

**TABLE OF CONTENTS**

**Mayor’s Foreword.....2**

**Message from the General Manager .....3**

**Groups of Activities .....4**

    Community Outcomes..... 5

    Democracy ..... 7

    Land Transport (Roading) ..... 9

    Solid and Hazardous Waste Management..... 11

    Water Supply ..... 12

    Stormwater ..... 14

    Wastewater (Sewerage) ..... 15

    Community Services..... 17

    Consents and Compliance ..... 19

    Environment ..... 21

    Animal and Plant Pest Control (Biosecurity) ..... 23

    Dog and Animal Control ..... 25

    Emergency Management / Rural Fire ..... 27

    Harbour Control..... 29

    Corporate Services..... 31

**Financial Statements .....32**

    Financial Compliance & Responsibility ..... 33

    Report of the Audit Office ..... 34

    Financial Highlights ..... 36

    Statement of Financial Performance..... 37

    Statement of Movements in Equity..... 37

    Statement of Financial Position ..... 38

    Statement of Cash Flows ..... 39

    Statement of Accounting Policies ..... 40

    Notes to the Financial Statements ..... 43

**Mayor & Council Members .....50**

**Chatham Island Statistics .....51**

**Appendix One – Glossary of Terms .....52**

## **MAYOR'S FOREWORD**

This Annual Report reflects that appropriate funding has been gathered on the Island from rates, dues and targeted charges. Along with the Central Government guaranteed annual grant and Transfund's roading financial assistance, the Chatham Islands Council has been able to operate on your behalf, as a going concern.

Within the Long Term Council Community Plan (LTCCP) formulated at the beginning of the financial year, committed funds were placed into varying portfolios, to either maintain or renew assets and this report gives a clear indication of how the two corresponding documents compare.

This has been an extremely busy year for Council and those agencies working on biosecurity, resource management and corporate support matters on our behalf. Although it may be considered so much is taking place, and seemingly all at once, progress has been made in an orderly manner.

Over this last financial year two very important utility assets have been replaced. Water reticulation and wastewater disposal now comply to national health standards and these upgrades will have effect to the future wellbeing of the community and the environment.

The Heartlands building now offers central government agency co-ordination and offers and extends to your social wellbeing.

As a roading maintenance authority, Council's aim has been to provide roads to a certain standard. This report shows clearly where funds have been prioritised. It is encouraging to see fewer accidents and less involving injury.

I take this opportunity to thank the Councillors and my Manager Owen Pickles and his extensive team, for the professional manner in which this business has been managed over this past year. To you the community, thank you for your interest and participation in the direction Council has taken, as shown in this report.



Patrick F Smith QSO, JP  
MAYOR

## **MESSAGE FROM THE GENERAL MANAGER**

The 2004/05 year was a significant year in the history of the Chatham Islands Council. It was the year in which the New Zealand Government agreed that the Council had a future and provided funding to enable it to meet its statutory responsibilities. This followed 3 years of process and research.

The Council was also recognized as being the Regional Authority for the Chatham Islands Territory and with the assistance provided by the Canterbury Regional Council, under contract, began to deliver on its regional responsibilities.

A major focus for the year has been on infrastructure with the following projects having been completed.

- A new Water Supply for Waitangi Township.
- A new Waste Water Disposal System for Waitangi.
- Extension of the Council Office to accommodate a Heartlands Services Office.
- The adoption of a Solid Waste Management Plan.
- An enlarged roading programme with the annual spend being up \$682k on the previous year.
- The beginning of a footpath extension programme in the urban areas.

A sustained effort was also applied to the Council's Emergency Management activities resulting in the adoption of a "best practice" Civil Defence and Emergency Management Plan.

The Council's financial performance has been sound with a net surplus on operations of \$2.4m being achieved. This is due mostly to the Government funded contracts not beginning until late in the year. This is committed to projects that will carry over into the new financial year.

With the Council now being resourced, the work load on staff has increased dramatically.

I acknowledge the support that is provided by my team at the Council Office, by the many people at the Canterbury Regional Council, Napier City Council staff and the various consultants the Council employs, and thank them all for their contributions.

Finally I acknowledge the support provided by the Councillors who have worked hard on providing the required policy directions.



Owen Pickles JP  
General Manager

## ***Groups of Activities***

## **COMMUNITY OUTCOMES**

### **Housing**

To facilitate the establishment of new housing stock to meet the needs of the community.

#### Discussion:

In the Chatham Islands Review (Taylor Baines) 2002, it was recorded that there is a significant lack of good quality housing. This has since been reflected by the strong demand that is displayed when housing becomes available for sale or rental.

There are a number of issues related to housing.

- The availability of suitably sized and priced sections to allow additions to the housing stock;
- House and section sizes and standards, and the location of housing, have to take account of local needs;
- The high price of building materials for construction or maintenance, due to freight costs;
- The high cost of installing services such as sewerage/septic tanks, water and power;
- The lack of available housing to buy or rent deters new settlers;
- The lack of affordable housing prevents young people from leaving home when otherwise (eg in NZ) they would;
- Need for suitable flats and housing upgrades for the elderly;
- Need for "sleep outs" and temporary accommodation for seasonal workers;
- There have been problems for individuals raising housing loans from banks because of perceived lending risks;
- Some potential housing land is subject to Treaty claims that have yet to be negotiated.

#### Strategic Response:

- The Council will work with other Chatham Islands organizations such as Iwi and the Enterprise Trust to develop a climate that encourages the establishment of new housing stock.
- Housing New Zealand provides opportunities to develop housing partnerships with communities. These will be explored and where appropriate introduced to the Islands.

### **Telecommunications**

To facilitate and encourage the establishment of telecommunications services that meet the needs of the Chatham Islands community.

#### Discussion:

The current status of telecommunications and associated information and communications technology (ICT) is a major obstacle to social and economic development on the Chathams. Needs to be assessed include provision of cell phone coverage, improved internet access for homes, businesses and schools, including access via satellite, more lines or dedicated data lines. Then introduction of broadband would be of major benefit.

#### Strategic Response:

- The Chatham Islands Enterprise Trust has taken the lead role with this outcome. The Chatham Islands Council will assist where necessary. The Ministry of Education and Ministry of Economic Development will have input into the introduction of broadband through "Project Probe".

### **Sustainable Economy**

#### Discussion:

The Chatham Islands economy is very fragile. The Islands depend on farming and fishing with a small amount of tourism. Much of the wealth derived from these activities goes off shore. This can involve the processing of the raw product through to the importation of goods and services from mainland New Zealand. The Council derives an income by imposing a "Dut" on all imports and exports, which acts as a disincentive for growth in the economy.

**Strategic Response:**

- The Council will continue to lobby Government for a better deal for Chatham Islanders.
- The Council will participate in economic development strategies that will benefit the Islands' economy.
- The Council will look at ways that will enable the "Council Dues" to be abolished.

**Co-operative Governance**

To create tripartite cooperation by Council, Iwi and Trust.

**Discussion:**

The Chatham Islands Review (Taylor Baines) 2002 identified the need for greater cooperation within the Chatham Islands community. It was proposed that this be achieved by the Chatham Islands Council, Chatham Islands Enterprise Trust, Hokotehi Moriori Trust, Te Runanga O Wharekauri Rekohu Inc and Ngati Mutunga O Wharekauri.

**Strategic Response:**

- The Council will facilitate and encourage the cooperation of Council, Trust and Iwi.
- This cooperation would provide tangible opportunities to the Chatham Islands' dealings with mainland New Zealand, and establish partnerships in terms of the Treaty of Waitangi.

**Community Facilities**

A full range of community facilities have been requested by people. These include:

- To operate a full range of public library services from an accessible public place.
- To provide a museum facility that enables local treasures to be displayed or stored in conditions that are appropriate for their preservation.
- To provide an Art Gallery for the public display of local works of art.
- To establish an indoor sports centre for the promotion of the health and well being of the people.

**Discussion:**

These facilities can be addressed individually or as one large project. All have their own merits and will require a wider community involvement to achieve.

**Strategic Response:**

- Council will conduct further consultation on the community's desire to establish all or some of these facilities.
- Where appropriate the Council will assist with fund raising activities.

**Monitoring Community Outcomes**

To date the Chatham Islands Council has not established systems to monitor community outcomes. A review of the existing Community Outcomes is underway and Council has contracted MWH New Zealand Ltd to prepare activity management plans. These plans and the revised community outcomes will form the basis of the 2006-2016 LTCCP. Once this has been adopted by Council monitoring systems will be implemented to allow Council to report progress towards achieving them.

**Involvement of Maori in the Decision Making Process**

Within the Chatham Islands territory Council recognizes Hokotehi Moriori Trust, Te Runanga O Wharekauri Rekohu Inc and Ngati Mutunga O Wharekauri Inc as groups that represent mana whenua within the territory.

Council is working towards establishing formal relationships with Iwi resident on the islands. This will be progressed following the restructuring of Ngati Mutunga O Wharekauri.

## DEMOCRACY

### What we do & why we do it

#### **Democratic Processes**

This activity includes the planning and support for the Council and its Committees, the provision of information regarding Council business, and the general oversight of the processes that underpin representative local government in the Chatham Islands Territory, including elections.

Carrying out this activity enables Chatham Islands' residents and ratepayers interests to be represented in a fair and equitable manner and provides opportunities for the community to participate in the decision-making processes.

The Chatham Islands Council is a unitary authority with the functions, duties and powers of both a Regional Council and a Territorial Authority conferred on it by the Local Government Act 2002. The Chatham Islands Council Act 1995 provides for the differences that exist between the Chatham Islands Council and other mainland New Zealand Councils.

These Acts describe the purpose of local government as being to enable democratic local decision-making and action by and on behalf of the community and to promote the social, economic, environmental and cultural well-being of the community, in the present and for the future.

In considering the range and diversity of the community that is the Chatham Islands, the Chatham Islands Council recognises the special relationship it has with local Iwi and acknowledges the specific responsibilities it has to Maori under the Local Government Act and under the Resource Management Act.

The Chatham Islands Council Governance Statement provides a comprehensive overview of its governance policies and processes. Copies of the Governance Statement and associated policies and documents can be viewed at the Council office.

#### **Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

#### **Variation from the LTCCP for 2004/05**

Additional funding has been allocated to this area from the contract for regional council assistance. Discretionary expenditure on economic development and local government conferences and meetings was deferred to subsequent years pending confirmation of funding from central government.

