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## MAYOR'S FOREWORD

This Annual Report reflects that no significant variation has occurred within its Annual Plan prepared for this said 2005/06 financial year and the interests of this community and ratepayers have been represented in a fair and equitable manner.

Through local democracy, decision making has been actioned on behalf of this community which has promoted the four aspects of wellbeing incorporating social, economic, environmental and cultural outcomes.

This report complies with the provisions of the Local Government Act. Participation within its plan has been significant where 92% of residents have sighted or read Council publications, which collectively have been reported on within this document.

As Mayor I am pleased and recognise greater ratepayer participation and urge you, as individuals and through organisations, to continue to work through items of concerns or development initiatives to further progress infrastructure requirements.

Please take time to read this report where within the groups of activities undertaken, on your behalf you will be briefed on why an activity is undertaken, the ensuing community outcome, the possible negative or positive side effects and the state of each asset managed.

I take this opportunity to thank Council's extensive team network. Your professional and caring attitude taken through work ethic to provide advice, systems, monitoring and work load undertaken, further progresses the environment, the community and the development of these Islands.

I wish to express my thanks to Councillors and my Manager and his staff for the skills brought this past year to solidify the success of operations undertaken and commented on in this document.



Patrick F Smith QSO, JP  
MAYOR

## MESSAGE FROM THE GENERAL MANAGER

I am pleased to present this Annual Report for the 2005/06 year. This was the first year that the Council reported against Community Outcomes. While only interim outcomes were included, as required under the Local Government Act 2002, this has enabled the Council to focus on the broader benefits of service in the context of the community's economic, environmental, social and cultural wellbeings. However, it does not undermine the importance of the core Council functions of Roads, Resource Management Regulation and the myriad of other services.

The year that was required a focus to be placed on the future with the development of a robust ten year plan known as the "LTCCP". This plan and its supporting documentation provided the reader with a thorough understanding of the Council's roles, activities and funding. The LTCCP was signed off by the Audit Office which provides further confidence about its content.

While all this planning was happening so was some "real work". Footpaths are appearing in Waitangi, the gorse on the Waitangi foreshore has been replaced with a new junior children's playground, roads continue to be maintained and improved, biosecurity activities are being addressed, regulations administered and a housing project has commenced.

A focus on the Council's Emergency Management/Rural Fire responsibilities has proven to be timely as two rural fires were suppressed with costs being able to be recovered from the national fund. This would not have been possible without having compliant plans in place.

The year's financial results show a decrease in assets caused by the devaluation of the Council's roading assets. The roading network was accurately measured for the first time during the year.

Our operating accounts were close to budget which was a pleasing result.

Credit for what has been a busy and productive year has to sit with all of those people who are part of the larger Chatham Islands Council organisation. It includes the sound and robust decision making made by the Councillors and the professional competency of the staff, contractors and consultants in advising on and actioning the policies developed. I thank all of these people for their support during the year and look forward to continuing to work towards a sustainable future for our people and our Islands.



Owen Pickles JP  
General Manager

## *Groups of Activities*

## Community Outcomes

A review of the Community outcomes was undertaken during the year ending 30 June 2006. These community outcomes form the basis of Council's Long Term Community Plan 2006-2016 that came into effect 1 July 2006.

The community outcomes contained in the LTCCP were an extension of previous community outcomes identified in the LTCCP 2004 and in addition drawn from visions identified in significant documents namely the Chatham Islands Economic Review 2002, and the Resource Management Document 2001. These visions provide a holistic view of where the people of the Chatham Islands want to be in the next ten years and how Council's might play a role in working towards these visions being realised.

Through the 'special' consultation process of the Draft Long Term Community Plan 2006-2016, the community had the opportunity to revisit these visions and decide whether or not the community outcomes reflect those visions and become the community desires now and in the future. A number of submissions received were in support of the community outcomes. Council's Long Term Community Plan was adopted on 27th June 2006.

### The Community Outcomes

#### Social well-being

##### 'A Safe & Healthy Community'

Those factors that enable individuals, their families, hapu and communities to set goals and achieve them – such as education, health, the strength of community networks, financial and personal security, rights and freedoms and levels of equity.

- ◆ Access to affordable, quality housing
- ◆ Access to and serviced by a health provider that is accommodating to the needs of the community
- ◆ Access to education opportunities for all ages
- ◆ Access to quality infrastructure services
- ◆ A safe and secure community
- ◆ Access to recreation and sports facilities
- ◆ A community able to live within its means whilst enjoying a standard of living
- ◆ A community that has employment opportunities

#### Economic well-being

##### 'An Enterprising & Innovative Community'

Those factors relating to the capacity of the economy to generate the employment and wealth necessary to provide many of the prerequisites for social well-being, such as health services.

- ◆ A community that promotes economic development for its fishing, farming and tourism industries
- ◆ Up-to-date telecommunication and information technology that supports economic growth
- ◆ An educated, skilled workforce
- ◆ Access to reliable and affordable transportation services
- ◆ A community that promotes partnership with leading organisations

**Environmental well-being****'An Environmentally Conscious Community'**

Those factors that relate ultimately to the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.

- ◆ A community that protects, sustains and enriches the environment for future generations
- ◆ A community that acknowledges and values our Chatham Island cultural heritage and its uniqueness

**Cultural well-being****'A Culturally Enriched Community'**

Those factors that encompass the shared beliefs, values, customs, behaviours and identities reflected through language, stories, experiences, visual and performing arts, ceremonies and heritage.

- ◆ A community that values the Chatham Island 'way of life' and traditions
- ◆ A community that acknowledges and values the importance of 'tangata whenua as an integral part of our community
- ◆ A community that values and supports the arts as a means of sustaining our heritage
- ◆ A community that values its 'taonga' treasures.

The Local Government Act 2002 requires local authorities, including the Chatham Islands Council, to work with local and regional organizations, Maori and Moriori, central government and non-governmental organizations and the private sector to further the community outcomes.

The Chatham Islands Council will monitor and not, less than every three years report on the community's progress towards achieving the community outcomes.

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

Council has an obligation to take into account the principles of the Treaty of Waitangi – Te Tiriti O Waitangi – and to recognise and provide for the special relationship between and with Maori, Moriori, their culture, traditions, land and taonga.

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.

## 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 ratepayer's 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 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.

#### **Contributions to Community Outcomes**

Democracy contributes to the following community outcomes:

- A community that promotes economic development for its fishing, farming and tourism industries
- A community that promotes partnership with leading organisations
- A community that acknowledges and values the importance of 'tangata whenua' as an integral part of our community

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

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

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

#### **Variation from the Annual Plan for 2005/06**

None

#### **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

Measure	Target	Actual
1. Compliance with the provisions of the Local Government Act, Local Government Official Information and Meeting Act and Standing Orders	100%	92% of residents have either seen or read some of Council's published information during the year (last year 70%)
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

Cost of services statement

DEMOCRACY	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Other Income	33,901	-	19,587
Grant Regional Council Support	55,391	58,000	29,167
<b>Total Revenue</b>	<b>89,292</b>	<b>58,000</b>	<b>48,754</b>
<b>Operating Expenditure</b>	<b>525,030</b>	<b>442,338</b>	<b>332,066</b>
<b>Operating Surplus/(Deficit)</b>	<b>(435,738)</b>	<b>(384,338)</b>	<b>(283,312)</b>
<b>Total to be funded from General Funds</b>	<b>(435,738)</b>	<b>(384,338)</b>	<b>(283,312)</b>

**Operating Expenditure includes:**

Elected members	101,993	102,250	95,698
Local Government NZ	43,187	30,050	3,574
Election Expenses	-	-	15,717
Servicing Costs	379,850	270,038	213,945
Economic Development	-	40,000	3,132
<b>Operating Expenditure</b>	<b>525,030</b>	<b>442,338</b>	<b>332,066</b>

**Financial Commentary**

The servicing costs are higher than budget due to Council hosting the Zone 5 meeting in the Chatham Islands, this was recovered through other income. The actual expenditure includes payments to Environment Canterbury which were not in the budget but were funded from grant income.

