the order of \$1,000.

Landslip/Landslide

Few of the Council assets covered by LAPP are in proximity to the type of steep and potentially unstable slopes that have potential to generate significant damage. As such the risk costs associated with such events are considered minimal.

Overall Risk Costs

The overall results of the two independent risk cost assessments are as follows:

Risk Type	Estimated Annualised Risk Cost (LAPP Estimate)	Estimated Annualised Risk Cost (ODC Estimate)
Earthquake	\$103	\$3,750*
Flood	\$11,300	\$10,050
Volcanic Eruption	\$1,400	Assumed as per LAPP
Tsunami	Not estimated	\$100
Other Coastal Erosion	Minimal - not estimated	\$1,000
Wind Damage	Minimal - not estimated	\$1,000
Landslide	Minimal - not estimated	Minimal
Total Annualised Risk Cost	\$12,803	\$15,900
Cost Covered by LAPP (40%)	\$5,121	\$6,360

*This is almost certainly a significant over-estimate, based on a 10% damage ratio applied to all LAPP insured assets in the community - much higher than figures adopted by LAPP.

In the context of these figures the annual contributions that ODC paid to LAPP prior to the Christchurch earthquake (\$16,000 per annum) whilst inevitably somewhat higher than the annualised risk cost, do not appear entirely unreasonable, given that there must be profit margins for the re-insurers. It is understood that typically risk costs are only between 40% and 50% of corresponding insurance premiums, and as such the contributions previously paid to LAPP would align reasonably closely with these norms.

The prospect of these contributions significantly increasing does however appear to warrant careful consideration of whether continuing membership of LAPP is justified. The proposed increased contributions over the next 4 or 5 years would represent an expenditure that is more than 25% of the cost of the of the likely insured damage in a worst-case disaster event with a return period of 500 years.

If such contributions are put into a 'household' context it would be comparable to the expenditure of more than \$50,000 in a four or five year period for the insurance premiums on a home with a value of \$200,000. It seems extremely doubtful that a rational home owner would choose to pay such premiums.

LAPP Assets in the Context of a Major Disaster

Overtopping of the Otorohanga stopbanks would be likely to result in flooding of more than 300 residential properties and the majority of the town's 190 business premises. Available information suggests that for typical residential properties the damage associated with significant flooding would typically have a cost of between \$15,000 and \$40,000 per property, whilst the cost of damage to business premises would be very variable, but with an average probably in the order of \$50,000 per property. As such a potential total direct damage cost of between \$10 million and \$20 million would be likely, and in addition to this there would be very substantial indirect costs associated with issues such as providing alternative accommodation, loss of business and employment, and potential loss of population if residents chose to relocate elsewhere after the event.

Whilst it would be expected that most property owners and occupants would have some form of insurance, the recent severe floods in Queensland, Australia have shown that in many cases the insurance in place did not provide cover for the flood damage that occurred, and similarly it would be expected that if Otorohanga was flooded it would create many cases of severe hardship in the community.

In this context - where the community as a whole might incur a cost of \$30 million or more - funding the repair or replacement of \$1.5 to \$2 million of assets currently insured through LAPP would not be a critical issue.

Similarly the damage to LAPP insured assets would be relatively minor in the context of a 1 in 5000 year fall of volcanic ash (20mm thickness of ash or greater) which would be potentially devastating to the agricultural backbone of the regional economy.

As such there is a profound difference between a person's reliance on the insurance of their home and Council's reliance on LAPP, as in the former case the lack of such insurance is potentially devastating to the wealth of the individual, whereas the insurance provided under LAPP only represents a relatively small portion of individual losses, which if spread over the whole community would have a relatively modest effect.

It is believed that this difference further strengthens the case for Council not accepting the increased contributions required under LAPP.

Ability to Exit LAPP

The Trust Deed of the LAPP scheme requires that member Councils wishing to leave the scheme must give formal notice of this intention prior to the end of LAPP's financial year, and will then still be required to pay their contribution to the scheme for the following financial year.

As such Council is now unfortunately obligated to pay the higher LAPP contribution for both the 2011/12 and 2012/13 years.

Alternative Approaches to Funding Potential Asset Damage

The following are potential alternative approaches to funding the 40% of damage cost that would not be covered by central government:

1. Establishing a Disaster Fund

Given the likely infrequency of significant natural disaster events, another option would be to establish and build up a disaster fund from which the cost of repairing or replacing assets could be met.