#### **Assets**

While no infrastructural assets are involved, this group of activities depends heavily on people and information, being the elected Mayor and Councillors, assisted by the knowledge and experience of staff, coupled with organisational information, systems and processes.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Compliance with the provisions of the Local Government Act, Local Government Official Information and Meeting Act and Standing Orders	100%	70% of residents have seen or read any of Council's published information during the year
2. Notification of meetings	Advertised on Chatham Islands TV no less than five working days prior to the meeting	Achieved
3. Public availability of agendas and attachments	Available at least three working days prior to meetings	Achieved
4. Voter Turnout	Top quartile of New Zealand Authorities	Achieved. 66.4% in the top quartile of New Zealand Authorities

**Cost of services statement**

<b>DEMOCRACY</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Other Income	19,587	13,000	25,000
Grant Regional Council Support	29,167	-	-
<b>Total Revenue</b>	<b>48,754</b>	<b>13,000</b>	<b>25,000</b>
<b>Operating Expenditure</b>	<b>332,066</b>	<b>380,224</b>	<b>332,824</b>
<b>Operating Surplus/(Deficit)</b>	<b>(283,312)</b>	<b>(367,224)</b>	<b>(307,824)</b>
<b>Total to be funded from General Funds</b>	<b>(283,312)</b>	<b>(367,224)</b>	<b>(307,824)</b>
<b>Operating Expenditure includes:</b>			
Elected members	95,698	94,077	90,892
Local Government NZ	3,574	27,650	6,405
Election Expenses	15,717	8,200	271
Servicing Costs	213,945	205,297	235,256
Economic Development	3,132	45,000	-
<b>Operating Expenditure</b>	<b>332,066</b>	<b>380,224</b>	<b>332,824</b>

**LAND TRANSPORT (ROADING)**

**What we do & why we do it**

Council is responsible for all public roads on the Chatham Islands (there are no State Highways). As owner of the roading network Council has legal requirements to provide roads to a certain standard. In addition Council is responsible for all roading related assets – footpaths, kerbs, street lighting and signs.

This activity is carried out so that movement of people and goods within the territory can be convenient and safe. Land transport is part of the essential infrastructure of the territory, vital to well-being and development.

**Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

**Variation from the LTCCP for 2004/05**

General rates were allocated to this group of activities in the LTCCP but actual General Rates collected have not been allocated to specific activities but instead have been treated as part of General Funds. Unbudgeted expenditure on emergency work was required following a major storm in October 2004. Depreciation was less than the budgeted figure as the calculation was based on estimates which were ultimately not the same as the actual numbers.

**Assets**

**Description**

The Chatham Islands Land Transport Strategy sets out the features of the current land transport system and strategies for meeting the Islands’ needs.

The Council is essentially a road maintenance authority with little funding being available for improvement and development. Funding of roads is shared between the Council and the Government via its agent Land Transport New Zealand.

**Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

Additional funds have been provided to enable a progressive upgrade of the roading network.

**Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

Additional funding has been provided for structural bridge repairs at various locations.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Residents’ satisfaction with the roading network	Greater than 75%	55% of residents’ were satisfied with the roading network
2. Numbers of motor vehicle crashes	Fewer than three motor vehicle crashes involving injury	There were 6 motor vehicle accidents reported

**Cost of services statement**

**LAND TRANSPORT (ROADING)**

	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
General Rate	-	329,361	-
Targeted Rate	40,600	37,000	37,973
Grant (LTNZ)	1,685,751	1,603,816	1,145,228
Other Income	7,048	7,500	9,740
<b>Total Revenue</b>	<b>1,733,399</b>	<b>1,977,677</b>	<b>1,192,941</b>
<b>Operating Expenditure</b>	<b>1,978,471</b>	<b>1,817,007</b>	<b>1,530,837</b>
<b>Operating Surplus/(Deficit)</b>	<b>(245,072)</b>	<b>160,670</b>	<b>(337,896)</b>
<b>Capital Expenditure</b>	<b>718,398</b>	<b>656,800</b>	<b>484,281</b>
<b>Total to be funded from General Funds</b>	<b>(963,470)</b>	<b>(496,130)</b>	<b>(822,177)</b>

**Operating Expenditure includes:**

Pavement Maintenance	978,658	954,400	669,005
Bridge Maintenance	50,902	48,800	46,553
Amenity/Safety Maintenance	19,486	14,200	4,166
Street Lighting	1,876	3,500	1,733
Traffic Services	40,263	70,000	52,057
Street Cleaning	6,264	6,300	-
Minor Safety Projects	25,209	33,680	13,222
Professional Services	43,669	50,000	64,285
Emergency Work	75,371		18,000
Administration	37,214	35,000	39,191

**Non Subsidised Works:**

Miscellaneous	18,429	10,000	45,230
Street Cleaning	14,617	14,617	-
Noxious Plants Spraying	32,317	17,000	-
Footpaths	41,681	20,880	-
RAPID	8,836	35,000	-
Quarry & Lime Pit	10,367	-	6,526
Depreciation	573,312	503,630	570,869
<b>Operating Expenditure</b>	<b>1,978,471</b>	<b>1,817,007</b>	<b>1,530,837</b>

**Capital Expenditure includes:**

Area Wide Pavement Treatment	433,866	416,600	269,372
Major Drainage Control	50,718	42,200	60,529
Structural Bridge Repairs	-	-	1,650
Minor Safety Projects	-	98,000	79,429
Bridge Renewals	146,349	100,000	64,870
Seal Extensions	60,269	-	-
Traffic Services	27,196	-	8,431
<b>Capital Expenditure</b>	<b>718,398</b>	<b>656,800</b>	<b>484,281</b>

## SOLID AND HAZARDOUS WASTE MANAGEMENT

### What we do & why we do it

Council provides waste management services for public health reasons and to protect the environment. The current system provides refuse disposal sites at Te One, Kaingaroa and Owenga. These are 24-hour, no supervision operations. The Government has agreed to assist the Council with the establishment of a waste management system that will meet modern health and environmental standards.

### Significant negative effects associated with this group of activities

No significant negative effects have been identified for this group of activities.

### Variation from the LTCCP for 2004/05

Landfill operating costs were lower than expected as a proposed new operating system has been put on hold pending completion of the Waste Management Strategy – this was only completed in June 2005. The costs associated with the Waste Management Strategy were significantly lower than expected as residents were happy with the content and there were no appeals.

### Assets

#### Description

The principal assets supporting this activity are the refuse disposal sites at Te One, Kaingaroa and Owenga. A Solid Waste Management Plan will be adopted by June 2006 after full consultation with the community. This process will determine the future disposal methods of solid and hazardous waste on the Islands.

### Variations from the change in asset capacity forecast in the LTCCP for 2004/05

None

### Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05

The level of maintenance and renewal proposed for 2004/05 is generally in line with that forecast in the LTCCP.

### How we check progress

<u>Measure</u>	<u>Target</u>	<u>Actual</u>
1. To develop an operative waste management strategy for the Chatham Islands.	30 June 2006	Solid Waste Management Strategy adopted May 2005

### Cost of services statement

<b>SOLID AND HAZARDOUS WASTE MANAGEMENT</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Targeted Rates	33,166	31,550	31,363
Other Income	178	1,020	-
<b>Total Revenue</b>	<b>33,344</b>	<b>32,570</b>	<b>31,363</b>
<b>Operating Expenditure</b>	<b>47,740</b>	<b>130,342</b>	<b>45,678</b>
<b>Operating Surplus/(Deficit)</b>	<b>(14,396)</b>	<b>(97,772)</b>	<b>(14,315)</b>
<b>Total to be funded from General Funds</b>	<b>(14,396)</b>	<b>(97,772)</b>	<b>(14,315)</b>
<b>Operating Expenditure includes:</b>			
Landfill Operating	25,332	55,342	45,678
Waste Management Strategy	22,408	75,000	-
<b>Operating Expenditure</b>	<b>47,740</b>	<b>130,342</b>	<b>45,678</b>

**WATER SUPPLY**

**What we do & why we do it**

Council operates a public water supply that services the Waitangi village. With financial assistance from Government this was replaced and enlarged to cover the greater Waitangi area during the 2004/05 financial year.

Providing and maintaining an adequate supply of potable water to consumers and supply for fire fighting purposes contributes to:

- The health of the community
- Community safety through the fire fighting capability of the water supply system
- Industrial and residential development

**Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

**Assets**

**Description**

A public water supply and fire fighting capability for the greater Waitangi area.

**Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

The 2005/06 LTCCP included details of the upgrade of the water supply but did not include an estimate of the cost of the upgrade due to an oversight when preparing the budget. Hence the difference between the budgeted and actual revenue and capital expenditure for 2004/05.

**Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

Next year will be the first full year of operating the recently commissioned new scheme. Additional funding has been provided to cover operating costs.

**How we check progress**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Water quality	Compliance with the determinations of the drinking water standards for New Zealand NZ-2000.	100% compliance with New Zealand drinking water standards
2. Customer response times	To respond to 95% of service interruption events within stated timeframes: a) Within 2 hours to complaints of lost supply b) Restore any lost supply within 8 hours of the fault	No complaints were received
3. Customer satisfaction	80% of consumers are satisfied with the water supply	83% of consumers were satisfied with the water supply

**Cost of Services Statement**

<b>WATER SUPPLY</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Targeted Rates	16,622	57,000	15,984
Capital Grant Income	924,444	-	-
Other Income	1,176	-	470
<b>Total Revenue</b>	<b>942,242</b>	<b>57,000</b>	<b>16,454</b>
<b>Operating Expenditure</b>	<b>59,423</b>	<b>91,376</b>	<b>120,154</b>
<b>Operating Surplus/(Deficit)</b>	<b>882,819</b>	<b>(34,376)</b>	<b>(103,700)</b>
<b>Capital Expenditure</b>	<b>1,019,547</b>	<b>-</b>	<b>-</b>
<b>Total to be funded from General Funds</b>	<b>(136,728)</b>	<b>(34,376)</b>	<b>(103,700)</b>
<b>Operating Expenditure includes:</b>			
Water Supply Operating Costs	51,837	66,376	101,480
Depreciation	7,586	25,000	18,674
<b>Operating Expenditure</b>	<b>59,423</b>	<b>91,376</b>	<b>120,154</b>
<b>Capital Expenditure includes:</b>			
Water Scheme	1,019,547	-	-
<b>Capital Expenditure</b>	<b>1,019,547</b>	<b>-</b>	<b>-</b>

**STORMWATER**

**What we do & why we do it**

Council's main role with stormwater drainage is to control the level of Te Whanga by opening Hikurangi channel as and when required. This is necessary to protect productive land around the shores of Te Whanga from inundation and to maintain the balance of marine life within the lagoon.

There is a small amount of urban stormwater reticulation within the Waitangi village.

The Council's involvement in these activities contributes to:

- Minimising damage to property from flooding
- Reduced erosion and water pollution

**Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

**Assets**

**Description**

The Council currently provides piped stormwater drainage in Wilson Place in Waitangi.

**Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

None.

**Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

None

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Public concern about the rising level of Te Whanga	The Te Whanga outlet will be managed to eliminate the instances of flood.	No action required

**Cost of Services Statement**

<b>STORMWATER</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Total Revenue	-	-	-
Operating Expenditure	2,759	4,742	6,612
Operating Surplus/(Deficit)	(2,759)	(4,742)	(6,612)
Transfer to Reserves	(5,537)	-	-
<b>Total to be funded from General Funds</b>	<b>(8,296)</b>	<b>(4,742)</b>	<b>(6,612)</b>
<b>Operating Expenditure includes:</b>			
Stormwater Operating Costs	2,759	4,742	6,612
<b>Operating Expenditure</b>	<b>2,759</b>	<b>4,742</b>	<b>6,612</b>

**WASTEWATER (SEWERAGE)**

**What we do & why we do it**

Council operates a wastewater scheme that services part of Waitangi village.

In 2004 Council completed construction on a scheme that serves all of Waitangi and replaced the earlier failed disposal system with a new one. This work was dependant on Government funding approvals.

Collection, treatment and disposal of wastewater contributes to:

- The health of the community
- Minimising adverse environmental effects
- Residential and industrial development

**Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

**Variation from the LTCCP for 2004/05**

The tender for the wastewater system was higher than the initial estimate and as a result both the expenditure and the related grant increased. The project was funded almost exclusively from a capital grant.

**Assets**

**Description**

A sewage system that serves all of Waitangi.

**Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

None.

**Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

This will be the first full year of operating the recently commissioned new scheme. Additional funding has been provided to cover operating costs.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Compliance with resource consent conditions	100%	Achieved

Additional measures and targets will be developed for the 2006 LTCCP.

**Cost of services statement**

**WASTEWATER (SEWERAGE)**

	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Targeted Rates	21,284	22,291	18,792
Capital Grants	986,812	750,000	-
<b>Total Revenue</b>	<b>1,008,096</b>	<b>772,291</b>	<b>18,792</b>
<b>Operating Expenditure</b>	<b>72,718</b>	<b>93,506</b>	<b>65,174</b>
<b>Operating Surplus/(Deficit)</b>	<b>935,378</b>	<b>678,785</b>	<b>(46,382)</b>
<b>Capital Expenditure</b>	<b>795,372</b>	<b>750,000</b>	<b>-</b>
<b>Total to be funded from General Funds</b>	<b>140,006</b>	<b>(71,215)*</b>	<b>(46,382)</b>
<small>*LTCCP disclosure amended for clarity &amp; consistency</small>			
<b>Operating Expenditure includes:</b>			
Operating	19,632	68,506	17,630
UV Disinfection	-	-	-
Maintenance	51,684	-	36,469
Depreciation	1,402	25,000	11,075
<b>Operating Expenditure</b>	<b>72,718</b>	<b>93,506</b>	<b>65,174</b>
<b>Capital Expenditure includes:</b>			
Sewerage Scheme	795,372	750,000	-
<b>Capital Expenditure</b>	<b>795,372</b>	<b>750,000</b>	<b>-</b>

## COMMUNITY SERVICES

### What we do & why we do it

This group of activities includes, Arts and Heritage (includes Chatham Islands Museum), Morgue and Cemeteries, Community Support, Housing, Town Hall, Parks and Reserves, Library Services, Public Conveniences, and Grants and Donations.

The Chatham Islands Council considers social and community development to be the cornerstones of the well-being of the Chatham Islands community. It views recreation, arts and culture as essential to the health and well-being of society and believes that a strong community is knowledgeable of its heritage, and preserves and respects achievements of the past.

Council provides grants and donations for social and community development groups from within existing budgets and assists community groups to access funds from other (non-Council) sources. It also works with specific sectors of the community to provide liaison between community organisations, and develops partnerships with and between central government and non-government organisations.

Access to information is a pre-requisite for effective participation in all realms of activity. To meet this end the Council is proposing to establish a public library system that ensures that there is equitable opportunity for people to access the information they need to participate fully in the community as informed citizens. The proposed library is part of a larger complex that may include the Council office, Enterprise Trust office, meeting facilities, information centre and art gallery. An indoor sports stadium is also a possibility.

These developments have been proposed for completion at the end of this plan (10 years out) and will rely on community support, fund raising and grants to become a reality.

The Council undertakes these activities by way of the following roles:

- A partner of groups and individuals actively involved in building and strengthening community well-being on the Chatham Islands
- A planner, coordinator and facilitator of community development
- A custodian manager of community resources and assets
- A provider of information and resources to assist and promote community development

### **Significant negative effects associated with this group of activities**

Many of the activities in this group of activities are highly dependant upon the contributions made by volunteers. The small population and related funding base will make some of these initiatives difficult to achieve. The Council will be seeking to find ways and means of assisting organisations to recruit and retain volunteers, to provide appropriate training, and to ensure that the volunteer experience is a positive and rewarding one.

### **Variation from the LTCCP for 2004/05**

Budgeted income and expenditure on parks and reserves projects including new public toilets and a childrens playground did not eventuate during the year.

### **Assets**

#### **Description**

Council owns three rental houses and three community flats. Other assets supporting this group of activities are the Town Hall, the Museum and its collections, parks and reserves, memorials and cemeteries. An Asset Management Plan is in place for the Council's parks and reserves. The Council will develop strategies for arts, culture and heritage in 2005/06

### **Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

None.

### **Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

Additional funding has been provided for maintaining the new children's playground and public toilet in Waitangi and loan servicing for the recently opened Heartland Office.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Compliance with NZS 5828 for safety of playground equipment	100%	Playground under construction
2. Public satisfaction with Council-provided community services	Zero complaints received	Not measured
3. Occupancy rates of Council housing	Greater than 95%	100% occupancy rates of Council housing
4. Offending Rates	Positive reporting by Police	No positive reporting received
5. Response time for complaints and faults	a) Investigate complaints relating to operations and facilities within 12 hours b) Remedy minor faults within 24 hours	No complaints received

**Cost of services statement**

<b>COMMUNITY SERVICES</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Grants	28,210	27,900	10,432
Museum	377	600	501
Cemetery and Mortuary	1,422	4,550	997
Parks and Reserves	-	59,000	24,800
Housing	29,195	31,720	29,463
Community Buildings	30,129	22,700	15,797
<b>Total Revenue</b>	<b>89,333</b>	<b>146,470</b>	<b>81,990</b>
<b>Operating Expenditure</b>	<b>284,107</b>	<b>347,564</b>	<b>132,710</b>
<b>Operating Surplus/(Deficit)</b>	<b>(194,774)</b>	<b>(201,094)</b>	<b>(50,720)</b>
<b>Capital Expenditure</b>	<b>(247,480)</b>	<b>(182,000)</b>	-
<b>Transfer to Reserves</b>	<b>(50,854)</b>	-	-
<b>Loans Raised</b>	<b>220,000</b>	-	-
<b>Total to be funded from General Funds</b>	<b>(273,109)</b>	<b>(383,094)</b>	<b>(50,720)</b>

**Operating Expenditure includes:**

Museum	5,878	7,761	1,213
Cemetery and Mortuary	20,690	39,773	14,917
Grants – External Organisations	62,372	46,182	18,395
Donations – Council funds	76,463	44,323	15,206
Forestry	2,108	3,343	1,226
Parks and Reserves	37,377	117,276	15,395
Housing	25,372	28,457	36,580
Community Buildings	53,847	60,449	29,778
<b>Operating Expenditure</b>	<b>284,107</b>	<b>347,564</b>	<b>132,710</b>

**Capital Expenditure includes:**

Waitangi Public Toilets	-	35,000	-
Waitangi Children's Playground	14,070	20,000	-
Heartland Office Establishment	233,410	127,000	-
<b>Capital Expenditure</b>	<b>247,480</b>	<b>182,000</b>	-

**Transfers to Reserves includes:**

Burial Register	20,000	-	-
Museum Collection Valuation	25,000	-	-
Community Trust of Canterbury Receipt	24,921	-	-
Community Trust of Canterbury Expended	(19,067)	-	-
<b>Transfers to Reserves</b>	<b>50,854</b>	-	-

## CONSENTS AND COMPLIANCE

### What we do & why we do it

The Resource Management Act 1991 charges Council with the statutory function of receiving, processing and granting resource consents including certificates of compliance.

As a Unitary Authority, Council is responsible for Regional, District, as well as coastal functions. There are five types of consents that Council must process:

- Land use, including the erection of buildings and land disturbance as well as the use of riverbeds and lakes.
- Subdivision of land.
- Coastal marine, including reclamation of the foreshore or seabed, the erection or demolition of structures and occupancy of the coastal marine area, including marine farming.
- Water, including the taking, damming or diversion of water.
- Discharge of contaminants into the environment being water, land and air.

The majority of resource consents are approved subject to conditions. Council will work closely with consent holders to ensure compliance.

The Building Act 1991 charges Council with the responsibility of receiving, processing and issuing building consents to ensure compliance with the New Zealand Building Code. The Council relies on advice from Napier City Council for this task and acknowledges the support that they provide.

Council also has responsibility to protect and promote public health by undertaking the licensing and inspection of premises and enforcement of standards to ensure compliance with the Health Act 1956, Sale of Liquor Act 1989, Local Government Act 2002 and Hazardous Substances and New Organisms Act 1996 and Council bylaws.

Council is responsible for the abatement of nuisances, control of pollution to the air and land and environmental noise monitoring.

### Significant negative effects associated with this group of activities

While conditions on consents may constrain individuals' choices or actions, benefits accrue to the wider community and the environment from having conditions.

### Assets

While no infrastructural assets are involved, this group of activities depends heavily on people and information. It is assisted by the knowledge and experience of staff from the Napier City Council, Environment Canterbury, Healthcare Hawkes Bay and the New Zealand Police.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Timeframes for processing regulatory licensing and consent applications	Hold or decline in processing times	Achieved. Adequately processed in the timeframes required in relation to the type or nature of a consent application or licensing matter
2. Compliance with resource consent conditions	Maintain a database for monitoring of resource consent conditions	No monitoring undertaken
3. Compliance with public health standards	Carry out at least one inspection annually of all food premises, & premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders	Achieved. One public health inspection carried out this year
4. Compliance with safety standards	Carry out at least one inspection annually of all dangerous goods premises where dangerous goods are manufactured, stored or used	This is now the responsibility of the Environment Risk Management Authority (ERMA)
5. Responsiveness to complaints of non-compliance with Resource Management and Building Act statutory requirements	Resolve all complaints, or develop a resolution strategy, within 21 days of receipt	No complaints received
6. Pollution incidences, environmental noise and nuisances within the community	Respond to and investigate incidents that threaten public health within two working days	No complaints received

**Cost of services statement**

<b>CONSENTS AND COMPLIANCE</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Dangerous Goods	-	-	1,900
Bylaws	-	500	-
Liquor Licensing	4,325	3,150	3,752
Health Inspection	3,227	2,400	3,222
Building Control	8,601	5,870	9,313
<b>Total Revenue</b>	<b>16,153</b>	<b>11,920</b>	<b>18,187</b>
<b>Operating Expenditure</b>	<b>27,969</b>	<b>35,797</b>	<b>22,716</b>
<b>Operating Surplus/(Deficit)</b>	<b>(11,816)</b>	<b>(23,877)</b>	<b>(4,529)</b>
<b>Total to be funded from General Funds</b>	<b>(11,816)</b>	<b>(23,877)</b>	<b>(4,529)</b>

**Operating Expenditure includes:**

Dangerous Goods	-	-	2,958
Bylaws	2,107	3,143	-
Liquor Licensing	8,150	10,661	4,285
Health Inspections	8,659	9,938	2,508
Building Control	9,053	12,055	12,965
<b>Operating Expenditure</b>	<b>27,969</b>	<b>35,797</b>	<b>22,716</b>

## Environment

### What we do & why we do it

The environment function of Council is carried out in terms of the requirements of the Resource Management Act 1991 (RMA). This function requires the monitoring and reporting on the state of the Chatham Islands environment – its land, air, water and coastal resources; and review, at not less than 10 year intervals, of policy for managing the natural and physical resources of the Chatham Islands. Ensuring the ongoing involvement of the community in defining issues, developing policy and through to implementing best practice methods to manage issues, is an important part of the function.