**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.

**Contributions to Community Outcomes**

Land Transport contributes to the following community outcomes:

- Access to quality infrastructure services
- A safe and secure community
- A community that promotes economic development for its fishing, farming and tourism industries
- Access to reliable and affordable transportation services

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

The development of a roading network, despite providing great benefits as a whole, can also cause negative effects. These include local air pollution, road run-off (rainwater that becomes polluted on the road surface) to adjacent land and waterways, traffic noise and vibration, visual impacts, traffic accidents, loss and damage of land and natural environments, separation of neighbors and emission of greenhouse gases. These impacts can also have a negative effect on public health and well-being. The most significant of these on the Chatham Islands is road safety and the contamination of natural waters.

**Variation from the Annual Plan for 2005/06**

None

**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 Annual Plan for 2005/06**

None

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

None

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Residents’ satisfaction with the roading network	Greater than 75%	31% of residents’ were satisfied with the roading network (last year 55%)
2. Numbers of motor vehicle crashes	Fewer than three motor vehicle crashes involving injury.	There were 5 motor vehicle accidents reported involving injury, 1 serious injury (last year 6 accidents were reported)

**Cost of services statement**

**LAND TRANSPORT (ROADING)**

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Targeted Rate	41,586	37,800	40,600
Grant (LTNZ)	1,903,287	2,020,394	1,685,751
Other Income	5,928	-	7,048
<b>Total Revenue</b>	<b>1,950,801</b>	<b>2,058,194</b>	<b>1,733,399</b>
<b>Operating Expenditure</b>	<b>2,098,255</b>	<b>1,906,464</b>	<b>1,978,471</b>
<b>Operating Surplus/(Deficit)</b>	<b>(147,454)</b>	<b>151,730</b>	<b>(245,072)</b>
<b>Capital Expenditure</b>	<b>767,599</b>	<b>955,000</b>	<b>718,398</b>
<b>Total to be funded from General Funds</b>	<b>(915,053)</b>	<b>(799,770)</b>	<b>(963,470)</b>

**Operating Expenditure includes:**

Pavement Maintenance	1,074,050	1,000,000	978,658
Bridge Maintenance	54,707	50,000	50,902
Amenity/Safety Maintenance	14,998	15,000	19,486
Street Lighting	7,504	3,500	1,876
Traffic Services	96,365	70,000	40,263
Street Cleaning	6,966	6,300	6,264
Minor Safety Projects	48,175	36,280	25,209
Professional Services	69,228	60,000	43,669
Emergency Work	40,268	-	75,371
Administration	40,569	37,000	37,214
<b>Non Subsidised Works:</b>			
Miscellaneous	36,756	10,000	20,127
Street Cleaning	16,255	14,617	14,617
Noxious Plants Spraying	14,423	16,500	32,317
Footpaths	23,221	20,880	41,681
Rapid	-	3,500	8,836
Quarry & Lime Pit	595	8,903	10,367
Depreciation	524,665	553,984	571,614
Loss on Disposal of Assets	29,510	-	-
<b>Operating Expenditure</b>	<b>2,098,255</b>	<b>1,906,464</b>	<b>1,978,471</b>

**Financial Commentary**

The operating expenditure is over budget due emergency works relating to storm damage which was not budgeted for.

The balance of the overspending relates to increased contract costs as a result of inflation. Most of this is recovered by the LTNZ grants income.

**Capital Expenditure**

**Renewals Capital Expenditure**

Area Wide Pavement Treatment	449,997	420,000	433,866
Major Drainage Control	54,996	45,000	50,718
Structural Bridge Repairs	-	40,000	-
Minor Safety Projects	56,382	100,000	-
Bridge Renewals	35,787	100,000	146,349
Traffic Services	20,148	-	27,196

**New Capital Expenditure**

Seal Extensions	-	250,000	60,269
Bridges	80,289	-	-
Footpaths	70,000	-	-
<b>Total Capital Expenditure</b>	<b>767,599</b>	<b>955,000</b>	<b>718,398</b>

**Financial Commentary**

The seal extension was not carried out in the current year due to cost benefit considerations, Council is investigating the sealing of the road from the Airport to Waitangi.

The Council had new footpaths constructed in Waitangi, which was not in the budget, this was mostly funded by LTNZ grants income.

**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.

**Contributions to Community Outcomes**

Solid and Hazardous Waste Management contributes to the following community outcomes:

- Access to quality infrastructure services
- A community that promotes economic development for its fishing, farming and tourism industries
- A community that protects, sustains and enriches the environment for future generations

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

There are a number of significant negative effects from existing solid waste disposal methods including:

- a) Leachate from existing landfills polluting the natural environment and entering natural watercourses;
- b) Problems with litter from landfills, including risk of injury to stock;
- c) Problems with smell, vermin and / or birds at inadequately managed landfill sites;
- d) Mixed solid waste allowed to be deposited in an uncontrolled manner at existing landfills;
- e) The disposal of waste at other than the official landfills not adequately controlled (eg current practices of disposing dead stock and septic tank waste on individual’s property potentially having a negative environmental effect.

**Variation from the Annual Plan for 2005/06**

In the Annual Plan the Council budgeted for landfill closure costs of \$51,800. Council is still awaiting funding from the Government so that it can start to close the existing landfills and replace them with transfer stations.

**Assets**

**Description**

The principal assets supporting this activity are the refuse disposal sites at Te One, Kaingaroa and Owenga. The Council only owns the landfill site at Te One. Works Infrastructure Ltd provides services as required at Kaingaroa and Te One landfills. Owenga landfill is managed by the landowner. There are currently no transfer stations or domestic collections.

A Solid Waste Management Plan was adopted in June 2005 after full consultation with the community. Council is currently awaiting funding from Government to implement the strategy.

**Variations from the change in asset capacity forecast in the Annual Plan for 2005/06**

In the Annual Plan the Council budgeted for landfill closure costs of \$51,800. Council is still awaiting funding from the Government so that it can start to close the existing landfills and replace them with transfer stations.

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

None.

**How we check progress**

Measure	Target	Actual
1. Compliance with resource consent conditions for landfill sites at Te One, Kaingaroa and Owenga.	100%	Monitoring was undertaken during the year but no formal report has been prepared.

**Cost of services statement**

**SOLID AND HAZARDOUS WASTE  
MANAGEMENT**

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Targeted Rates	33,079	33,127	33,166
Government Assistance	-	51,800	-
Other Income	-	1,020	178
<b>Total Revenue</b>	<b>33,079</b>	<b>85,947</b>	<b>33,344</b>
<b>Operating Expenditure</b>	<b>25,838</b>	<b>110,903</b>	<b>47,740</b>
<b>Operating Surplus/(Deficit)</b>	<b>7,241</b>	<b>(24,596)</b>	<b>(14,396)</b>
<b>Total to be funded from General Funds</b>	<b>7,241</b>	<b>(24,596)</b>	<b>(14,396)</b>
<b>Operating Expenditure includes:</b>			
Landfill Operating	21,271	59,103	25,062
Depreciation	279	-	270
Landfill Closure Costs	-	51,800	-
Waste Management Strategy	4,288	-	22,408
<b>Operating Expenditure</b>	<b>25,838</b>	<b>110,903</b>	<b>47,740</b>

**Financial Commentary**

The budgeted for landfill closure costs did not happen because Council is awaiting final approval for government funding for the Solid Waste Management Plan. Landfill operating costs are lower than budget because Council is still operating the old landfills.

**WATER SUPPLY**

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

Activities involved in delivering this group of activities are:

- provision of a public water supply to consumers in part of the Waitangi village,
- provision of fire fighting capability in part of the Waitangi village.

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

**Contributions to Community Outcomes**

Water Supply contributes to the following community outcomes:

- Access to quality infrastructure services
- A community that promotes economic development for its fishing, farming and tourism industries

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

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

**Variation from the Annual Plan for 2005/06**

None

**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 Annual Plan for 2005/06**

None

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

None

**How we check progress**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Water quality	100% compliance with New Zealand drinking water standards	100% compliance with New Zealand drinking water standards (last year 100%).
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	In April 2006 the level of water in the reservoirs were very low due to excessive use by a few high volume users in the Waitangi township. The water supply had to be turned off to 2 commercial users to conserve the remaining water to the township. The Council contractors were called in within 1 hour from the time the incident was reported.