The redirection of all the current increased LAPP contributions into such a fund would create a significant balance for this fund in the relatively near future, which, assisted by modest ongoing annual contributions and the effect of interest, would grow into a substantial resource.

For example whilst Council is committed to paying the new higher LAPP contributions (\$64,000 per annum) for two years, it would be possible for the following three years of such contributions to be avoided by exiting LAPP, and these amounts (or a substantial proportion of them) could instead be retained in an internal Disaster Fund, which might then continue to be supplemented at a rate similar to that paid to LAPP prior to the Christchurch earthquake (circa \$16,000 per annum, plus inflation).

Through such contributions and accumulated interest a fund would build relatively quickly, and within 30 or 40 years would be sufficiently large to fully fund the 40% portion of the damage to LAPP assets in an Otorohanga community flood.

A lower level of initial investment in the Disaster Fund (say 50% of the new higher LAPP contributions for the first three years) would only slightly extend the period to build the fund to the required level.

Whilst establishing a Disaster Fund appears to be a good approach, it will require a degree of discipline on the part of future Councils, as inevitably when a significant reserve of funding is created consideration may be given to using that funding for some purpose other than that for which it was originally established.

2. Potential Sale of Te Raumauku Road property

Council, on behalf of the Otorohanga Community, owns a 201 Ha farm property on Te Raumauku Road, which it leases out. The property has a current government valuation of \$1.35 million.

The thinking of Council and the Otorohanga Community Board has previously been that this asset should be retained as a secure investment that would only be liquidated in circumstances of extreme need. It is suggested that the flooding of the Otorohanga community would constitute such a circumstance.

The formalisation of such thinking through inclusion in relevant policies or plans might be appropriate, and it is believed that doing so would provide the necessary assurance of Council's ability to pay the 40% of cost associated with a flooding of the Otorohanga Community.

The use of the Te Raumauku property in this way would appear ideal to bridge the period between the establishment of a Disaster Fund and the balance of the fund reaching the required level.

3. Funding through Increased Rating

Another option is for the repair or replacement of current LAPP assets to be funded through borrowings, the repayments on which are met from increased rates.

Whilst not impractical, this is almost certainly the least satisfactory option, since it would appear unlikely to represent the type of '*sound financial provisions*' referred to in the National Civil Defence and Emergency Management Plan, and therefore might potentially not qualify Council to receive the 60% contribution from central government.

Flood Event Management

The investigation conducted in relation to LAPP has again highlighted that by far the greatest risk in relation to natural disasters in the Otorohanga District is the potential flooding of the Otorohanga Community, and suggests that greater effort is required to ensure that Council can most effectively anticipate and manage such an event.

There is at this time nothing to suggest that the flood protection stopbanks that were constructed around the Otorohanga Community after the 1958 flood are not suitable for their intended purpose. During the ensuing 50 years there has never been a flood that has come close to overtopping them. The February 2004 event was probably the worst flood since 1958, and caused damage in the vicinity of the Otorohanga Primary school, but river levels peaked at more than 2.0 metres below the crest of the banks, indicating that a very much larger flood would be required to breach the community's defences.

In the 2004 flood a peak river flow at the SH31 bridge in Otorohanga was estimated by the regional Council to be 645 cubic metres per second. At this level, the water had risen well above the river channel (which is generally around 20 metres wide) with much of the flow in the flood plain between the stopbanks and other high ground, which typically has a width in the order of 120 metres. At the peak of the flood the water level at the SH31 bridge was however only approximately 1 metre above the base of the 3 metre high stop banks, which suggests that a water flow of perhaps twice as much would be required before the water level reached the top of the stopbanks.

In recent times a survey has however indicated that in some areas the tops of the stopbanks have fallen (or been eroded) slightly below their original design levels, and therefore some 'top up' of these banks may be required, though the extent of this work may be relatively minor.

It is also noted that staff from Waikato Regional Council have indicated that the design standards of the Otorohanga stopbanks (in respect of width) are lower than those used for stopbanks on the lower Waikato River. Whether this difference is significant is not yet clear, and it is believed that there are fundamental differences between the duties of stopbanks in the two locations, since in Otorohanga the peak river height may only persist for a few hours, whilst on the lower Waikato stopbanks may have to withstand high water levels for days or even weeks.