### **Monitoring Activities**

Council is required to monitor the state of the environment, so it can effectively carry out its functions under the RMA. Monitoring of various resources can provide us with information that will:

- inform us about the current condition of the environment;
- tell us what the key pressures on the environment are, whether the environment is getting better or worse and what Council is doing or intending to do to look after the environment;
- allow Council to assess the effectiveness of policies and methods relating to environmental management;
- raise awareness of environmental issues in the community;
- assist in making suggestions on ways to reduce adverse environmental effects; and
- enable Council to support a range of practical, on the ground responses, to address specific issues.

The Council's monitoring programmes will commence following the appointment of Environment Canterbury as the Council's regional council partner.

### **Air**

The air quality of the Chathams could be adversely affected by a localized nuisance or a major industry process, particularly in proximity to sensitive land uses.

### **Water**

Water resources, which include rivers, lakes, wetlands, lagoons and groundwater play a critical role in the social, economical, ecological and landscape fabric of the Islands. The Te Whanga lagoon is of major significance to Iwi and is generally viewed as a valuable community resource due to food gathering and historical associations. It contains significant ecosystem values, including remnants of broad leaved forests, wetland rush species and a rich and diverse fish and bird life.

Water quality can be adversely affected as a result of contaminants from point source discharges and "non-point source" discharges. Due to the absence of major industrial enterprises (except for the fish factories which discharge into coastal waters) there are only a relatively small number of point source discharges.

### **Land**

The Chatham Islands' geology, isolation, topography, climate and soils have given rise to unique natural environments. Many of the animal and plant species present are endemic to the Chathams. Forest cover is now rare in northern and central Chatham Island and the north of Pitt Island. Some of the remaining areas, particularly many small forest remnants are under pressure from the effects of stock and wind. Wetlands are affected by grazing, occasional burning and activities such as sphagnum moss harvesting. Pests such as possums continue to cause damage while indigenous species, such as akeake have been used for firewood purposes. As a consequence, habitats of much of the indigenous fauna have been severely affected by reduction in area and fragmentation and are also vulnerable to predators such as cats and rats. Some natural features and landscapes can potentially be adversely affected by development pressures.

Retention of natural resources has benefits for the community in terms of the character of the Islands, amenity values, visual appreciation, conservation and as an attraction for visitors.

**Coastal resources**

The coastal environment is important to the Chatham Islands and beyond because it is a major economic resource for commercial fishing, has great potential for marine farming, and port related activities. These sometimes conflicting activities place pressure on the marine environment but the longer term impacts of some of these activities are not well understood.

Legislative changes in respect of aquaculture activities and the foreshore and seabed may have implications for responses in respect of policy development and subsequent processing of resource consents.

**Significant negative effects associated with this group of activities**

None.

**Variation from the LTCCP for 2004/05**

Environment Canterbury is assisting the Council to review its environmental management work programmes. While the cost of this has been incorporated into the budget, details of changes to work programmes in this area are not available at the time of writing.

**Assets**

While no assets are currently involved in monitoring the environment, it is possible that environmental monitoring equipment may need to be installed at some time in the future.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Compliance with resource consent conditions	100%	Not measured

Additional measures and targets will be developed for the 2006 LTCCP.

**Cost of services statement**

<b>ENVIRONMENT</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
User Pays – Consent Application Fees	2,539	4,000	4,461
Grant - Regional Council Support	52,500	-	-
Other Income	1,556	500	-
<b>Total Revenue</b>	<b>56,595</b>	<b>4,500</b>	<b>4,461</b>
<b>Operating Expenditure</b>	<b>102,259</b>	<b>380,427</b>	<b>27,820</b>
<b>Operating Surplus/(Deficit)</b>	<b>(45,664)</b>	<b>(375,927)</b>	<b>(23,359)</b>
<b>Total to be funded from General Funds</b>	<b>(45,664)</b>	<b>(375,927)</b>	<b>(23,359)</b>
<b>Transfer from General Reserve</b>	-	-	-
<b>Transfer to RMA Document Fund</b>	<b>28,500</b>	-	-

**Operating Expenditure includes:**

RMA Document Fund	-	28,500	-
Operational Costs Regional	52,500	165,000	-
Operational Costs District	49,759	63,594	27,820
Coastal planning	-	33,333	-
Miscellaneous Projects	-	75,000	-
Contingency	-	15,000	-
<b>Operating Expenditure</b>	<b>102,259</b>	<b>380,427</b>	<b>27,820</b>

**Animal and Plant Pest Control (Biosecurity)**

**What we do & why we do it**

This activity helps ensure the economic and ecological sustainability of the Territory. Council will carry out pest management in accordance with National and Regional Pest Management Strategies prepared in conjunction with stakeholders and in compliance with the Resource Management Document, and with the Biosecurity Act 1993 and Resource Management Act 1991.

The Chatham Islands is in a unique situation, as its isolation has meant that many of the animal and pest plants common in New Zealand have either not entered the Territory as a whole or are present on only some of the Islands. The introduction of such pests could have a devastating effect on the economy and many of the ecosystems of the Islands.

In this respect the land based activities such as farming are economically fragile and an inappropriate pest could seriously threaten the financial viability of many Chatham Islanders. Many of the flora and fauna species and ecosystems are endemic to the Chathams and if adversely affected by pests, could disappear from their natural habitats.

**Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

**Variation from the LTCCP for 2004/05**

Environment Canterbury is assisting the Council to review its animal and plant pest management work programmes. While the cost of this has been incorporated into the budget, details of changes to work programmes in this area are not available at the time of writing.

**Assets**

This group of activities depends heavily on people and information.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Long-term (5 year+) trends in containment/control of plant pests	No new infestations outside known areas	A bio-security strategy is currently being developed
2. Long-term (5 year+) trends in total control of pests	Measurable decline over time	Not measured
3. Land occupier	100% compliance where containment/control is required under the Council's Pest Management Strategy	Not measured

**Cost of services statement**

**ANIMAL & PLANT PEST CONTROL  
(BIOSECURITY)**

	Actual 2004/05 \$	LTCCP 2004/05 \$	Actual 2003/04 \$
Grant – Regional Council Support	50,417	-	-
<b>Total Revenue</b>	<b>50,417</b>	<b>-</b>	<b>-</b>
<b>Operating Expenditure</b>	<b>50,595</b>	<b>200,000</b>	<b>27,288</b>
<b>Operating Surplus/(Deficit)</b>	<b>(178)</b>	<b>(200,000)</b>	<b>(27,288)</b>
<b>Total to be funded from General Funds</b>	<b>(178)</b>	<b>(200,000)</b>	<b>(27,288)</b>
<b>Operating Expenditure includes:</b>			
Operational Expenses	21,428	200,000	27,288
Border Control	29,167	-	-
<b>Operating Expenditure</b>	<b>50,595</b>	<b>200,000</b>	<b>27,288</b>

**DOG AND ANIMAL CONTROL**

**What we do & why we do it**

Council carries out animal control functions in accordance with the Dog Control Act 1996, the Impounding Act 1995 and animal control bylaws. This includes control of dogs, stock on public roads and other domestic animals. A large part of the activity involves dogs and dog registrations.

**Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

**Assets**

Dog and stock pounds.

**Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

None.

**Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

None.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Response times	a) Attend to dog attacks and rushes which have just occurred within 1 hour b) Attend to possible threats to public safety within 5 hours c) Attend to complaints of general nuisance within 48 hours d) Investigate all other complaints within two working days	a) No dog attacks reported b) No possible threats reported c) All general nuisance complaints have been attended to within the 48 hour timeframe d) All other complaints have been attend to within the two day timeframe
6. Cost recovery rates	Recover all dog control costs through registration fees and fines	78% achieved.

**Cost of services statement**

**DOG AND ANIMAL CONTROL**

	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Dog Registration Fees	10,562	13,243	14,030
Other dog recoveries	1,892	700	-
Stock pound recoveries	1,571	-	-
<b>Total Revenue</b>	<b>14,025</b>	<b>13,943</b>	<b>14,030</b>
<b>Operating Expenditure</b>	<b>21,145</b>	<b>18,751</b>	<b>13,519</b>
<b>Operating Surplus/(Deficit)</b>	<b>(7,120)</b>	<b>(4,808)</b>	<b>511</b>
<b>Total to be funded from General Funds</b>	<b>(7,120)</b>	<b>(4,808)</b>	<b>511</b>

**Operating Expenditure includes:**

Dog Control and treatment	13,266	4,150	11,228
Dog Pound Costs	1,926	840	796
Stock Pound	5,953	4,808	1,495
Administration	-	8,953	-
<b>Operating Expenditure</b>	<b>21,145</b>	<b>18,751</b>	<b>13,519</b>

## **EMERGENCY MANAGEMENT / RURAL FIRE**

### **What we do & why we do it**

The Civil Defence and Emergency Management Act 2002 imposed statutory obligations on Council to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, response and recovery after an event. The Act requires an "all hazards" approach. This includes tsunami, earthquakes, floods, oil spills and winds to name a few. Council is part of the Chatham Islands Civil Defence Emergency Management Group, and is required to have in place a Civil Defence Emergency Management Group Plan.

Amongst other requirements the plan describes:

- The hazards and risks to be managed by the group
- Emergency management policies and procedures in place to manage the hazards and risks
- Arrangements for declaring a state of emergency in the area

The Council is also a Rural Fire Authority under the Forest and Rural Fires Act 1977. It must meet requirements for the prevention, detection and suppression of rural fires, and must comply with the Rural Fire Management Code of Practice for equipment standards and competency requirements for fire fighting personnel.

### **Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

### **Variation from the LTCCP for 2004/05**

Environment Canterbury is assisting the Council to review its civil defence emergency management programmes. While the cost of this has been incorporated into the 2005/06 budget, details of changes to work programmes in this area are not available at the time of writing.

### **Assets**

#### **Description**

Provision of facilities for use as an Emergency Management Operations Centre during emergencies.

The Council holds marine oil spill response equipment, which is on loan to the Council from the Maritime Safety Authority.