3. Customer satisfaction	Greater than 80%	66% of consumers were satisfied with the water supply in the Waitangi Township (last year 83%)
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**Cost of Services Statement**

WATER SUPPLY	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Targeted Rates	40,821	34,766	16,622
Capital Grant Income	-	-	924,444
Other Income	-	-	1,176
<b>Total Revenue</b>	<b>40,821</b>	<b>34,766</b>	<b>942,242</b>
<b>Operating Expenditure</b>	<b>145,350</b>	<b>100,483</b>	<b>59,423</b>
<b>Operating Surplus/(Deficit)</b>	<b>(104,529)</b>	<b>(65,717)</b>	<b>882,819</b>
<b>Capital Expenditure</b>	<b>24,384</b>	<b>-</b>	<b>1,019,547</b>
<b>Total to be funded from General Funds</b>	<b>(128,913)</b>	<b>(65,717)</b>	<b>(136,728)</b>
<b>Operating Expenditure includes:</b>			
Water Supply Operating Costs	86,360	44,767	51,837
Softener & Disinfection	-	3,200	-
Maintenance	34,664	27,516	-
Depreciation	24,326	25,000	7,586
<b>Operating Expenditure</b>	<b>145,350</b>	<b>100,483</b>	<b>59,423</b>
<b>New Capital Expenditure</b>			
Waitangi Water Scheme	24,384	-	1,019,547
<b>Total Capital Expenditure</b>	<b>24,384</b>	<b>-</b>	<b>1,019,547</b>

**Financial Commentary**

2005/06 was the first full year of operation of the upgraded water supply in Waitangi. The operating costs were over budget for the year because the operating costs were under estimated in the original budget.

**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

**Contributions to Community Outcomes**

Stormwater contributes to the following community outcomes:

- Access to quality infrastructure services
- A community that promotes economic development for its fishing, farming and tourism industries

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

**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 Annual Plan for 2005/06**

None

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

None

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Flooding as a result of the rising level of Te Whanga	The Te Whanga outlet will be managed to eliminate the instances of flood.	The Te Whanga outlet did not need opening in 2005/06.

Cost of Services Statement

STORMWATER	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
Revenue	-	-	-
Operating Expenditure	6,451	8,287	2,759
Operating Surplus/(Deficit)	(6,451)	(8,287)	(2,759)
Transfer to Reserves	(2,892)	(2,500)	(5,537)
<b>Total to be funded from General Funds</b>	<b>(9,343)</b>	<b>(5,787)</b>	<b>(8,296)</b>
<b>Operating Expenditure includes:</b>			
Stormwater Operating Costs	6,137	3,287	2,445
Depreciation	314	-	314
Te Whanga Lagoon Opening	-	5,000	-
<b>Operating Expenditure</b>	<b>6,451</b>	<b>8,287</b>	<b>2,759</b>

**WASTEWATER (SEWERAGE)**

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

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

**Contributions to Community Outcomes**

Wastewater contributes to the following community outcomes:

- Access to quality infrastructure services
- A community that promotes economic development for its fishing, farming and tourism industries
- A community that protects, sustains and enriches the environment for future generations

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

Stormwater infiltration could overload sewage reticulation and treatment system causing untreated sewage to overflow.

**Variation from the Annual Plan 2005/06**

None

**Assets**

**Description**

A sewage system that serves all of Waitangi.

**Variations from the change in asset capacity forecast in the Annual Plan for 2005/06**

None

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

None

**How we check performance**

Measure	Target	Actual
1. Compliance with resource consent conditions	100%	100% compliance with resource consent conditions.

Cost of services statement

**WASTEWATER (SEWERAGE)**

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Targeted Rates	25,274	38,133	21,284
Grant – Capital Expenditure	-	-	986,812
<b>Total Revenue</b>	<b>25,274</b>	<b>38,133</b>	<b>1,008,096</b>
<b>Operating Expenditure</b>	<b>117,424</b>	<b>114,080</b>	<b>72,718</b>
<b>Operating Surplus/(Deficit)</b>	<b>(92,150)</b>	<b>(75,947)</b>	<b>935,378</b>
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>795,372</b>
<b>Total to be funded from General Funds</b>	<b>(92,150)</b>	<b>(75,947)</b>	<b>140,006</b>
<b>Operating Expenditure includes:</b>			
Operating	51,809	56,636	19,632
UV Disinfection	-	7,000	-
Maintenance	30,519	21,355	43,822
Depreciation	35,096	29,089	9,264
<b>Operating Expenditure</b>	<b>117,424</b>	<b>114,080</b>	<b>72,718</b>
<b>New Capital Expenditure</b>			
Sewerage Scheme	-	-	795,372
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>795,372</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 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

### Contributions to Community Outcomes

Community Services contributes to the following community outcomes:

- Access to affordable, quality housing
- Access to education opportunities for all ages
- A safe and secure community
- Access to recreation and sports facilities
- A community that promotes economic development for its fishing, farming and tourism industries
- A community that protects, sustains and enriches the environment for future generations
- A community that acknowledges and values or Chatham Island cultural heritage and its uniqueness
- A community that values the Chatham Island 'way of life' and traditions
- A community that values and supports the arts as a means of sustaining our heritage
- A community that values its 'toanga' treasures

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

Council's housing stock and council buildings require ongoing maintenance which if not performed could result in significant degradation of the assets.

Many of these activities are highly dependant upon the contributions made by volunteers. Council will be seeking to assist 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 Annual Plan for 2005/06**

None

**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.

**Variations from the change in asset capacity forecast in the Annual Plan for 2005/06**

None

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

None

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
1. Compliance with NZS 5828 for safety of playground equipment (all inspected annually)	100%	Work in Progress. The playground is not quite complete.
2. Public satisfaction with Council-provided community services	Greater than 80%	47% of residents were satisfied with Council provided community services.
3. Occupancy rates of Council housing	Greater than 95%	Occupancy rates of Council housing were 100% for the year (last year 100%)
4. To investigate the introduction of a public library service by establishing a partnership with a mainland council.	That a report on this initiative be presented to Council by March 2006.	The report was presented to Council in March 2006.

**Cost of services statement**

COMMUNITY SERVICES	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Grants	22,436	22,900	31,702
Museum	633	600	377
Cemetery and Mortuary	-	4,550	1,422
Parks and Reserves	17,466	30,000	-
Housing	38,893	32,760	29,195
Community Buildings	44,133	26,030	30,129
<b>Total Revenue</b>	<b>123,561</b>	<b>116,840</b>	<b>92,825</b>
<b>Operating Expenditure</b>	<b>310,604</b>	<b>353,829</b>	<b>284,107</b>
<b>Operating Surplus/(Deficit)</b>	<b>(187,043)</b>	<b>(236,989)</b>	<b>(191,282)</b>
<b>Capital Expenditure</b>	<b>19,967</b>	<b>30,000</b>	<b>247,480</b>
<b>Transfer to Reserves</b>	<b>16,676</b>	<b>-</b>	<b>50,854</b>
<b>Loans Raised</b>	<b>-</b>	<b>-</b>	<b>220,000</b>
<b>Total to be funded from General Funds</b>	<b>(223,686)</b>	<b>(266,989)</b>	<b>(269,616)</b>
<b>Operating Expenditure includes:</b>			
Museum	6,186	9,901	5,878
Cemetery and Mortuary	45,184	17,464	19,972
Develop Burial Register	-	10,000	-
Grants – External Organisations	10,713	54,556	62,372
Donations – Council funds	90,756	57,237	76,463
Forestry	3,475	3,359	2,108
Parks and Reserves	41,572	67,534	34,645
Housing	31,124	47,620	17,295
Community Buildings	58,727	86,158	44,018
Depreciation	22,867	-	21,356
<b>Operating Expenditure</b>	<b>310,604</b>	<b>353,829</b>	<b>284,107</b>
<b>Renewals Capital Expenditure</b>			
Community Housing	9,125	-	-
<b>New Capital Expenditure</b>			
Waitangi Children's Playground	10,842	30,000	14,070
Heartland Office Establishment	-	-	233,410
<b>Total Capital Expenditure</b>	<b>19,967</b>	<b>30,000</b>	<b>247,480</b>
<b>Transfers to Reserves includes:</b>			
Burial Register	907	-	20,000
Museum Collection Valuation	1,134	-	25,000
Community Trust of Canterbury	4,808	-	5,854
Chatham Community Trust	9,827	-	-
<b>Transfers to Reserves</b>	<b>16,676</b>	<b>-</b>	<b>50,854</b>

**Financial Commentary**

The Cemetery and Mortuary costs were over budget due to tree felling expenditure that was not in the budget.

