



Annual Report 2007/2008



chatham islands council



Vision

“Working towards a sustainable future for our people and our islands”

The vision for the Chatham Islands and its people “working towards a sustainable future” encompasses the community desires for the future but also sets the direction for the Chatham Islands Council. In pursuing this direction a strategic approach is required to develop, maintain and sustain the elements of social, economic, environmental and cultural well-being for the Islands and its people. This vision aims to achieve the sustainable management of the Islands’ natural and physical resource base, which provides the livelihood for the vast majority of Islanders and is fundamental to securing a sustainable future for present and future generations.

Purpose

The purpose of the Chatham Islands Council is to promote the social, economic, environmental, and cultural well-being of the community through the provision of reliable services and management of physical and natural resources.

We will achieve this by

- Working towards compliance
- Strengthening relationships and working in partnership with the community, and key organisations
- Promoting sustainable management of natural and physical resources
- Using an innovative, skilled management team
- Ensuring that decision making is based on quality information and effective consultation.

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A year of consolidation

It is our pleasure to present the 2007/2008 Annual Report for the Chatham Islands Council.

The 2007/08 year was one of consolidation as we worked towards a sustainable future for the Chatham Islands. Preparation of plans, budgets and reports required to secure the Government's financial support all became worth while in June with the announcement of a further four years' funding of \$7.23m.

In financial terms, Council has finished the year with a strong balance sheet and a surplus of \$1.12m. This is influenced by an increase in the value of the infrastructural assets.

Significant highlights of the year in review include:

- ◆ The preparation of a Pest Management Strategy which became operative on 3 March 2008.
- ◆ Funding for the implementation of the Solid Waste Management Plan was received. Footpaths continue to be laid in Waitangi, and numerous roading projects were completed. It is interesting that the Council spent \$3.71m on road maintenance and capital projects compared with only \$1.14m 10 years ago and \$1.96m five years ago.
- ◆ The Council continued to work with the Land Transport Authority to find a funding solution for the replacement of the wharf at Owenga. It was pleasing to hear that this work has since been successful.

It is always good for the Council to be involved with community support projects and we provided \$178k during the year through community-based organisations. We acknowledge the support provided from the Community Trust of Canterbury, Sport and Recreation New Zealand and Creative Communities which allowed this to happen.

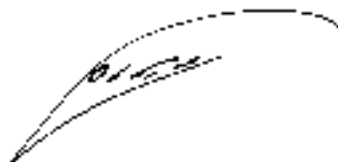
Over the past five years we have emphasised our emergency response activities by making sure that our plans are compliant and current. We are pleased to say that this has been achieved. However the success of these plans relies upon the availability of trained local volunteers. We would welcome anyone who would like to be involved.

The relationship with the Wellington City Libraries continues to grow with Chatham Islanders now eligible to be members. A regular supply of books is being provided and we thank Wellington City for this.

The year ahead will continue to be challenging and rewarding as the Council works with the Chatham Islands Enterprise Trust to find an appropriate governance structure for the islands. Waste Management will be addressed and construction of a new wharf at Owenga will begin.

In conclusion, we wish to record our appreciation to all those who work for and with the Council for their enthusiasm and hard work in ensuring we continue to contribute positively towards building a sustainable community.

Owen Pickles JP
General Manager



Patrick F Smith QSO JP
Mayor



Community Outcomes

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

The community outcomes contained in the LTCCP were an extension of previous community outcomes identified in the LTCCP 2004 and are also taken from visions identified in 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 10 years and how the Council might play a role in working towards realising these visions.

Through the 'special' consultation process of the Draft Long Term Community Plan 2006-2016, the community revisited these visions to decide whether they were reflected within the community outcomes. The Long Term Community Plan was adopted on 29 June 2006.

The Community Outcomes

Social well-being: A Safe and 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 and 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 organisations, Maori and Moriori, central government and non-governmental organisations and the private sector to further the community outcomes. The Chatham Islands Council will monitor and, at least every three years, report on the community's progress towards achieving the community outcomes.

Maori and Moriori participation 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.

The obligation to consult includes recognising those who hold mana whenua or ancestral rights of land ownership. Within the Chatham Islands, Council recognises the Hokotehi Moriori Trust, Te Runanga O Wharekauri Rekohu Inc and Ngati Mutunga O Wharekauri Iwi Trust as groups that represent mana whenua within the territory.