Both of these issues need to be resolved, and if necessary, action taken to address any significant deficiencies in the near future.

It should however be noted that even if the stopbanks are 'fit for purpose', under sufficiently extreme conditions they will be overtopped. Whilst LAPP'S assessment of such conditions typically occurring once every 500 years, it does of course not follow that 500 years will pass before such an event occurs, and it might indeed happen in the near future, so preparedness is important.

Towards this end work has commenced on the development of an improved plan for the identification and management of a potential flood of the community. Unlike some other natural disasters it is believed that a flooding of the Otorohanga community might take a relatively predictable form, and that it should be possible to prepare a step-by-step plan that will help ensure that such an event is effectively managed.

Conclusion - Membership of LAPP

Council's continuing membership of LAPP, subject to the indicated increased contributions associated with the Christchurch earthquakes, does not appear to be justifiable on economic grounds.

As an alternative it is proposed that a Piped Services Disaster Fund is established and built, with Council's Te Raumauku property being retained as collateral against potential losses until such time as the balance of this Disaster Fund reaches an adequate level.

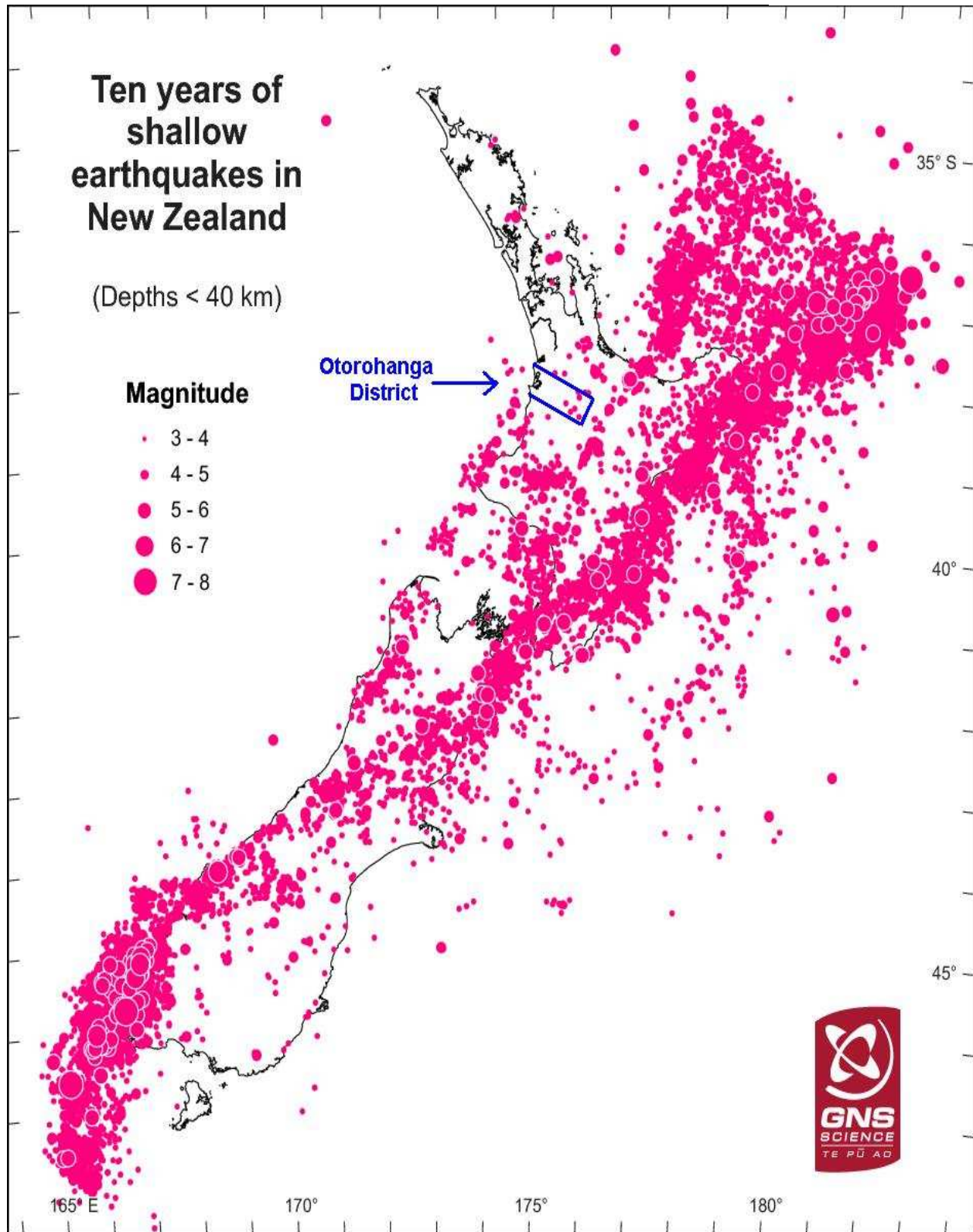
Because of potential perceptions of Council exposing itself to greater risk, this approach has been discussed with Council's auditors, who have informally indicated their support for it, and expressed a belief that in general the corporate use of insurance may be non-optimal.