## 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.

### Contributions to Community Outcomes

Consents and Compliance contributes to the following community outcomes:

- A safe and secure community
- A community that promotes economic development for its fishing, farming and tourism industries
- A community that protects, sustains and enriches the environment for future generations

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

### 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	Timeframes are maintained or reduced	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	100%	No consents were issued.
3. Compliance with public health standards (food premises and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders are inspected at least once annually)	100%	Achieved. One health inspection of all premises was carried out in November 2005.
4. Compliance with safety standards (dangerous goods premises where dangerous goods are manufactured, stored or used are inspected at least once annually)	100%	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	Complaints are resolved, or a resolution strategy developed within 21 days of receipt	No complaints were received
6. Pollution incidences, environmental noise and nuisances within the community	Incidents that threaten public health are responded to and investigated within two working days of notification.	1 complaint received. Dealt with immediately.

**Cost of services statement**

<b>CONSENTS AND COMPLIANCE</b>	<b>Actual 2005/06 \$</b>	<b>Annual Plan 2005/06 \$</b>	<b>Actual 2004/05 \$</b>
<b>Revenue</b>			
Bylaws	-	500	-
Liquor Licensing	4,164	2,290	4,325
Health Inspection	2,648	2,400	3,227
Building Control	10,312	6,250	8,601
<b>Total Revenue</b>	<b>17,124</b>	<b>11,440</b>	<b>16,153</b>
<b>Operating Expenditure</b>	<b>49,701</b>	<b>43,392</b>	<b>27,969</b>
<b>Operating Surplus/(Deficit)</b>	<b>(32,577)</b>	<b>(31,952)</b>	<b>(11,816)</b>
<b>Total to be funded from General Funds</b>	<b>(32,577)</b>	<b>(31,952)</b>	<b>(11,816)</b>

**Operating Expenditure includes:**

Bylaws	5,297	3,159	2,107
Liquor Licensing	24,562	12,715	8,150
Health Inspections	9,511	12,445	8,659
Building Control	10,331	15,073	9,053
<b>Operating Expenditure</b>	<b>49,701</b>	<b>43,392</b>	<b>27,969</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.

### **Air**

A localized nuisance or a major industry process, particularly in proximity to sensitive land uses, could adversely affect the air quality of the Chatham Islands.

### **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 Chatham Islands. 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.

**Contributions to Community Outcomes**

Environment contributes to the following community outcomes:

- A safe and secure community
- A community that promotes economic development for its fishing, farming and tourism industries
- A community that protects, sustains and enriches the environment for future generations
- A community that acknowledges and values the importance of 'tangata whenua' as an integral part of our community
- A community that values its 'toanga' treasures

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

Significant negative effects for this activity include adverse impacts on the environment as a result of inappropriate development activity.

**Variation from the Annual Plan for 2005/06**

None

**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%	No consents issues

Cost of services statement

ENVIRONMENT	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
User Pays – Consent Application Fees	1,022	4,000	2,539
Grant - Regional Council Support	134,083	135,600	52,500
Other Income	6,398	500	1,556
<b>Total Revenue</b>	<b>141,503</b>	<b>140,100</b>	<b>56,595</b>
<b>Operating Expenditure</b>	<b>187,100</b>	<b>180,555</b>	<b>102,259</b>
<b>Operating Surplus/(Deficit)</b>	<b>(45,597)</b>	<b>(40,055)</b>	<b>(45,664)</b>
<b>Total to be funded from General Funds</b>	<b>(45,597)</b>	<b>(40,055)</b>	<b>(45,664)</b>
Transfer from General Reserve	-	-	-
Transfer to RMA Document Fund	30,310	-	28,500
<b>Operating Expenditure includes:</b>			
Operational Costs Regional	20,394	36,000	52,500
Operational Costs District	32,623	44,955	49,759
Coastal Planning Regional	49,000	24,000	-
Monitoring Regional	55,083	39,600	-
Education Regional	6,000	12,000	-
Consent Management Regional	24,000	24,000	-
<b>Operating Expenditure</b>	<b>187,100</b>	<b>180,555</b>	<b>102,259</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 Chatham Islands and if adversely affected by pests, could disappear from their natural habitats.

**Contributions to Community Outcomes**

Animal and Plant Pest Control contributes to the following community outcome:

- A community that protects, sustains and enriches the environment for future generations

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

The introduction and spread of new plant and animal pests poses a significant risk for the Chatham Islands.

**Variation from the Annual Plan for 2005/06**

None

**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	The CIC work programme has focused on reviewing the Chatham Islands Regional Pest Management Strategy (RPMS).
2. Long-term (5 year+) trends in total control of pests	Measurable decline over time	The CIC work programme has focused on establishing baselines for total control pests. Four plants new to the islands were identified.
3. Land occupier	100% compliance where containment/control is required under the Council's Pest Management Strategy	The CIC work programme has focused on preparing property plans that will be used as a basis for enforcing rules in the reviewed RPMS.

Cost of services statement

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

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Grant – Regional Council Support	120,167	113,600	50,417
<b>Total Revenue</b>	<b>120,167</b>	<b>113,600</b>	<b>50,417</b>
<b>Operating Expenditure</b>	<b>120,567</b>	<b>113,600</b>	<b>50,595</b>
<b>Operating Surplus/(Deficit)</b>	<b>(400)</b>	<b>-</b>	<b>(178)</b>
<b>Total to be funded from General Funds</b>	<b>(400)</b>	<b>-</b>	<b>(178)</b>
<b>Operating Expenditure includes:</b>			
Operational Expenses	400	-	21,428
Border Control	70,000	70,000	29,167
National Policy Application	-	3,600	
Pest Management Strategy	50,167	40,000	-
<b>Operating Expenditure</b>	<b>120,567</b>	<b>113,600</b>	<b>50,595</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.

**Contributions to Community Outcomes**

Dog and Animal Control contributes to the following community outcomes:

- Safe and secure community
- A community that promotes economic development for its fishing, farming and tourism industries
- A community that protects, sustains and enriches the environment for future generations

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

**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 Annual Plan for 2005/06**

None.

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

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	a) No dog attacks were reported
	b) Attend to possible threats to public safety within 5 hours	b) No possible threats were reported
	c) Attend to complaints of general nuisance within 48 hours	c) Less than 10 general nuisance complaints were attended to within the 48 hour timeframe.
	d) Investigate all other complaints within two working days	d) Less than 10 other complaints have been attended to within the two day timeframe
2. Cost recovery rates	100% cost recovery of dog control costs through registration fees and fines	71% of dog control costs were recovered through fees and fines (last year 78%)

Cost of services statement

**DOG AND ANIMAL CONTROL**

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Dog Registration Fees	11,514	16,387	10,562
Other dog recoveries	1,431	700	1,892
Stock pound recoveries	-	750	1,571
<b>Total Revenue</b>	<b>12,945</b>	<b>17,837</b>	<b>14,025</b>
<b>Operating Expenditure</b>	<b>19,048</b>	<b>23,589</b>	<b>21,145</b>
<b>Operating Surplus/(Deficit)</b>	<b>(6,103)</b>	<b>(5,752)</b>	<b>(7,120)</b>
<b>Total to be funded from General Funds</b>	<b>(6,103)</b>	<b>(5,752)</b>	<b>(7,120)</b>
<b>Operating Expenditure includes:</b>			
Dog Control and treatment	9,339	4,150	13,266
Dog Pound Costs	15	840	1,926
Stock Pound	1,749	5,853	5,953
Administration	7,945	12,746	-
<b>Operating Expenditure</b>	<b>19,048</b>	<b>23,589</b>	<b>21,145</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 tsunamis, 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.

**Contributions to Community Outcomes**

Emergency Management/ Rural Fire contributes to the following community outcomes:

- Safe and secure community
- A community that promotes economic development for its fishing, farming and tourism industries
- A community that protects, sustains and enriches the environment for future generations
- A community that values the Chatham Island 'way of life' and traditions

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

The potential impact of a significant emergency, oil spill or fire could affect the Chatham Islands as a whole, economically and in terms of quality of life both short and long term.

**Variation from the Annual Plan 2005/06**

None

**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 Annual Plan for 2005/06**

None.

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

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, the plan was adopted 23 June 2005.
2. Staff Competencies	All staff and volunteers are appropriately trained and resourced	Training exercises were undertaken in May 2006, 35 people participated in 7 exercises held over 2 weeks.