Council recognises the obligation to '*actively promote*' Maori and Moriori participation in the decision-making process and this has been recognised in the Annual Plan 2007/08 with the establishment of a budget to further progress relationships with Iwi. The key goals of Council in actively promoting participation and progressing relationships with Iwi are:

- Working towards formalising working relationships
- Building capacity to enhance participation in the decision-making process
- Providing information to assist Maori and Moriori to effectively contribute to the decision making process
- Education and promotion for staff and elected members to gain an appreciation of the Maori and Moriori values and traditions in relation to the Local Government Act and the Resource Management Act, and
- Consultation

As conveyed in the Long Term Council Community Plan 2006-2016 the community outcome, "*A community that acknowledges and values the importance of tangata whenua as an integral part of our community*", Council also recognises an obligation to the Chatham Islands community under the LTCCP in enhancing this outcome and acknowledges the importance of 'tangata whenua' in collectively striving towards a sustainable future for our people and our islands.

Groups of Activities

DEMOCRACY

What we do and why we do it

Democracy 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 the interests of Chatham Islands residents and ratepayers 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 enabling 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.

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress this year	Impact on well-being
A community that promotes economic development for its fishing, farming and tourism industries.	Actively participated in the Shipping Committee and Chatham Islands Tourism group.	There is a benefit to economic well-being through collective participation and the bringing together of skills, experiences and knowledge in finding solutions to economic sustainability for the Chatham Islands.
A community that promotes partnerships with leading organisations.	Maintained a sound relationship with the Department of Internal Affairs in relation to Government assistance. Government assistance has been approved for a further four years.	There is a benefit to social, economic, environmental and cultural well-being by maintaining and sustaining a viable and compliant Council.
A community that acknowledges and values the importance of 'tangata whenua' as an integral part of our community.	During the year Council initiated a hui on aquaculture marine areas as a means of building and strengthening working relationships between Iwi and Council. Representatives from Hokotehi Moriori Trust, Ngati Mutunga o Wharekauri iwi Trust and the Chatham Islands Enterprise Trust attended the hui. In addition, a workshop was held for Council staff on the usage of Te reo/ Te re within the workplace to raise the awareness and appreciation of Maori and Moriori languages. Council was represented at a hui on Shared Fisheries within the Chatham Islands territory initiated by Hokotehi Moriori Trust and Ngati Mutunga o Wharekauri Iwi Trust.	There is a benefit to environmental and cultural well-being by reducing adverse reactions that may arise during the decision-making process through a lack of effective consultation, participation and poor working relationships.

Significant negative effects associated with this group of activities

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

Assets

There are no infrastructural assets involved in this activity. The assets are the elected Mayor and Councillors, assisted by the knowledge and experience of staff, coupled with organisational information, systems and processes.

How we check performance

Levels of service

1. Providing effective governance and leadership to the Chatham Islands community

Measure	Targets for 2007/08	Actual
The percentage of residents who feel confident that Council decisions are made in the best interests of the community.	85% of residents are confident or very confident (measured by annual survey on a scale of very confident, confident, unconfident, very unconfident).	63% confident or very confident.
The percentage of residents who are satisfied with the advocacy by the mayor and councillors on behalf of the community.	85% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).	61% satisfied or very satisfied.
Voter turnout.	In top quartile of New Zealand Territorial Authorities.	Turnout 63.9%. No published Quartile information was available.

2. Meeting legislative requirements for governance, planning and reporting

Measure	Targets for 2007/08	Actual
The percentage of official meetings of elected representatives conducted in compliance with the Local Government Official Information and Meeting Act 1987 and Council Standing Orders.	100%.	100%.
LTCCP/Annual Plan and Annual Report compliance with the Local Government Act 2002.	Annual Report audited without qualification.	Achieved.
The Council's governance statement.	Kept up to date with legal requirements.	Yes. Local Governance Statement 2007 adopted December 2007.

Cost of services statement

DEMOCRACY	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	306,195	222,739	435,401
Other Income	3,289	500	11,035
Grant Regional Council Support	270,000	270,000	267,481
Total Revenue	579,484	493,239	713,917
Operating Expenditure	674,949	564,753	582,272
Operating Surplus/(Deficit)	(95,465)	(71,514)	131,645
Capital and Reserves Funding Requirements			
Operating Deficit	95,465	71,514	-
Capital Expenditure	18,535	-	2,224
Total Funding Required	114,000	71,514	2,224
Funded by:			
Operating Surplus	-	-	131,645
Transfers from (to) General Reserve	114,000	71,514	(129,421)
Total Funding Applied	114,000	71,514	2,224
Operating Expenditure includes:			
Elected members	120,009	108,172	102,079
Local Government NZ	24,237	32,122	19,083
Election Expenses	13,902	16,700	500
Servicing Costs	462,532	335,694	405,638
Economic Development	2,269	20,065	2,222
Regional Council Contract	52,000	52,000	52,750
Operating Expenditure	674,949	564,753	582,272

Financial commentary

- Revenue has decreased as general funds have been allocated to the Rooding activity in accordance with the annual plan. Other income includes election deposits which were refunded but now excludes an allocation of other income which has been spread across all activities.
- Operating expenditure has increased driven by increased overheads of \$39,000, interest charged by the IRD of \$62,000(part), higher staff costs and unbudgeted hearing fees of \$6,000. There was less spending on Local Government New Zealand activities and economic development.
- Capital expenditure includes three new laptops, a new IBM computer and hard drive, new photocopier and UPS, and office curtains.