### **Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

None.

### **Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

None.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Identification of hazards	Hazards are identified and planned for	Completion of the CDEM Group Plan adopted May 2005
2. Staff Competencies	All staff and volunteers are appropriately trained and resourced	No training and resourcing undertaken this year
3. Facility Quality	Emergency management equipment, control facilities and communication systems are well maintained and upgraded as required	No emergency management equipment available, communication systems maintained
4. Fire Permitting Compliance	Rural fire permit processes comply with statutory requirements	No audit of rural fire permit processes undertaken to determine compliance
5. Response to Events	Emergency events are responded to promptly and efficiently	No emergency events reported
6. Recovery from Events	a) Immediate welfare needs of those affected have been met b) Systems have been established or re-established to assist individual and community self-sufficiency c) Essential services have been restored to minimum operating levels	No emergency events reported

**Cost of services statement**

<b>EMERGENCY MANAGEMENT/RURAL FIRE</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Grant – Regional Council Support	5,833	-	-
Civil Defence grant	3,621	4,000	2,153
Rural Fire grant	-	5,000	-
Maritime Safety grant	-	10,000	-
<b>Total Revenue</b>	<b>9,454</b>	<b>19,000</b>	<b>2,153</b>
<b>Operating Expenditure</b>	<b>47,758</b>	<b>65,273</b>	<b>5,118</b>
<b>Operating Surplus/(Deficit)</b>	<b>(38,304)</b>	<b>(46,273)</b>	<b>(2,965)</b>
<b>Total to be funded from General Funds</b>	<b>(38,304)</b>	<b>(46,273)</b>	<b>(2,965)</b>
<b>Operating Expenditure includes:</b>			
Civil Defence	22,736	19,329	2,962
Rural Fire	13,166	28,803	2,156
Maritime Safety	11,856	17,141	-
<b>Operating Expenditure</b>	<b>47,758</b>	<b>65,273</b>	<b>5,118</b>

**HARBOUR CONTROL**

**What we do & why we do it**

Harbour control is undertaken primarily to ensure safety in the Territory's waterways. The Chatham Islands have approximately 360 kilometres of coastline that is used extensively for commercial fishing, some recreational purposes and potential aquaculture industries. The Council is tasked with the responsibility of addressing matters of navigation and safety within this area as required by the Local Government Act 2002 and the Maritime Transport Act 1994.

The Maritime Transport Act 1994 also requires Council to prepare, maintain and review Regional Marine Oil Spill Contingency Plans. For the purpose of oil spill response, the Chatham Islands Region's area of responsibility extends to the 12 nautical mile territorial boundary.

**Significant negative effects associated with this group of activities**

No significant negative effects have been identified for this group of activities.

**Variation from the LTCCP for 2004/05**

Environment Canterbury is assisting the Council to review its harbour management programmes. While the cost of this has been incorporated into the 2005/06 budget, details of changes to work programmes in this area are not available at the time of writing.

**Assets**

**Description**

The assets involved in harbour control are the network of navigational aids. The Council owns the wharf at Owenga.

**Variations from the change in asset capacity forecast in the LTCCP for 2004/05**

The upgrade on the Owenga Wharf was postponed to enable further engineering assessment work to be done. The project has been reprogrammed and is expected to be completed during March 2006.

**Variations from the level of maintenance and renewal forecast in the LTCCP for 2004/05**

None.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Condition of navigational aid network	a) Leading lights are inspected quarterly b) Outages are replaced within 24 hours	Under contract and checked regularly
2. Number of Training exercises	At least one water equipment deployment exercise conducted annually	No training undertaken this year
3. Time to respond	Oil spill reports evaluated within one hour of notification	No oil spill incidences reported

**Cost of services statement**

**HARBOUR CONTROL**

	Actual 2004/05 \$	LTCCP 2004/05 \$	Actual 2003/04 \$
Grant – Regional Council Support	21,667		
Other Income	17,481	13,500	15,208
<b>Total Revenue</b>	<b>39,148</b>	<b>13,500</b>	<b>15,208</b>
<b>Operating Expenditure</b>	<b>91,652</b>	<b>99,243</b>	<b>34,590</b>
<b>Operating Surplus/(Deficit)</b>	<b>(52,504)</b>	<b>(85,743)</b>	<b>(19,382)</b>
<b>Capital Expenditure</b>	<b>-</b>	<b>260,000</b>	<b>-</b>
<b>Total to be funded</b>	<b>(52,504)</b>	<b>(345,743)</b>	<b>(19,382)</b>
<b>To be funded from General Funds</b>	<b>(52,504)</b>	<b>(85,743)*</b>	<b>(19,382)</b>
<b>To be funded from Loans</b>	<b>-</b>	<b>(260,000)</b>	<b>-</b>
		* LTCCP disclosure amended for clarity & consistency	
<b>Operating Expenditure includes:</b>			
Undaria Monitoring	2,800	10,000	4,000
Maritime Safety	32,800	12,000	2,194
Marine Radio	8,363	-	-
Waitangi Harbour	29,783	-	20,468
Owenga Harbour	9,543	77,243	7,928
Kaiangaroa Harbour	8,363	-	-
<b>Operating Expenditure</b>	<b>91,652</b>	<b>99,243</b>	<b>34,590</b>
<b>Capital Expenditure includes:</b>			
Owenga Wharf Upgrade	-	260,000	-
<b>Capital Expenditure</b>	<b>-</b>	<b>260,000</b>	<b>-</b>

**CORPORATE SERVICES**

Corporate services costs are allocated to all other groups of activities.

**Cost of services statement**

<b>CORPORATE SERVICES</b>	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Other Income	10,029	7,780	14,749
Grant – Regional Council Support	85,833	-	-
Internal Recoveries	468,453	313,687	389,182
<b>Total Revenue</b>	<b>564,315</b>	<b>321,467</b>	<b>403,931</b>
<b>Operating Expenditure</b>	<b>564,315</b>	<b>321,467</b>	<b>403,931</b>
<b>Operating Surplus/(Deificit)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Expenditure</b>	<b>16,888</b>	<b>-</b>	<b>-</b>
<b>Total to be funded from General Funds</b>	<b>16,888</b>	<b>-</b>	<b>-</b>
<b>Operating Expenditure includes:</b>			
Operating	538,750	299,467	377,043
Depreciation	25,565	22,000	26,888
<b>Operating Expenditure</b>	<b>564,315</b>	<b>321,467</b>	<b>403,931</b>
<b>Capital Expenditure includes:</b>			
Vehicle	16,888	-	-
<b>Capital Expenditure</b>	<b>16,888</b>	<b>-</b>	<b>-</b>

***Financial Statements***  
***For the year ended***  
***30 June 2005***

**FINANCIAL COMPLIANCE & RESPONSIBILITY****Compliance**

The Council and management of Chatham Islands Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Part 6, section 98 and Schedule 10 of the Local Government Act 2002, have been complied with.

**Responsibilities**

The Council and management accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management the annual financial statements for the year ended 30 June 2005 fairly reflect the financial position, results of operations and service performance of Chatham Islands Council.



Patrick F Smith QSO, JP  
**Mayor**



Owen Pickles, JP  
**General Manager**



## AUDIT REPORT

### TO THE READERS OF CHATHAM ISLANDS COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of the Chatham Islands Council. The Auditor-General has appointed me, J R Smaill, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Council for the year ended 30 June 2005, including the financial statements.

#### Unqualified Opinion

In our opinion:

- The financial statements of the Chatham Islands Council on pages 5 to 49:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - . the Chatham Islands Council's financial position as at 30 June 2005; and
    - . the results of its operations and cash flows for the year ended on that date.
- The service provision information of the Chatham Islands Council on pages 5 to 31 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements"), including the provisions of Clause 15(f) of Schedule 10 relating to the significant acquisitions or replacements of assets.

The audit was completed on 20 October 2005, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

#### Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;

- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements and the other requirements. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Chatham Islands Council as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Chatham Islands Council.



J R Smail  
 Audit New Zealand  
 On behalf of the Auditor-General  
 Wellington, New Zealand

### **Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of Chatham Islands Council for the year ended 30 June 2005 included on Chatham Islands Council's web site. The Council is responsible for the maintenance and integrity of the Chatham Islands Council's web site. We have not been engaged to report on the integrity of the Chatham Islands Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 20 October 2005 to confirm the information included in the audited financial statements presented on this web site.

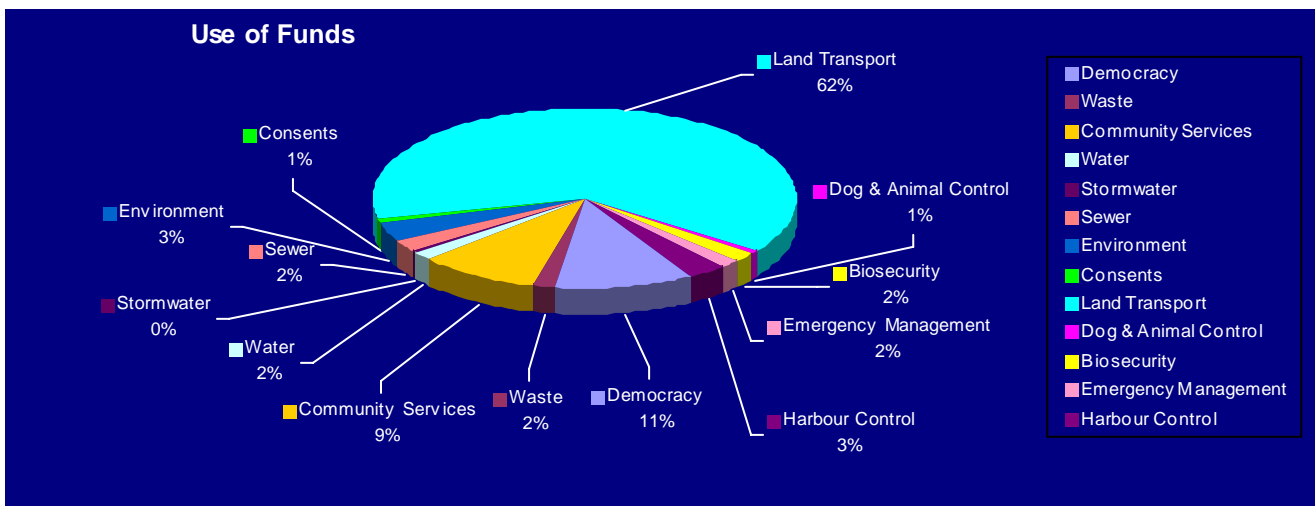
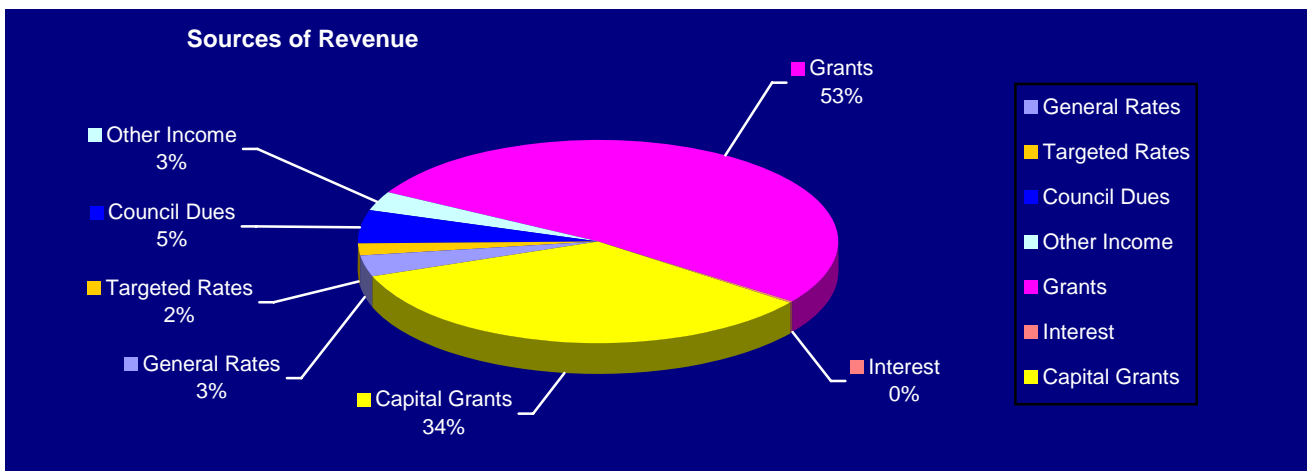
Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**FINANCIAL HIGHLIGHTS**