3. Facility Quality	Emergency management equipment, control facilities and communication systems are well maintained and upgraded as required	Some Emergency Management equipment was purchased throughout the year. Communication equipment still to be installed.
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	CDEM Group, Area Co-ordinators have undergone training throughout the year to respond to events. A Response team has been established.
6. Recovery from Events	<ul style="list-style-type: none"> <li>a) Immediate welfare needs of those affected have been met</li> <li>b) Systems have been established or re-established to assist individual and community self-sufficiency</li> <li>c) Essential services have been restored to minimum operating levels</li> </ul>	A Welfare Plan is now in place. Training in Welfare has been undertaken.
7. Oil Spill Response Time	Oil spill reports are evaluated within one hour of notification	There is a trained team available to deal with oil spill events.

**Cost of services statement**

<b>EMERGENCY MANAGEMENT/RURAL FIRE</b>	<b>Actual 2005/06 \$</b>	<b>Annual Plan 2005/06 \$</b>	<b>Actual 2004/05 \$</b>
<b>Revenue</b>			
Grant - Regional Council Support	11,500	37,000	5,833
Grant - Civil Defence	10,967	7,200	3,621
Grant - Rural Fire	5,760	5,000	-
Grant - Maritime Safety	-	53,366	-
<b>Total Revenue</b>	<b>28,227</b>	<b>102,566</b>	<b>9,454</b>
<b>Operating Expenditure</b>	<b>107,601</b>	<b>120,076</b>	<b>47,758</b>
<b>Operating Surplus/(Deficit)</b>	<b>(79,374)</b>	<b>(17,510)</b>	<b>(38,304)</b>
<b>Total to be funded from General Funds</b>	<b>(79,374)</b>	<b>(17,510)</b>	<b>(38,304)</b>
<b>Operating Expenditure includes:</b>			
Civil Defence	52,290	30,554	22,736
Rural Fire	35,928	36,156	13,166
Maritime Safety	19,383	53,366	11,856
<b>Operating Expenditure</b>	<b>107,601</b>	<b>120,076</b>	<b>47,758</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.

**Contributions to Community Outcomes**

Harbour Control contributes to the following community outcomes:

- Access to quality infrastructure services
- A community that promotes economic development for its fishing, farming and tourism industries
- Access to reliable and affordable transportation services
- A community that protects, sustains and enriches the environment for future generations

We have not yet measured our progress toward achieving these outcomes or identifying the effects that the activities have had on social, economic, environmental and cultural well-beings.

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

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

**Variation from the Annual Plan for 2005/06**

None

**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 Annual Plan for 2005/06**

None.

**Variations from the level of maintenance and renewal forecast in the Annual Plan for 2005/06**

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	All leading lights were inspected quarterly by Council contractors.
	b) Outages are replaced within 24 hours	No reported outages
2. Training exercises	At least one water equipment deployment exercise conducted annually	There was one water equipment deployment exercise during the year.

Cost of services statement

**HARBOUR CONTROL**

	Actual 2005/06 \$	Annul Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Grant – Regional Council Support	40,750	-	21,667
Other Income	3,934	13,500	17,481
<b>Total Revenue</b>	<b>44,684</b>	<b>13,500</b>	<b>39,148</b>
<b>Operating Expenditure</b>	<b>151,705</b>	<b>104,600</b>	<b>91,652</b>
<b>Operating Surplus/(Deficit)</b>	<b>(107,021)</b>	<b>(91,100)</b>	<b>(52,504)</b>
<b>To be funded from General Funds</b>	<b>(107,021)</b>	<b>(91,100)</b>	<b>(52,504)</b>
<b>Operating Expenditure includes:</b>			
Undaria Monitoring	12,890	10,000	2,800
Maritime Safety	53,569	12,000	32,800
Marine Radio	9,535	-	8,363
Waitangi Harbour	16,306	19,050	15,119
Owenga Harbour	35,206	63,550	9,543
Kaiangaroa Harbour	9,535	-	8,363
Depreciation	14,664	-	14,664
<b>Operating Expenditure</b>	<b>151,705</b>	<b>104,600</b>	<b>91,652</b>

**CORPORATE SERVICES**

Corporate services costs are allocated to all other groups of activities with the exception of revenue and expenditure related to the contract for regional council support with Environment Canterbury.

Cost of services statement

CORPORATE SERVICES	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>			
Other Income	32,535	49,414	10,029
Grant – Regional Council Support	213,000	213,000	85,833
Internal Recoveries	543,945	323,769	468,453
<b>Total Revenue</b>	<b>785,710</b>	<b>586,183</b>	<b>564,315</b>
<b>Operating Expenditure</b>	<b>785,710</b>	<b>586,183</b>	<b>564,315</b>
<b>Operating Surplus/(Deificit)</b>	-	-	-
<b>Capital Expenditure</b>	<b>27,693</b>	-	<b>16,888</b>
<b>Total to be funded from General Funds</b>	<b>(27,693)</b>	-	<b>(16,888)</b>
<b>Operating Expenditure includes:</b>			
Operating	541,673	351,183	452,917
Regional Council Support	214,000	213,000	85,833
Loss on Disposal of Assets	2,216	-	-
Depreciation	27,821	22,000	25,565
<b>Operating Expenditure</b>	<b>785,710</b>	<b>586,183</b>	<b>564,315</b>
<b>Renewals Capital Expenditure</b>			
Vehicle	-	-	16,888
Computers – Hardware & Software	27,693	-	-
<b>Total Capital Expenditure</b>	<b>27,693</b>	-	<b>16,888</b>

**Financial Commentary**

The Audit Fees for the annual report and the LTCCP were higher than budget.

The costs of preparing activity management plans and other associated costs with the LTCCP process were higher than budget.

Computer costs were higher than budget due to software and hardware upgrades that were not planned.

*Financial Statements*  
*For the year ended*  
*30 June 2006*

## Statement of 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 2006 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 2006

The Auditor-General is the auditor of Chatham Islands Council (the Council). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the Council's compliance with 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 2006, including the financial statements.

#### Unqualified Opinion

In our opinion:

- The financial statements of the Council on pages 4 to 56:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect :
    - the Council's financial position as at 30 June 2006; and
    - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the Council on pages 4 to 36 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").

The audit was completed on 26 October 2006, 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 Council as at 30 June 2006. 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 Section 98 and 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 and in conducting the audit of Long Term Council Community Plan, we have no relationship with or interests in the Council.



Julian Tan  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, 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 2006 included on Council's web site. The Council's governing body is responsible for the maintenance and integrity of its web site. We have not been engaged to report on the integrity of the 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.