INFRASTRUCTURE SERVICES

Land Transport (Roading)

What we do and 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.

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	<ul style="list-style-type: none"> ▪ Adhered to the road maintenance programme. ▪ Undertaken an assessment on the Waitangi Wharf cliff face. ▪ Completed network bridge inspections. ▪ Survey work undertaken to enable beach access off Fish Factory Road. ▪ Investigated Owenga wharf upgrade. 	There is a benefit to social economic and environmental well-being through accountability and transparency that enables quality infrastructure services to be delivered in accordance with LTA standards.
A safe and secure community.	<ul style="list-style-type: none"> ▪ Installed new kerb and footpaths along Tuku Road. ▪ Vegetation controlled re sight distances. ▪ Speed limit changed at Te One. ▪ Undertook safety inspection with findings used to develop delineation report. ▪ Safety Management Plan implemented. ▪ Whangatete Bridge investigated. 	There is a benefit to social and economic well-being by improving and maintaining infrastructure in accordance with safety standards. There is a benefit to environmental well-being by controlling and reducing the amount of pest plants on road side reserves and reducing obstructions for road users.
A community that promotes economic development for its fishing, farming and tourism.	<ul style="list-style-type: none"> ▪ Seal extension from airport investigated. ▪ Hapupu Road investigation completed. ▪ Traffic monitoring strategy completed. 	There is a benefit to social and economic well-being by investigating ways of improving the road to the airport for the community, commercial and industry.
Access to reliable and affordable transportation services.	As above.	As above.

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 neighbours 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.

Assets

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 available for improvement and development. Funding of roads is shared between the Council and the Government through its agent The Land Transport Authority.

How we check performance

Levels of service

1. Providing a safe and well maintained and managed road network

Measure	Targets for 2007/08	Actual
The percentage of maintenance work identified in the Annual Roding Strategy undertaken.	100%.	100%.
The percentage of projects identified in the Annual Roding Strategy to address black/grey accident spots completed.	100%.	N/A. There are no identified black or grey spots on the Chathams, rather areas of safety concern in the Annual Roding Strategy. 100% dealt with.
The number of infestations of plant pests within the road reserve found in quarterly inspections.	None.	None.
The number of requests or complaints about the road network.	No more than 10 complaints a year.	20 complaints received.
The time to respond to written requests or complaints.	100% within five working days of notification.	100% response within five working days.
The percentage of residents who are satisfied with the overall extent and safety of the urban and rural road network.	75% of residents are satisfied or very satisfied (measured by annual survey on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).	41% satisfied or very satisfied.

Cost of services statement

LAND TRANSPORT (ROADING)	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	217,506	289,550	-
Targeted Rate	41,265	40,993	39,539
Grant (LTNZ)	2,347,521	2,616,290	2,415,405
Other Income	6,638	5,640	6,920
Total Revenue	2,612,930	2,952,473	2,461,864
Operating Expenditure	1,679,528	2,264,000	2,059,223
Operating Surplus/(Deficit)	933,402	688,473	402,641
Capital and Reserves Funding Requirements			
Capital Expenditure	2,046,953	2,165,000	1,906,283
Total Funding Required	2,046,953	2,165,000	1,906,283
Funded by:			
Operating Surplus	933,402	688,473	402,641
Depreciation	1,021,355	1,435,068	1,218,878
Transfers from (to) General Reserve	92,196	41,459	284,764
Total Funding Applied	2,046,953	2,165,000	1,906,283
Operating Expenditure includes:			
Pavement Maintenance	349,476	253,143	173,683
Bridge Maintenance	85,848	66,000	56,031
Drainage Maintenance	-	54,000	-
Amenity/Safety Maintenance	-	28,000	24,555
Street Lighting	1,395	6,000	2,807
Traffic Services	53,256	68,000	117,460
Street Cleaning	6,327	6,857	11,648
Minor Safety Projects	4,554	190,000	109,178
Professional Services	103,544	90,000	76,680
Emergency Work	-	-	190,000
Administration	470	38,000	15,717