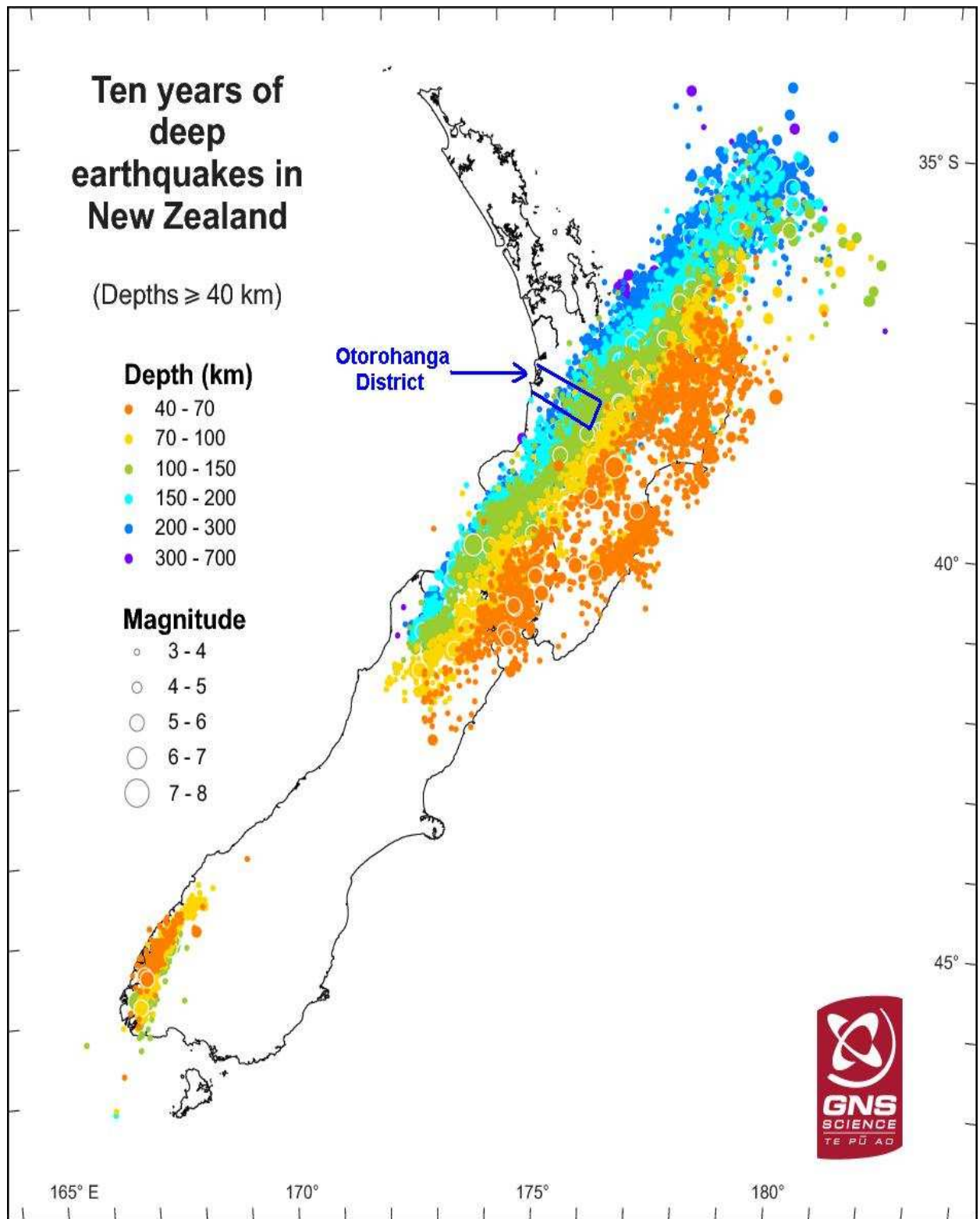
In light of this consideration will be given as to whether there are further opportunities for Council to replace other external insurance with in-house provisions.