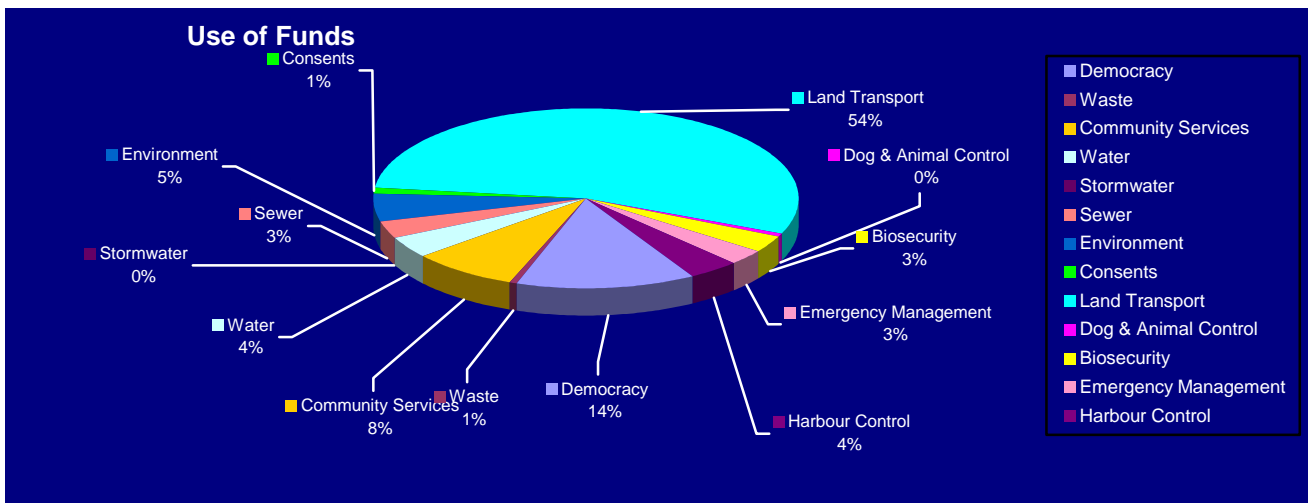
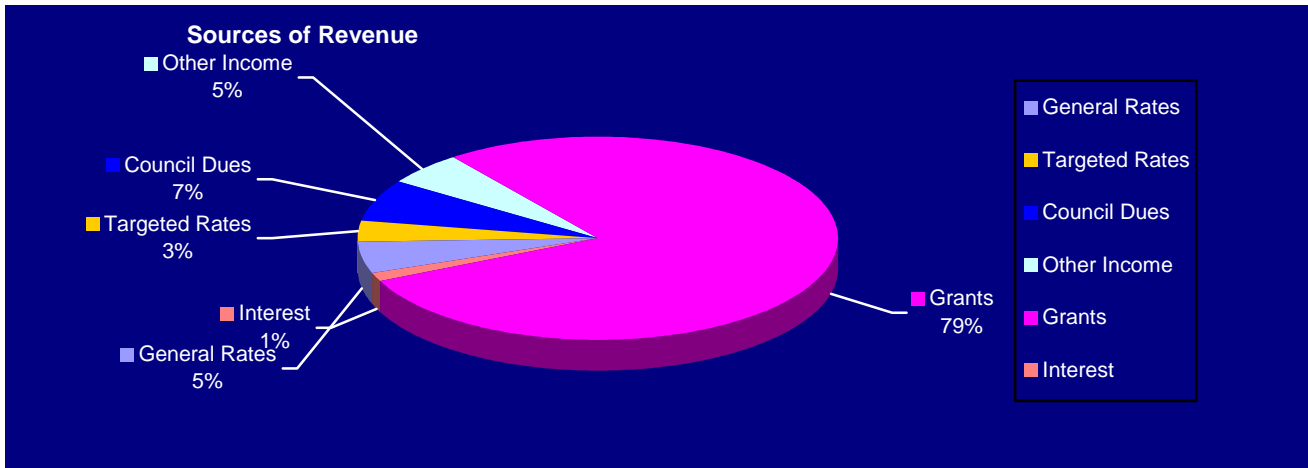
The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 26 October 2006 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**

2006 was the second year of continued financial assistance to the Chatham Islands by central government. Grant revenue received for the year included \$1,255,891 for assistance with local government functions. In addition, grants for roading totalled \$1,903,287 with \$767,000 being spent on capital works.

Rates as a proportion of total revenue has increased to 8.4% from 5.4% and Council Dues have increased to 6.5% from 5.1%.



<b>Council Financial Statistics</b>	<b>Actual 2005/06</b>	<b>Actual 2004/05</b>
Proportion of Rates Revenue to Total Revenue	8.4%	5.4%
Proportion of Dues Revenue to Total Revenue	6.5%	5.1%
Net Public Debt (as a percentage of Total Assets)	0.7%	0.5%
Public Debt (per rateable property)	\$417	\$435
Public Debt (per head of population)	\$343	\$293

**STATEMENT OF FINANCIAL PERFORMANCE  
For the Year Ending 30 June 2006**

	Note	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue</b>				
Rates	1	341,632	312,263	300,443
Grants & Subsidies	2	2,847,841	3,346,911	4,854,747
County Dues		266,197	265,000	285,515
User Pays, Fees & Charges		142,548	142,237	113,055
Interest		57,865	-	17,013
Other Revenue		68,594	-	37,840
<b>Total Revenue</b>	3	<b>3,724,677</b>	<b>4,066,411</b>	<b>5,608,613</b>
<b>Expenditure</b>				
Depreciation		650,032	676,147	650,633
Financing Cost		19,798	21,268	29,083
Other Expenditure		3,436,609	2,863,181	2,527,411
<b>Total Expenditure</b>	3	<b>4,106,439</b>	<b>3,560,596</b>	<b>3,207,127</b>
<b>Operating Surplus/(Deficit)</b>		<b>(381,762)</b>	<b>505,815</b>	<b>2,401,486</b>

**STATEMENT OF MOVEMENTS IN EQUITY  
For the Year Ending 30 June 2006**

	Note	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Equity at the start of the year</b>	6	39,235,449	37,726,989	36,833,963
Net Surplus/(Deficit) for the year		(381,762)	505,815	2,401,486
Decrease in Revaluation Reserve	6	(7,771,206)	-	-
Total Recognised Revenue & Expense		(8,152,968)	505,815	2,401,486
<b>Equity at the end of the year</b>		<b>31,082,481</b>	<b>38,232,804</b>	<b>39,235,449</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 FINANCIAL POSITION**  
As at 30 June 2006

	Notes	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Public Equity</b>				
Accumulated Funds & Reserves	6	31,082,481	38,232,804	39,235,449
<b>Total Public Equity</b>		<b>31,082,481</b>	<b>38,232,804</b>	<b>39,235,449</b>
<i>Represented by:</i>				
<b>Current Assets</b>				
Cash & Bank		231,036	121	274,602
Accounts Receivable & Accruals	8	394,931	278,000	596,957
		625,967	278,121	871,559
<b>Non Current Assets</b>				
Fixed Assets	7	31,962,747	39,041,877	39,577,243
		31,962,747	39,041,877	39,577,243
<b>Total Assets</b>		<b>32,588,714</b>	<b>39,319,998</b>	<b>40,448,802</b>
<b>Current Liabilities</b>				
ANZ & Call Accounts		-	288,175	-
Accounts Payable & Accruals	9	1,133,387	332,623	836,353
Current Portion of Term Liabilities	11	4,540	-	-
		1,137,927	620,798	836,353
<b>Non Current Liabilities</b>				
Provision for landfill closure costs	10	157,000	105,200	157,000
Term Liabilities	11	211,306	361,196	220,000
		368,306	466,396	377,000
<b>Total Liabilities</b>		<b>1,506,233</b>	<b>1,087,194</b>	<b>1,213,353</b>
<b>Net Assets</b>		<b>31,082,481</b>	<b>38,232,804</b>	<b>39,235,449</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 2006**

	Notes	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Cash Flow from Operating Activities</b>				
<i>Cash is Provided from:</i>				
Rates		327,691	322,265	299,442
Council Dues		235,183	275,000	285,515
LTNZ Roding Assistance		2,149,054	2,020,394	1,807,951
Central Government Assistance		1,238,000	1,238,050	1,225,049
Capital Grants		-	-	1,911,256
Interest		57,865	-	17,013
Other Receipts		226,254	250,270	144,205
		<b>4,234,047</b>	<b>4,105,979</b>	<b>5,690,431</b>
<i>Cash is applied to:</i>				
Employees & Councillors		420,966	144,213	333,696
Supplies and Services		3,014,026	2,749,837	2,028,438
		<b>3,434,992</b>	<b>2,894,050</b>	<b>2,362,134</b>
<b>Net Cash Flow from Operating Activities</b>	12	<b>799,055</b>	<b>1,211,929</b>	<b>3,328,297</b>
<b>Cash Flow from Investing Activities</b>				
<i>Cash is applied to:</i>				
Purchase of Assets		838,467	985,000	2,797,695
		<b>(838,467)</b>	<b>(985,000)</b>	<b>(2,797,695)</b>
<b>Cash Flow from Financing Activities</b>				
<i>Cash is provided from:</i>				
Loans Raised		-	-	220,000
<i>Cash is applied to:</i>				
Repayment of Loans		4,154	6,454	-
		<b>(4,154)</b>	<b>(6,454)</b>	<b>220,000</b>
<b>Increase/(Decrease) in Cash Held</b>		<b>(43,566)</b>	<b>220,475</b>	<b>750,602</b>
<b>Opening Cash Balance</b>		<b>274,602</b>	<b>(508,529)</b>	<b>(476,000)</b>
<b>Closing Cash Balance</b>		<b>231,036</b>	<b>(288,054)</b>	<b>274,602</b>
<b>Made up of:</b>				
<b>Cash on hand</b>		<b>121</b>	<b>121</b>	<b>121</b>
<b>ANZ &amp; Call Accounts</b>		<b>230,915</b>	<b>(288,175)</b>	<b>274,481</b>
		<b>231,036</b>	<b>(288,054)</b>	<b>274,602</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 and 111 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 1 July 2005. 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 2006

**Note 1: Rates Revenue**

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Rates Consist of:</b>			
General Rates	189,253	168,437	175,285
<b>Targeted Rates allocated to activities:</b>			
Roading	41,586	37,800	40,600
Refuse	33,079	33,127	33,166
Water	40,821	34,766	16,622
Sewerage	25,274	38,133	21,284
Total Targeted Rates	140,760	143,826	111,672
Rates Penalties	11,619	-	13,486
<b>Total Rates</b>	<b>341,632</b>	<b>312,263</b>	<b>300,443</b>

Rates Remissions for the year were \$482.98 (2005 \$312.58) excl gst and were granted in accordance with the Council Rates Remissions Policy.

