

THE WEST COAST REGIONAL COUNCIL

MEETING OF THE INCHBONNIE RATING DISTRICT

ON

2nd May 2024, at 1.00pm

At the Rotomanu 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
INCHBONNIE RATING DISTRICT
HELD AT ROTOMANU HALL
ON 27TH MARCH 2023, COMMENCING AT 1PM.

PRESENT (Rating District Members)

W. Gault, R. Shaffrey, D. Shaffrey, M. Donehue, J. Keeney

IN ATTENDANCE (Staff)

Cr B. Cummings, Cr P. Ewen, (Councillor's)
C. Munn, J. Bell, L Crozier (Staff)

APOLOGIES

Cr Birchfield (WCRC), Cr Robert Mallinson, Cr Allan Gibson (GDC Eastern Ward Councillors)

Movers –D. Shaffrey /W. Gault- 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. Shaffrey/W. Gault - Carried

MATTERS ARISING

The Council has approved a 2.3% increase in Engineering staff costs for the next year. The scheme currently has no maintenance issues, and no work is required, but the scheme proposes to be proactive and is looking into buying some rock from Inchbonnie Quarry to stockpile in case of emergency.

FINANCIAL REPORT

J. Bell spoke on the financial report for the period of 1st July 2021 to 30th June 2022. He advised that the Inchbonnie Rating District had an opening balance of \$77,070.90 with a total revenue of \$30,993.84, less expenses of \$63,941.99 for a closing balance of \$44,122.75.

The rates figure of \$2,841.14 was queried as an amount of \$34,782 had been agreed. Council staff agreed to review the amount with Finance staff and reissue the Financial Statement 1 July 2021 to 30 June 2022 if required.

Movers – D. Shaffrey/W. Gault – Carried

ANNUAL WORKS REPORT

J. Bell spoke to the Annual Works Report. During the 2021-2022 works had been undertaken to strengthen a corner of the river and additional overburden had been placed along the stopbanks, totalling \$56,159.99.

During the 2022-2023 year a small quantity of stockpiled rock had been used to repair some rock work. A provision of \$25,000 has been made in case any more work need to be done before the end of this financial year. J. Bell will be sending an invoice to GDC for their half share of the works.

The difference between digger plant hire rates for Rosco's and MBD was discussed. J. Bell explained which work was tied into quarry operations and will check which diggers were used. He will also check the rates with the finance team.

Movers – D. Shaffrey/W. Gault- Carried

RATES 2023/ 2024

J. Bell advised that the balance of the rating district account at the end of the 2022-2023 financial year was estimated to be \$53,000.00.

He proposed rates strike of \$35,582.00 which included \$27,621.00 of rates, \$4,124.75 for infrastructure insurance and \$3,836.25 for Engineering Cost Recovery.

Moved: *"That rate strike for Inchbonnie Rating District is \$35,582.00 Excl GST for the 2023-2024 financial year."*

Movers – D. Shaffrey/W. Gault - Carried

ELECTION OF OFFICERS

All rating district members are on the committee, it was agreed that the status quo would remain. Council staff thanked W. Gault for his work as spokesmen for the rating district, W. Gault will carry on until closer to June 23rd, 2023.

Moved: *"That D. Shaffrey is elected as Spokesperson, J. Keeney as deputy Spokesperson for the 2023-2024 financial year."*

Movers all in agreement - Carried.

GENERAL BUSINESS

C. Munn advised that the flood protection bylaws are currently being reviewed. This is a public process and there will be further notification about the proposal.

Cr B. Cummings, Cr P. Ewen and Council staff thanked the committee members and especially W. Gault as he steps down from being spokesperson for the Inchbonnie Rating District in June.

Action Points for follow up.

Prudent target \$550,000 high but considering level of service important to have if something happen, another round of survey needs to be the case.

Digger hire difference between Rosco's and MBD to be reviewed by J. Bell.

J Bell to seek clarification around the rates income for the 2021-2022 financial year The agreed figure was \$34,782. A corrected Financial Statement for 1 July 2021 to 30 June 2022 to be circulated. Staff to arrange for the purchase of 1000 tonnes rock from Inchbonnie Quarry to stockpile in case of emergency. Stockpile areas to be agreed with the Spokesperson.

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.