Dave Clibbery
CHIEF EXECUTIVE

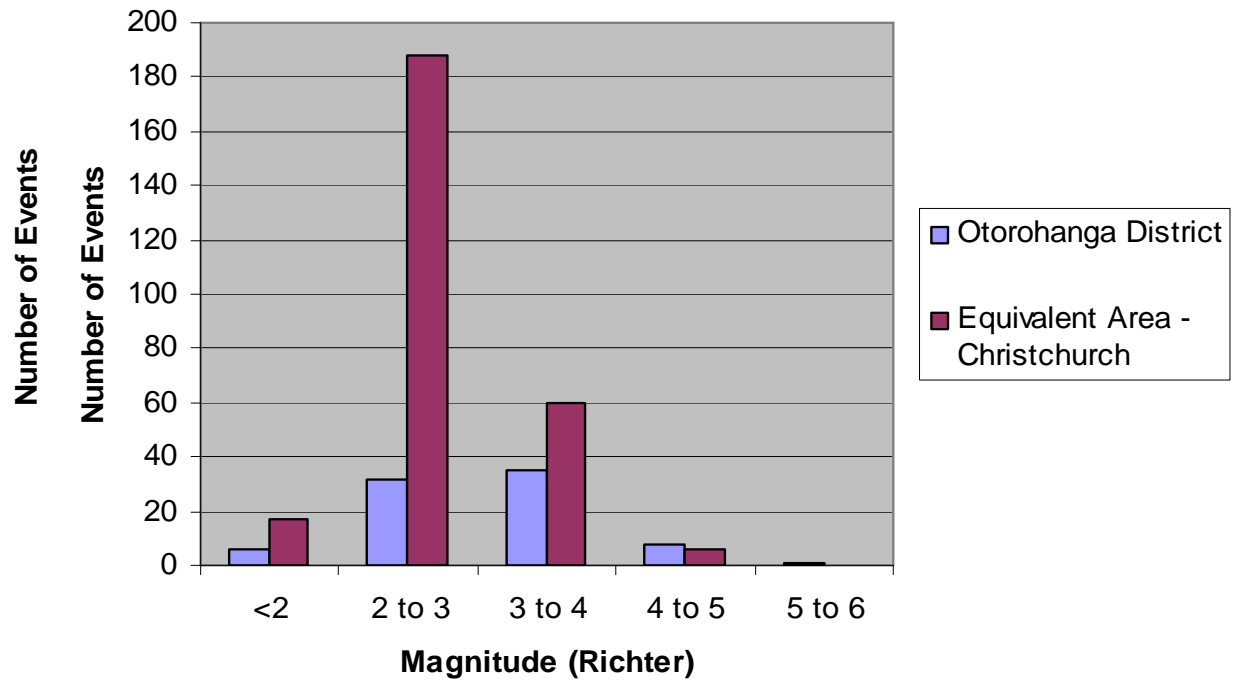
Attachments

- a. Appendix 1, 2 & 3





Recorded Shallow Earthquakes (Pre-2010)





Item-164 ODC MATTERS REFERRED FROM 4 OCTOBER 2011

**To: His Worship the Mayor and Councillors
Otorohanga District Council**

From: Governance Supervisor

Date: 25 October 2011

1. CHIEF EXECUTIVE

19 April 2011

- i. To discuss with designer David Walmsley discreet changes to the existing district Logo as highlighted in the discussion held on this matter.

2. ENGINEERING MANAGER

10 May 2011

- i. To discuss, in a workshop situation, the issue of Property Owners planting trees along road boundaries and in other locations affecting visibility, damage by the root structure, etc.

3. ROADING MANAGER

2 August 2011

- i. To investigate the planting of trees close to the footpath adjacent to the former Otorohanga Wool store, backing onto State Highway 3.

23 August – To follow up with the property owner.

13 September –to have further discussion with the Property Owner, re. issues he had raised

CA Tutty
GOVERNANCE SUPERVISOR

GENERAL