**Note 2: Grants & Subsidies**

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Grants &amp; Subsidies Consist of:</b>			
Grants – Territorial Authority Functions	681,000	680,851	977,000
Grants – Regional Council Functions	574,891	557,200	245,417
Grants – Capital Expenditure	-	-	1,911,256
Grants – LTNZ Rooding Subsidy	1,903,287	2,020,394	1,685,751
Grants – Other	39,163	88,466	35,323
GST on Government Grants	(350,500)	-	-
<b>Total Grants &amp; Subsidies</b>	<b>2,847,841</b>	<b>3,346,911</b>	<b>4,854,747</b>

**Note 3: Summary of Cost of Services by Activity**

	Actual 2005/06 \$	Annual Plan 2005/06 \$	Actual 2004/05 \$
<b>Revenue by Activity:</b>			
Democracy	89,292	58,000	48,754
Land Transport (Roothing)	1,950,801	2,058,194	1,733,399
Solid & Hazardous Waste Management	33,079	85,947	33,344
Water Supply	40,821	34,766	942,242
Stormwater	-	-	-
Wastewater (Sewerage)	25,274	38,133	1,008,096
Community Services	123,561	116,840	92,825
Consents & Compliance	17,124	11,440	16,153
Environment	141,503	140,100	56,595
Animal & Plant Pest Control (Biosecurity)	120,167	113,600	50,417
Dog & Animal Control	12,945	17,837	14,025
Emergency Management/Rural Fire	28,227	102,566	9,454
Harbour Control	44,684	13,500	39,148
Corporate Services	241,765	213,000	95,862
<b>Total Revenue by Activity</b>	<b>2,869,243</b>	<b>2,952,123</b>	<b>4,140,314</b>
<b>Revenue not allocated to Activities:</b>			
General Rates & Penalties	200,872	168,437	188,771
Council Dues	266,197	265,000	285,515
Grants – Territorial Authority functions	681,000	680,851	977,000
GST on Government Grants	(350,500)	-	-
Interest	57,865	-	17,013
<b>Total Revenue</b>	<b>3,724,677</b>	<b>4,066,411</b>	<b>5,608,613</b>
<b>Expenditure by Activity:</b>			
Democracy	525,030	442,338	332,066
Land Transport (Roothing)	2,098,255	1,902,964	1,978,471
Solid & Hazardous Waste Management	25,838	110,903	47,740
Decrease in provision for Landfill Closure	-	(58,100)	-
Water Supply	145,350	100,483	59,423
Stormwater	6,451	8,287	2,759
Wastewater (Sewerage)	117,424	114,080	72,718
Community Services	310,604	353,829	284,107
Consents & Compliance	49,701	43,392	27,969
Environment	187,100	180,555	102,259
Animal & Plant Pest Control (Biosecurity)	120,567	113,600	50,595
Dog & Animal Control	19,048	23,589	21,145
Emergency Management/Rural Fire	107,601	120,076	47,758
Harbour Control	151,705	104,600	91,652
Corporate Services	241,765	-	88,465
<b>Total Expenditure by Activity</b>	<b>4,106,439</b>	<b>3,560,596</b>	<b>3,207,127</b>

Note 16

**Note 4: Expenditure Disclosures**

	<b>Actual 2005/06</b>	<b>Actual 2004/05</b>
	<b>\$</b>	<b>\$</b>
Audit Fees – 2006 Annual Report	51,000	37,691
Audit Fees – 2005 Annual Report	30,500	-
Audit Fees – 2006-16 LTCCP	24,517	-
Donations	11,099	47,507
Loss on Disposal of Assets	31,726	-
Change in Doubtful Debts Provision	8,000	-

**Note 5: Depreciation**

	<b>Actual 2005/06</b>	<b>Actual 2004/05</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation on:</b>		
Buildings	26,050	24,574
Furniture & Fittings	3,108	2,301
Office Equipment	15,311	18,020
Vehicles	3,709	1,175
Parks & Reserves	2,510	2,732
Harbour	14,664	14,664
Roading	524,665	571,614
Refuse	279	270
Stormwater	314	314
Sewer	35,096	9,264
Water Supply	24,326	5,705
<b>Total Depreciation</b>	650,032	650,633

**Note 6: Public Equity**

	Actual 2005/06 \$	Actual 2004/05 \$
<b>General Funds</b>		
Opening Balance	3,665,029	1,348,434
Plus Net Surplus for the year	(381,762)	2,401,486
Less Transfers to Other Reserves	(49,878)	(84,891)
Closing Balance	3,233,389	3,665,029
<b>Te Whanga Opening Reserve</b>		
Opening Balance	5,537	-
Plus Transfer from General Reserve	2,892	5,537
Closing Balance	8,429	5,537
<b>RMA Document Fund Reserve</b>		
Opening Balance	28,500	-
Plus Transfer from General Reserve	30,310	28,500
Closing Balance	58,810	28,500
<b>Burial Register Reserve</b>		
Opening Balance	20,000	-
Plus Transfer from General Reserve	907	20,000
Closing Balance	20,907	20,000
<b>Museum Displays Valuation Reserve</b>		
Opening Balance	25,000	-
Plus Transfer from General Reserve	1,134	25,000
Closing Balance	26,134	25,000
<b>Community Trust of Canterbury Reserve</b>		
Opening Balance	5,854	-
Plus Receipt from Community Trust	15,466	24,921
Less Expenditure during the Year	(10,659)	(19,067)
Closing Balance	10,661	5,854
<b>Chatham Community Trust Reserve</b>		
Opening Balance	-	-
Plus Transfer from General Reserve	9,828	-
Closing Balance	9,828	-
<b>Asset Revaluation Reserve</b>		
Opening Balance	35,485,529	35,485,529
Decrease in Rooding Revaluation	(7,771,206)	-
Closing Balance	27,714,323	35,485,529
<b>TOTAL EQUITY AT END OF YEAR</b>	<b>31,082,481</b>	<b>39,235,449</b>

**Note 7: Fixed Assets & Infrastructural Assets**

	Actual 2005/06 \$	Actual 2004/05 \$
<b>Operational Assets</b>		
<b>Total Land – at cost</b>	<b>257,137</b>	<b>257,317</b>
Buildings – at cost	1,332,269	1,332,269
Less accumulated depreciation	(407,882)	(381,087)
<b>Total Buildings</b>	<b>924,387</b>	<b>951,182</b>
Furniture & Fittings – at cost	39,757	29,970
Less accumulated depreciation	(15,735)	(12,627)
<b>Total Furniture &amp; Fittings</b>	<b>24,022</b>	<b>17,343</b>
Office Equipment – at cost	214,753	189,236
Less accumulated depreciation	(160,337)	(145,026)
<b>Total Office Equipment</b>	<b>54,416</b>	<b>44,210</b>
Plant – at cost	18,876	18,876
Less accumulated depreciation	(18,876)	(18,876)
<b>Total Plant</b>	<b>-</b>	<b>-</b>
Vehicles – at cost	34,739	34,732
Less accumulated depreciation	(21,186)	(17,477)
<b>Total Vehicles</b>	<b>13,553</b>	<b>17,255</b>
Parks & Reserves – at cost	87,912	77,070
Less accumulated depreciation	(25,402)	(22,892)
<b>Total Parks &amp; Reserves</b>	<b>62,510</b>	<b>54,178</b>
Harbour – at cost	851,192	851,192
Less accumulated depreciation	(498,698)	(484,034)
<b>Total Harbour</b>	<b>352,494</b>	<b>367,158</b>
<b>Total Operational Assets</b>	<b>1,688,519</b>	<b>1,708,643</b>
<b>Infrastructural Assets</b>		
Roading - at cost	458,575	16,729,212
Roading - at valuation	27,714,323	35,485,529
Refuse - at cost	6,739	6,739
Stormwater - at cost	12,540	12,540
Sewerage – at cost	1,211,779	1,211,779
Water - at cost	1,307,945	1,283,548
<b>Total Cost/Valuation</b>	<b>30,711,901</b>	<b>54,729,347</b>
Less accumulated depreciation	(437,673)	(16,860,747)
<b>Total Infrastructural Assets</b>	<b>30,274,228</b>	<b>37,868,600</b>
<b>Total Operational &amp; Infrastructural Assets</b>	<b>31,962,747</b>	<b>39,577,243</b>