The 2005 financial year is the first year that significant financial assistance has been received from the government. Grant revenue received for the year included \$3.1 million for assistance with local government functions and capital expenditure on water and sewer projects. In addition, grants for roading totalled \$1.7 million with just under \$500 thousand being spent on capital works.

Rates as a proportion of total revenue have declined to 5.4% from 15.5% and Council Dues have declined to 5.1% from 13.6%.

The Enterprise Charitable Trust has advanced a small loan to Council. The loan is for a 20 year term however the Enterprise Trust has only agreed to fund it for the first five years. Refinancing will be required from Year 6 onwards.



<b>Council Financial Statistics</b>	<b>Actual 2004/05</b>	<b>Actual 2003/04</b>
Proportion of Rates Revenue to Total Revenue	5.4%	15.5%
Proportion of Dues Revenue to Total Revenue	5.1%	13.6%
Net Public Debt (as a percentage of Total Assets)	0.5%	0%
Public Debt (per rateable property)	\$435	\$0
Public Debt (per head of population)	\$293	\$0

**STATEMENT OF FINANCIAL PERFORMANCE**

For the Year Ending 30 June 2005

	Note	Actual 2004/05 \$	LTCCP 2004/05 \$	Actual 2003/04 \$
Total Revenue	1 & 2	5,608,613	4,263,350	1,857,544
Operating Expenditure	1 & 3	3,207,127	3,370,325	2,365,040
Operating Surplus/(Deficit)		2,401,486	893,025	(507,496)

**STATEMENT OF MOVEMENTS IN EQUITY**

For the Year Ending 30 June 2005

	Note	Actual 2004/05 \$	LTCCP 2004/05 \$	Actual 2003/04 \$
Equity at the start of the year	6	36,833,963	37,820,429	37,341,459
Net Surplus/(Deficit) for the year	6	2,401,486	893,025	(507,496)
Total Recognised Revenue & Expenses		2,401,486	893,025	(507,496)
Equity at the end of the year	6	39,235,449	38,713,454	36,833,963

The statement of accounting policies and the notes to the accounts form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2005

	Notes	Actual 2004/05 \$	LTCCP 2004/05 \$	Actual 2003/04 \$
<b>Public Equity</b>				
Accumulated Funds & Reserves	6	39,235,449	38,713,454	36,833,963
<b>Total Public Equity</b>		<b>39,235,449</b>	<b>38,713,454</b>	<b>36,833,963</b>
<i>Represented by:</i>				
<b>Current Assets</b>				
Cash & Bank		274,602	121	121
Accounts Receivable & Accruals	7	596,957	278,000	317,567
		871,559	278,121	317,688
<b>Non Current Assets</b>				
Fixed Assets	4 & 5	39,577,243	39,595,948	37,430,181
		39,577,243	39,595,948	37,430,181
<b>Total Assets</b>		<b>40,448,802</b>	<b>39,874,069</b>	<b>37,747,869</b>
<b>Current Liabilities</b>				
ANZ & Call Accounts		-	201,378	476,121
Accounts Payable & Accruals	8	836,353	466,387	280,785
		836,353	667,765	756,906
<b>Non Current Liabilities</b>				
Provision for landfill closure costs	9	157,000	105,200	157,000
Term Liabilities	10	220,000	387,650	-
		377,000	492,850	157,000
<b>Total Liabilities</b>		<b>1,213,353</b>	<b>1,160,615</b>	<b>913,906</b>
<b>Net Assets</b>		<b>39,235,449</b>	<b>38,713,454</b>	<b>36,833,963</b>

The statement of accounting policies and the notes to the accounts form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENT OF CASH FLOWS**  
For the Year Ending 30 June 2005

	Notes	Actual 2004/05 \$	LTCCP 2004/05 \$	Actual 2003/04 \$
<b>Cash Flow from Operating Activities</b>				
<i>Cash is Provided from:</i>				
Rates		299,442	310,270	305,936
Dues		285,515	265,000	211,608
Roading Assistance		1,807,951	1,401,305	1,144,654
Central Government Assistance		1,225,049	1,305,922	-
Capital Grants		1,911,256	750,000	-
Interest		17,013	-	340
Other Receipts		144,205	230,891	93,755
		<u>5,690,431</u>	<u>4,263,388</u>	<u>1,756,293</u>
<i>Cash is applied to:</i>				
Employees		333,696	123,619	194,560
Supplies and Services		2,028,438	2,581,948	1,479,909
		<u>2,362,134</u>	<u>2,705,567</u>	<u>1,674,469</u>
<b>Net Cash Flow from Operating Activities</b>	<b>11</b>	<b><u>3,328,297</u></b>	<b><u>1,557,821</u></b>	<b><u>81,824</u></b>
<b>Cash Flow from Investing Activities</b>				
<i>Cash is applied to:</i>				
Purchase of Assets		2,797,695	1,958,000	546,241
<b>Net Cash Flow from Investing Activities</b>		<b><u>(2,797,695)</u></b>	<b><u>(1,958,000)</u></b>	<b><u>(546,241)</u></b>
<b>Cash Flow from Financing Activities</b>				
<i>Cash is provided from:</i>				
Loans Raised		220,000	387,000	-
<i>Cash is applied to:</i>				
Repayment of Loans		-	19,350	-
<b>Net Cash Flow from Financing Activities</b>		<b><u>220,000</u></b>	<b><u>367,650</u></b>	<b><u>-</u></b>
<b>Increase/(Decrease) in Cash Held</b>		<b><u>750,602</u></b>	<b><u>(32,529)</u></b>	<b><u>(464,417)</u></b>
<b>Opening Cash Balance</b>		<b><u>(476,000)</u></b>	<b><u>(168,728)</u></b>	<b><u>(11,583)</u></b>
<b>Closing Cash Balance</b>		<b><u>274,602</u></b>	<b><u>(201,257)</u></b>	<b><u>(476,000)</u></b>
<b>Made up of:</b>				
<b>Cash on hand</b>		<b><u>121</u></b>	<b><u>121</u></b>	<b><u>121</u></b>
<b>ANZ &amp; Call Accounts</b>		<b><u>274,481</u></b>	<b><u>(201,378)</u></b>	<b><u>(476,121)</u></b>
		<b><u>274,602</u></b>	<b><u>(201,257)</u></b>	<b><u>(476,000)</u></b>

The statement of accounting policies and the notes to the accounts form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

The Chatham Islands Council is a Territorial Local Authority under the Chatham Islands Council Act 1995 and the Local Government Act 2002.

The financial statements are prepared in accordance with the requirements of section 98 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice (GAAP).

### Measurement Base

The general accounting principles recognized as appropriate for the measurement and reporting of results and financial position on a historical cost basis, modified by the revaluation of certain fixed infrastructural assets have been followed.

### Specific Accounting Policies

#### Revenue Recognition

Rates revenue is recognised when it is levied. Transfund roading subsidies are recognised when the conditions pertaining to eligible expenditure have been fulfilled. Government assistance and grants are recognised when eligibility is established. Other grants and bequests are recognised when control over the asset is obtained. Other revenue is recognised when it is earned by Council.

#### GST

All amounts in the financial statements are exclusive of GST, except for debtors and creditors which are shown inclusive of GST.

#### Debtors

Debtors are stated at estimated realisable value after providing for debts where collection is doubtful.

#### Investments

Investments are stated at the lower of cost and net realisable value.

#### Fixed Assets

##### Operational Assets

Land and Buildings are valued at deemed cost by way of Government Valuation, suitable for financial reporting purposes as at 1 July 1989. Subsequent additions are valued at cost. All other operational assets are valued at cost less accumulated depreciation.

##### Infrastructural Assets

Infrastructural assets are revalued at least every five years. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation, this balance is expensed in the statement of financial performance.

#### Roading

Roading assets were valued by M.W.H Ltd (Registered Engineers) at depreciated replacement cost\*, as at 30 June 2001. Subsequent additions are included at cost.

This valuation also includes land under roads, which is not depreciated. Land under roads has been valued by reference to land sales and capital values of land being parallel to the road carriageway.

*\*NOTE: Depreciated replacement cost is ascertained by identifying the current cost to replace the existing services with appropriate services then depreciating that value over the useful life of the asset.*

Stormwater and Sewerage Reticulation

The reticulation systems were valued by M.W.H Ltd (Registered Engineers) as at 1 June 2001. The valuation provided is depreciated replacement cost. Subsequent additions are included at cost.

Water

The reticulation systems were valued by M.W.H Ltd at depreciated replacement cost as at 1 June 2001. Subsequent additions are included at cost.

**Depreciation**

Depreciation is provided on a straight-line basis on all assets. Rates are calculated to allocate the assets cost or valuation less estimated residual value over their estimated useful life, as follows:

	Years
Motor Vehicles	5
Furniture/Fittings	5-10
Buildings	25-50
Office Equipment	5
Roading:	
Top surface (seal)	10 years
Pavement (basecourse)	
sealed	66 years
unsealed	Not depreciated
Formation	Not depreciated
Culverts	75-100 years
Footpaths	60 years
Kerbs	60 years
Signs	25 years
Street lights	50 years
Retaining walls	50 years
Bridges	30-50 years
Water Reticulation:	
Pipes	25 years
Valves, hydrants	25 years
Pump stations	5-25 years
Tanks	80 years
Sewerage Reticulation:	
Pipes	80 years
Manholes	60 years
Sand Filter	26 years
Stormwater System:	
Pipes	60 years

**Leases**

Council does not have any finance leases of fixed assets, where substantially all the risks and benefits incidental to the ownership pass to Council or operating leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item.

**Employee Entitlements**

Provision has been made in respect of the Council's liability for annual leave, long service leave and retirement gratuities at balance date. This has been calculated on an actual entitlement basis using current rates of pay.

**Landfill Closure and Post Closure Costs.**

Provision has been made for closure and post closure costs at the three landfills. This has been valued at current estimated costs. The valuation was prepared by M.W.H Ltd as at 30 June 2003.

**Financial Instruments**

The Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, borrowings, debtors and creditors. All financial instruments are recognized in the statement of financial position and all revenues and expenses in relation to financial instruments are recognized in the statement of financial performance. Except for those items that are covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

**Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which council invests as part of its day-to-day cash management.

**Cost of Service Statements**

The cost of service statements, as provided in the statement of service performance, report the net cost of services for significant activities of the Council, and are represented by the cost of providing the service less all directly related revenue that can be allocated to these activities.

**Impact of Adoption of International Accounting Standards**

The financial information has been prepared in accordance with the Council's current accounting policies. The Council is aware that it may have to alter some of its accounting policies in the future as a result of the Accounting Standard's Review Board's decision to adopt International Financial Reporting Standards as the basis for New Zealand financial reporting standards, for periods commencing 1 January 2007. The financial information presented does not take into account the potential impact of the new financial reporting standards as this impact is not yet known.

**Changes in Accounting Policies**

There have been no changes to accounting policies. The policies have been applied on a basis consistent with those used in the previous period.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2005**

**Note 1: Summary of Cost of Services by Significant Activity**

	Actual 2004/05 \$	LTCCP 2004/05 \$	Actual 2003/04 \$
<b>Revenue,</b>			
Democracy	48,754	13,000	25,000
Land Transport (Roothing)*	1,733,399	1,977,677	1,192,941
Solid & Hazardous Waste Management	33,344	32,570	31,363
Water Supply	942,242	57,000	16,454
Stormwater	-	-	-
Wastewater (Sewerage)	1,008,096	772,291	18,792
Community Services	89,333	146,470	81,990
Consents & Compliance	16,153	11,920	18,187
Environment	56,595	4,500	4,461
Animal & Plant Pest Control (Biosecurity)	50,417	-	-
Dog & Animal Control	14,025	13,943	14,030
Emergency Management/Rural Fire	9,454	19,000	2,153
Harbour Control	39,148	13,500	15,208
	4,040,960	3,061,871	1,420,579
<b>Expenditure</b>			
Democracy	332,066	380,224	332,824
Land Transport (Roothing)*	1,978,471	1,817,007	1,530,837
Solid & Hazardous Waste Management	47,740	130,342	45,678
Water Supply	59,423	91,376	120,154
Stormwater	2,759	4,742	6,612
Wastewater (Sewerage)	72,718	93,506	65,174
Community Services	284,107	347,564	132,710
Consents & Compliance	27,969	35,797	22,716
Environment	102,259	380,427	27,820
Animal & Plant Pest Control (Biosecurity)	50,595	200,000	27,288
Dog & Animal Control	21,145	18,751	13,519
Emergency Management/Rural Fire	47,758	65,273	5,118
Harbour Control	91,652	99,243	34,590
	3,118,662	3,664,252	2,365,040

\*These balances agree to the 2004/5 LTCCP Land Transport (Roothing) forecast statement of financial performance. The variation between these balances and the disclosure in the LTCCP forecast notes to the financial statements – Note 2, is due to a difference in the configuration of the disclosures.

**Note 2: Revenue**

	<b>Actual 2004/05 \$</b>	<b>LTCCP 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
General Rates	188,771	163,429	184,462
Targeted Rates - Roding	40,600	36,000	37,973
Targeted Rates – Refuse	33,166	31,550	31,363
Targeted Rates – Water	16,622	57,000	15,984
Targeted Rates - Sewerage	21,284	22,291	18,792
Total Targeted Rates	111,672	146,841	104,112
Council Dues	285,515	265,000	252,163
Interest	17,013	-	340
Central Government Assistance	1,225,049	1,305,922	-
Capital Grants	1,911,256	750,000	-
LTNZ Grant	1,685,751	1,401,305	1,145,228
Other Grants	31,831	46,900	12,585
Rents & Leases	59,324	54,420	45,260
Fees & Charges	81,541	129,533	113,394
Other	10,890	-	-
Total Revenue	5,608,613	4,263,350	1,857,544

**Note 3: Expenditure Disclosures**

	<b>Actual 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
Audit Fees	37,691	40,000
Depreciation on:		
Buildings	24,574	22,282
Furniture & Fittings	2,301	2,107
Office Equipment	18,020	10,006
Vehicles	1,175	613
Parks & Reserves	2,732	2,520
Harbour	14,664	14,468
Roding	571,614	506,369
Refuse	270	200
Stormwater	314	314
Sewer	9,264	11,075
Water Supply	5,705	18,327
Total Depreciation	650,633	588,281
Donations	47,507	12,326
Interest Expense	29,083	17,762
Severance Payments	-	-
Mayor & Councillors Fees	79,398	80,000
Mayor & Councillor Travel Expenses	4,978	3,990

**Note 4: Fixed Assets**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
	<b>30.06.05</b>	<b>30.06.05</b>	<b>30.06.05</b>
<b>Operational Assets</b>			
Land	257,317	-	257,317
Buildings	1,332,269	381,087	951,182
Furniture & Fittings	29,970	12,627	17,343
Office Equipment	189,236	145,026	44,210
Plant	18,876	18,876	-
Vehicles	34,732	17,477	17,255
Parks & Reserves	77,070	22,892	54,178
Harbour	851,192	484,034	367,158
	<b>2,790,662</b>	<b>1,082,019</b>	<b>1,708,643</b>
<b>Infrastructural Assets</b>			
Roading	52,214,741	16,483,009	35,731,732
Refuse – Solid Waste	6,739	1,870	4,879
Stormwater	12,540	6,063	6,477
Sewerage	1,211,779	180,861	1,030,918
Water	1,283,548	188,954	1,094,594
<b>Total Operational &amp; Infrastructural Assets</b>	<b>57,520,009</b>	<b>17,942,776</b>	<b>39,577,243</b>

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
	<b>30.06.04</b>	<b>30.06.04</b>	<b>30.06.04</b>
<b>Operational Assets</b>			
Land	228,248	-	228,248
Buildings	1,127,903	356,513	771,390
Furniture & Fittings	29,347	10,326	19,021
Office Equipment	160,815	127,006	33,809
Plant	18,876	18,876	-
Vehicles	17,844	16,302	1,542
Parks & Reserves	63,000	20,160	42,840
Harbour	851,192	469,370	381,822
	<b>2,497,225</b>	<b>1,018,553</b>	<b>1,478,672</b>
<b>Infrastructural Assets</b>			
Roading	51,496,343	15,911,395	35,584,948
Refuse – Solid Waste	6,739	1,600	5,139
Stormwater	12,540	5,749	6,791
Sewerage	445,476	171,597	273,879
Water	264,001	183,249	80,752
<b>Total Operational &amp; Infrastructural Assets</b>	<b>54,722,324</b>	<b>17,292,143</b>	<b>37,430,181</b>

**Note 5: Heritage Assets**

The Council owns and operates a small Museum that adjoins the Town Hall Building. While the Museum displays exhibits relating to Moriori, Maori and European History, the majority of these displays are not owned by Council but are on loan from their owners. Exhibits owned by the Council are not considered to be of material value.

**Note 6: Public Equity**

	<b>Actual 2004/05 \$</b>	<b>Actual 2003/04 \$</b>
<b>General Funds</b>		
Opening Balance	36,833,963	37,341,459
Plus Net Surplus for the year	2,401,486	(507,496)
Less Transfers to Other Reserves	(84,891)	-
Closing Balance	<u>39,150,558</u>	<u>36,833,963</u>
<b>Te Whanga Opening Reserve</b>		
Opening Balance	-	-
Plus Transfer from General Reserve	5,537	-
Closing Balance	<u>5,537</u>	-
<b>RMA Document Fund Reserve</b>		
Opening Balance	-	-
Plus Transfer from General Reserve	28,500	-
Closing Balance	<u>28,500</u>	-
<b>Burial Register Reserve</b>		
Opening Balance	-	-
Plus Transfer from General Reserve	20,000	-
Closing Balance	<u>20,000</u>	-
<b>Museum Displays Valuation Reserve</b>		
Opening Balance	-	-
Plus Transfer from General Reserve	25,000	-
Closing Balance	<u>25,000</u>	-
<b>Community Trust of Canterbury Reserve</b>		
Opening Balance	-	-
Plus Receipt from Community Trust	24,921	-
Less Expenditure during the Year	(19,067)	-
Closing Balance	<u>5,854</u>	-
<b>TOTAL EQUITY AT END OF YEAR</b>	<u><b>39,235,449</b></u>	<u><b>36,833,963</b></u>

**Note 7: Accounts Receivable**

	Actual 2004/05 \$	Actual 2003/04 \$
Rates	43,573	42,572
Sundry Debtors	150,154	142,603
GST Refund	20,256	
LTNZ Assistance	385,974	135,392
	<hr/> 599,957	<hr/> 320,567
Less Provision for Doubtful Debts	3,000	3,000
	<hr/> 596,957	<hr/> 317,567

**Note 8: Accounts Payable**

	Actual 2004/05 \$	Actual 2003/04 \$
Creditors & Accruals	403,759	228,008
Income in Advance	344,566	-
Deposits	70,303	-
Employee Entitlements	17,725	21,965
GST Payable	-	30,812
	<hr/> 836,353	<hr/> 280,785

**Note 9: Provision for Landfill Closure and Aftercare**

A provision of \$157,000 has been recognised for landfill closure costs, which are expected to be incurred between 2005 and 2008.

MWH estimated the provision using the Ministry for Environment Guide to the Management of Closing and Closed Landfills in New Zealand. The provision has been valued at current estimated costs.

**Note 10: Term Liability**

	Actual 2004/05 \$	Actual 2003/04 \$
Loan payable after five years	220,000	-
	<hr/> 220,000	<hr/> -

The Council has taken a loan from the Chatham Islands Enterprise Trust with a term of 20 years at an interest rate of 9% per annum. The Trust has agreed to fund the loan for the first five years after which refinancing of the total amount will be required.