**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 8: Accounts Receivable**

	Actual 2005/06	Actual 2004/05
	\$	\$
Rates	57,514	43,573
Sundry Debtors	169,046	150,154
GST Refund	-	20,256
LTNZ Assistance	179,371	385,974
	<hr/> 405,931	<hr/> 599,957
Less Provision for Doubtful Debts	(11,000)	(3,000)
	<hr/> <b>394,931</b>	<hr/> <b>596,957</b>

**Note 9: Accounts Payable**

	Actual 2005/06	Actual 2004/05
	\$	\$
Creditors & Accruals	412,388	403,759
GST Payable	308,848	-
Income in Advance	328,470	344,566
Deposits	71,602	70,303
Employee Entitlements	12,079	17,725
	<hr/> <b>1,133,387</b>	<hr/> <b>836,353</b>

**Note 10: 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.

No costs have been incurred for the year ended 30 June 2006 in relation to landfill closure. Council will continue to operate its three existing landfills until site selection and funding for a new landfill is approved.

**Note 11: Term Liabilities**

	Actual 2005/06 \$	Actual 2004/05 \$
Balance at 1 July	220,000	-
Plus loans raised during the year	-	220,000
Less repayments during the year	(4,154)	-
Balance at 30 June	<u>215,846</u>	<u>220,000</u>

The loan is repayable over the following periods:

Current portion < 1 year	4,540
Non-Current 1-2 years	4,963
Non-Current 2-5 years	<u>206,343</u>
Total Non-Current Portion	<u>211,306</u>

The Council has taken a loan from the Chatham Islands Enterprise Trust with a term of 20 years at an interest rate of 9.00% per annum. The Trust has agreed to fund the loan for the first five years after which refinancing of the total amount outstanding will be required.

**Note 12: Cash Flow Reconciliation**

	Actual 2005/06 \$	Actual 2004/05 \$
Reported Surplus/(Deficit) for the year	(381,762)	2,401,486
<b>Add back Non Cash Items:</b>		
Depreciation	650,032	650,633
Loss on Disposal of Assets	31,726	-
<b>Movement in Working Capital Items:</b>		
(Increase)/Decrease in Debtors	181,770	(259,134)
(Increase)/Decrease in GST	329,103	(51,068)
Increase/(Decrease) in Creditors	11,722	249,669
Increase/(Decrease) in Grants in Advance	(17,890)	340,951
Increase/(Decrease) in Employee Entitlements	(5,646)	(4,240)
	<u>799,055</u>	<u>3,328,297</u>

**Note 13: Remuneration of Elected Members & General Manager**

**Council Remuneration**

The following people held office as elected members of the Council's governing body during the reporting period. The total remuneration paid to the Mayor and eight Councillors during the year totalled \$86,299 (last year \$79,398)

		<b>Actual 2005/06</b>	<b>Actual 2004/05</b>
		<b>\$</b>	<b>\$</b>
Patrick Smith	Mayor	37,600	35,886
Alfred Preece	Deputy Mayor	10,787	9,670
Monique Braid		5,416	3,460
Donna Gregory - Hunt		5,416	3,460
Toni Day		5,416	4,834
Nigel Ryan		5,416	4,834
Nathaniel Whaitiri		5,416	3,460
Bruce Mills		5,416	4,834
Eva-Cherie Tuck		5,416	3,460

**General Manager Remuneration**

The General Manager of Council was appointed in accordance with Section 42 of the Local Government Act 2002. The total cost, of salary and benefits paid during the year including fringe benefit tax was \$127,116 (last year \$115,780).

**Severance Payments**

In accordance with Schedule 10, Section 19 of the Local Government Act 2002 the Council is required to disclose the number of employees who received severance payments and the amount. For the year ended 30 June 2006 the Council made no severance payments (2005 \$nil).

**Note 14: 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:

<b>Related Party</b>	<b>Councillor</b>	<b>Description</b>	<b>Actual 2005/06</b>	<b>Actual 2004/05</b>
			<b>\$</b>	<b>\$</b>
AMW & R Preece	A Preece	Plant Hire & Refuse Site Lease	6,080	4,710
V Mills	B Mills	Cleaning Services	8,138	7,952
Waitangi Hardware	M Braid	Hardware & fuel	1,896	558
Black Robin Freighters	M Braid	Shipping services	1,105	6,275
Chat Artz	C Tuck	Creative Communities Grant	-	2,983
N Ryan	N Ryan	Oil Spill Maintenance	990	-

**Note 15: 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 16: Statement of Contingencies**

**Contingent Assets**

It has been identified that GST of \$350,500 has not been remitted to the IRD in relation to Government Grants received in the years ending 30 June 2005 and 30 June 2006. The liability arising has been reflected in these financial statements. The Department of Internal Affairs has been made aware of this issue and is supporting the Council in recommending to the Minister of Local Government that funding be made available to meet the GST liability.

As at 30 June 2006 Council is in the process of finalising the agreement with Central Government to fund the GST owing. While Central Government are unable to confirm in writing the funding of the GST owing Council is confident of approval and receipt of the necessary funding of \$350,500. As such Council notifies readers of the Annual Report that this amount is a contingent asset of the Chatham Islands Council.

**Contingent Liabilities**

As at 30 June 2006, Council is not aware of any contingent liability, which would significantly affect the financial statements (2005 nil).

**Note 17: Statement of Commitments**

As at 30 June 2006 the Council has no capital or operating lease commitments (2005 \$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 2005/06 \$</b>	<b>Actual 2004/05 \$</b>
Road Maintenance Services Contract	5,399,741	5,399,741
Less amount expended to date	4,161,776	2,011,501
	1,237,965	3,388,240

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 2005/06 \$</b>	<b>Actual 2004/05 \$</b>
Regional Council Services Contract	2,268,800	2,268,800
Less amount expended to date	822,940	248,049
	1,445,860	2,020,751

**Note 18: Subsequent Events**

There are no known subsequent balance date events in relation to the Council that materially effect these financial statements.

**Mayor & Council Members**

Mayor	Mr Patrick F Smith
Deputy Mayor	Mr Alfred W M Preece
Councillors	Mr Bruce J Mills
	Mr Nigel C Ryan
	Mrs Donna G Gregory-Hunt
	Mrs Antoinette M Day
	Mrs Monique Braid
	Miss Eva-Cherie Tuck
	Mr Nathaniel J Whaitiri

**Council Staff**

General Manager	Owen Pickles
Finance Manager	Deborah Goomes
Office Assistant	Tania Whaitiri
Office Assistant	Natasha Fraser
Minute Secretary	Lynette Pickles
Emergency Management Co-ordinator	Rana Solomon

**Council Directory**

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

**CHATHAM ISLAND STATISTICS**

	<b>30 June 2006</b>	<b>30 June 2005</b>
<b>Area and Population</b>		
Date of Constitution for Territory	1995	
Area - sq km	963	963
Population	630	750
Note: The population figures are based on the 2005 provisional and 2006 provisional census.		
<b>Valuation</b>		
Rateable properties - no. of	517	506
Non-rateable properties - no. of	101	101
Gross capital value	74,630,250	73,982,750
Net Capital Value (ie capital value of rateable property)	66,821,250	66,083,750
Gross Land Value	28,550,500	28,341,700
Net Land Value (ie land value of rateable property)	26,025,650	25,816,850
Date of last revision	September 2003	September 2003
<b>Rates and Rating</b>		
Total rates struck (incl GST)	371,265	335,521
System of Rating	Capital Value	Capital Value
<b>Council Dues</b>		
Dues collected from Air	58,485	100,117
Dues collected from Sea	207,638	185,398
<b>Public Debt</b>		
Public Debt Outstanding	215,846	220,000
Unexercised loan authorities	250,000	250,000
<b>Building Consents</b>		
Value of consents for year	463,952	553,671
New Houses	2	2

## **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.