**Note 11: Cash Flow Reconciliation**

	Actual 2004/05 \$	Actual 2003/04 \$
Reported Surplus/(Deficit) for the year	2,401,486	(507,496)
Plus Non Cash Items:		
Depreciation	650,633	664,486
(Increase)/Decrease in Debtors	(259,134)	(35,777)
(Increase)/Decrease in GST	(51,068)	-
Increase/(Decrease) in Creditors	249,669	(39,389)
Increase/(Decrease) in Grants in Advance	340,951	-
Increase/(Decrease) in Employee Entitlements	(4,240)	-
	3,328,297	81,824

**Note 12: Remuneration of Members & General Manager**

The total cost, of salary and benefits paid including fringe benefit tax for the General Manager's position was \$115,780 (2004 \$102,557).

		Actual 2004/05 \$	Actual 2003/04 \$
Patrick Smith	Mayor	35,886	35,000
Alfred Preece	Deputy Mayor	9,670	10,000
Monique Braid		3,460	-
R Clough		1,375	5,000
Toni Day		4,834	5,000
M Gray		1,375	5,000
Donna Gregory Hunt		3,460	-
A Hough		1,375	5,000
Bruce Mills		4,834	5,000
R Ruamona Brown		1,375	5,000
Nigel Ryan		4,834	5,000
Eva Tuck		3,460	-
Nathaniel Whaitiri		3,460	-
Owen Pickles	General Manager	115,780	102,557

**Note 13: Related Parties Transactions**

During the year the following payments were made to Councillors or their spouses or to companies or firms in which Councillors had ownership interests:

	Councillor		Actual 2004/05 \$	Actual 2003/04 \$
AMW & R Preece	A Preece	Plant Hire & Refuse Site Lease	4,710	3,983
V Mills	B Mills	Cleaning Services	7,952	6,059
A Hough	G Hough	Building Services	1,852	8,225
Chat Artz	C Tuck	Creative Communities Grant	2,983	-
Waitangi Hardware	M Braid	Hardware & fuel	558	-
Black Robin Freighters	M Braid	Shipping services	6,275	-

**Note 14: Financial Instruments**

The maximum credit risk exposure is disclosed in the Statement of Financial Position. Bank deposits and debtors are the main credit risks. Investing in only high credit quality institutions minimises bank risk. For debtors there is a moderate credit risk, as Council Dues are collected from a small number of transport firms.

Financial instruments in the Statement of Financial Position are shown at the carrying amounts, which approximate their fair values. There is a small exposure to interest rate risk for Council's short-term deposits. Council has no currency risk, as all financial instruments are in New Zealand dollars.

**Note 15: Statement of Contingencies**

As at 30<sup>th</sup> June 2005, Council is not aware of any contingent liability, which would significantly affect the financial statements (2004 nil).

**Note 16 Statement of Commitments**

As at 30 June 2005 the Council has no capital or operating lease commitments (2004 \$nil).

In June 2004 the Council awarded a contract for road maintenance services to Works Infrastructure Ltd for the period July 2005 to June 2007.

	<b>Actual 2004/05</b>	<b>Actual 2003/04</b>
	<b>\$</b>	<b>\$</b>
Road Maintenance Services Contract	5,399,741	5,399,741
Less amount expended to date	2,011,501	-
	<hr/> 3,388,240	<hr/> 5,399,741

In February 2005 a contract for assistance with Regional Council Services for the period February 2005 to January 2010 was awarded to Environment Canterbury.

	<b>Actual 2004/05</b>	<b>Actual 2003/04</b>
	<b>\$</b>	<b>\$</b>
Regional Council Services Contract	2,268,800	-
Less amount expended to date	248,049	-
	<hr/> 2,020,751	<hr/> -

**Note 17 Adoption of the Long Term Council Community Plan 2004/05 – 2013-14**

Section 93(3) of the Local Government Act 2002 requires the Council to have adopted a Long Term Council Community Plan (LTCCP) before the commencement of the first year to which it relates. The Council should therefore have adopted the 2004/05 – 2013/14 LTCCP on or before 30 June 2004. The LTCCP was not adopted until 1 July 2004, which is a breach of the requirements of the Local Government Act 2002.

**MAYOR & COUNCIL MEMBERS  
AS AT 30 JUNE 2005**

<b>Mayor</b>	Mr Patrick F Smith
<b>Deputy Mayor</b>	Mr Alfred W M Preece
<b>Councillors</b>	Mr Bruce J Mill
	Mr Nigel C Ryan
	Mrs Donna G Gregory-Hunt
	Mrs A (Toni) M Day
	Mrs Monique Braid
	Miss Eva Cherie Tuck
	Mr Nathaniel J Whaitiri

***COUNCIL STAFF as at 30 JUNE 2005***

<b>General Manager</b>	Owen Pickles
<b>Finance Manager</b>	Deborah Goomes
<b>Office Assistant</b>	Tania Whaitiri
<b>Minute Secretary</b>	Lynette Pickles
<b>Emergency Management Co-ordinator</b>	Rana Solomon

**COUNCIL DIRECTORY**

<b>Engineers</b>	MWH Ltd (Christchurch) (MWH New Zealand Ltd) Charles Mellish
<b>Resource Management</b>	Beca Carter Hollings & Ferner Ltd (Christchurch) Paul Whyte
<b>Solicitors</b>	Macalister Mazengarb Robin Buxton
<b>Bankers</b>	ANZ – (Waitangi - Chatham Islands)
<b>Auditors</b>	Audit New Zealand (on behalf of the Auditor General)

**CHATHAM ISLAND STATISTICS  
AS AT 30 JUNE 2005**

	<b>30 June 2005</b>	<b>30 June 2004</b>
<b>Area and Population</b>		
Area - sq km	963	963
Population	750	750
Note: The population figures are based on the 2004 revised census, and 2005 provisional.		
<b>Valuation</b>		
Rateable properties - no. of	506	462
Non-rateable properties - no. of	101	100
Gross capital value	73,982,750	59,174,550
Net Capital Value (ie capital value of rateable property)	66,083,750	52,300,150
Gross Land Value	28,341,700	23,508,300
Net Land Value (ie land value of rateable property)	25,816,850	21,392,200
Date of last revision	September 2004	July 2000
<b>Rates and Rating</b>		
Total rates struck (incl GST)	335,521	320,185
System of Rating	Capital Value	Capital Value
<b>Council Dues</b>		
Dues collected from Air	100,117	54,105
Dues collected from Sea	185,398	198,058
<b>Public Debt</b>		
Public Debt Outstanding	220,000	0
Unexercised loan authorities	250,000	250,000
<b>Building Consents</b>		
Value of consents for year	553,671	1,177,927
New Houses	2	2
Date of Constitution for Territory	1995	1995

## APPENDIX ONE – GLOSSARY OF TERMS

These definitions are intended to define terms in this Long Term Council Community Plan in plain English. For legal definitions see the Local Government Act 2002.

### **Activity**

Groups of related services, projects or goods provided by or on behalf of Council are combined into an activity. These activities are then grouped into groups of activities.

### **Annual Plan**

The Annual Plan is produced in the intervening years between the Long Term Council Community Plan. It is a simple document, which explains variations from the activities or budgets in the Long Term Council Community Plan and confirms arrangements for raising revenue for the financial year. It also includes the forecast financial statements and other relevant information for the year. The community must be consulted on the Annual Plan.

### **Annual Report**

The Annual Report reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Council Community Plan.

### **Asset**

Something of value that Council owns on behalf of the people of the Chatham Islands, such as roads, drains, parks and buildings.

### **Asset Management Plan**

A long-term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

### **Capital Costs**

These include transactions that have an effect on the longer term financial position of Council. Items include transfer of funds to reserve accounts, and the purchase or construction of assets.

### **Capital Value**

Value of land including improvements.

### **Community Outcomes**

A set of statements that describe the vision the Chatham Islands has for its future. The community outcomes of the Chatham Islands are outlined in The Long Term Council Community Plan. Council seeks to contribute to these outcomes through its various activities.

### **Current Assets**

Assets which can be readily converted to cash, or will be used up during the year. These include cash and debtors.

### **Current Liabilities**

Creditors and other liabilities due for payment within the financial year.

### **Depreciation**

Depreciation is an accounting concept to recognize the consumption or loss of economic benefits embodied in items of property, plant and equipment. Depreciation spreads the cost of items such as property, plant and equipment over their useful lives as an operating expense.

### **Fixed Assets**

These consist of land and buildings and infrastructure assets including sewer and water systems, and roading. They are sometimes referred to as capital assets.

**Group of Activities**

Council groups all its services into 14 main categories of activities (which equates to 'group activities' in the Local Government Act (2002)).

**Infrastructure Assets**

Infrastructure assets are utility service networks i.e. water, sewerage, stormwater, and roading. They also include associated assets such as water pump outlets, sewerage treatment plant, street lighting, and bridges.

**Iwi**

People or tribe.

**Land Value**

Value of land excluding improvements.

**Local Government Act 2002 (LGA 2002)**

The Local Government Act 2002 is the primary legislation that governs Councils' operations and actions.

**Long Term Council Community Plan (or LTCCP)**

A ten-year plan which sets out Council's response to community outcomes and how Council will manage its finances and the community's resources. The requirement for the LTCCP was introduced by the Local Government Act 2002.

**Operating Expenditure**

Expenditure through Council's activities on such items as salaries, materials, and electricity. All these inputs are consumed within the financial year.

**Operating Revenue**

Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include Transfund subsidies, rental income, permits, fees and Council dues.

**Operating Surplus (Deficit)**

These expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the cost of capital works. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (debtors and creditors) and depreciation.

**Partner**

In the role of Partner, Council maintains ongoing relationships with key groups and organisations locally, regionally and nationally.

**Performance Measures**

These have two parts; first, a simple explanation of the measure by which performance will be assessed and second, performance targets. Council uses these measures when reporting on how it has performed in its various activities.

**Public Equity**

Represents the net worth of the Chatham Islands Council if all the assets were sold for the values recorded and the liabilities were extinguished.

**Regulatory Role**

Council has a regulatory role as it operates under and enforces a range of legislation.

**Resources**

These are the assets, staff and funds needed to contribute to the activities of Council including goods, services and policy advice.

**Service Provider**

Council provides services as required by law e.g. sewerage or by community mandate e.g. playground.

**Significance**

Significance means the degree of importance of the issue, proposal, or decision of matter before Council in terms of its likely impact on, or consequences for the current and future social, economic, environment and cultural well-being.

**Significance Policy**

Sets out how Council determines how significant a project or decisions are and therefore the level of consultation and analysis required.

**Statement of Cash Flows**

This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.

**Statement of Financial Performance**

This can also be referred to as the Profit and Loss Statement, the Income Statement or the Operating Statement. It shows the financial results of the various Chatham Islands Council activities at the end of each period as either a surplus or deficit. It does not include asset purchases or disposals.

**Statement of Financial Position**

This shows the financial state of affairs at a particular point in time. It can also be referred to as the Balance Sheet.

**Sustainable Development**

Sustainable development is generally defined as "development that meets the needs of the present without compromising the capacity of future generations to meet their own needs".

**Well-being**

In this document well-being includes the social, economic, cultural and environmental aspects of a community. The community outcomes are factors of well-being.