Operating Expenditure (continued)	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Non Subsidised Works:			
Miscellaneous	132	10,000	6,060
Street Cleaning	11,537	16,000	21,419
Noxious Plants Spraying	16,116	18,000	19,241
Footpaths & Rapid	25,518	20,000	15,866
Depreciation	1,021,355	1,400,000	1,218,878
Operating Expenditure	1,679,528	2,264,000	2,059,223

Capital Expenditure includes:			
Renewals Capital Expenditure			
Area Wide Pavement Treatment	108,931	680,000	584,078
Pavement Gravelling	1,474,771	960,000	938,847
Major Drainage Control	66,982	65,000	57,800
Structural Bridge Works	53,943	-	-
Minor Safety Projects	181,647	-	8,988
Footpaths	-	-	-
Bridge Renewals	-	40,000	40,343
Traffic Services	57,885	50,000	42,448
New Capital Expenditure			
Work In Progress Waitangi Wharf Cliff Stabilisation Project	42,794	-	-
Bridges	-	310,000	127,094
Footpaths	60,000	60,000	106,685
Total Capital Expenditure	2,046,953	2,165,000	1,906,283

Financial commentary

- General Funds have increased reflecting the annual plan where a change to the policy of allocation of general funds was signalled. The convention of not allocating general funds to roading was reviewed in 2007/08.
- LTA grant is down on budget and on last year as it is driven by expenditure which has been lower than budgeted. The budget was set too high, reflecting an assumption that more work would be classified as new capital as opposed to renewals thus attracting a higher subsidy rate. This has not proved to be the case.
- As noted, operating expenditure is less than budget. Minor safety expenditure has been capitalised as recommended by Council engineers MWH. In addition depreciation is lower, due to some assets being fully depreciated in 2007/08.
- Capital expenditure is mainly pavement regraveling, the planned work to upgrade a culvert did not go ahead.

Solid and Hazardous Waste Management

What we do and 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.

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	Government funding has been approved for implementation of Council's Waste Management Plan.	A positive impact on social, economic, environmental and cultural well-being as it reduces the potential risk to the health and safety of the community and the environment with the availability of financial resources to begin the implementation of Council's Waste Management Plan. For cultural well-being there will be a reduction in potential risk to the relationship Maori/Moriori have with their accustomed environment through adverse effects on the environment from existing non-compliant landfills and the potential negative effect on future generations.
A community that promotes economic development for its fishing, farming and tourism industries.	As above.	As above.
A community that protects, sustains and enriches the environment for future generations.	As above.	As above.

Significant negative effects associated with this group of activities

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

- Leachate from existing landfills polluting the natural environment and entering natural water courses;
- 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).

Assets

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. Downer Edi Works 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 has funding from Government to implement the strategy approved.

How we check performance

Levels of service

1. Providing convenient and effective resource recovery and waste management facilities for the Chatham Islands that is economically and environmentally sustainable and protects public health.

Measure	Targets for 2007/08	Actual
The percentage of the population within 20 km of a transfer station or landfill.	75%.	Three refuse sites provided ensuring at least 75% of population within 20 km of a site.
The number of complaints about facilities.	No more than two complaints a year.	Three complaints received and a request for recycling bins.
The time to respond to written requests or complaints.	100% within 5 working days of notification.	100% response within five days.

Cost of services statement

SOLID AND HAZARDOUS WASTE MANAGEMENT	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	-	51,508	18,492
Targeted Rates	34,994	35,214	33,785
Government Assistance	659,000	277,629	-
Total Revenue	693,994	364,351	52,277
Operating Expenditure	35,155	103,259	46,686
Operating Surplus/(Deficit)	658,839	261,092	5,591
Capital and Reserves Funding Requirements			
Operating Deficit	-	-	-
Capital Expenditure	28,734	277,629	-
Total Funding Required	28,734	277,629	-
Funded by:			
Operating Surplus	658,839	261,092	5,591
Depreciation	3,999	1,500	-
Transfer from (to) General Reserve	(634,104)	15,037	(5,591)
Total Funding Applied	28,734	277,629	-
Operating Expenditure includes:			
Landfill Operating	15,135	15,000	34,682
Transfer Station Operating	-	7,725	-
Depreciation	3,999	1,500	270
Waste Minimisation Programmes	-	38,500	-
Publicity	-	29,870	-
Admin Charge	16,021	10,664	11,734
Operating Expenditure	35,155	103,259	46,686
Capital Expenditure includes:			
Transfer Stations	-	53,768	-
Landfill	28,734	189,222	-
Recyclables Equipment	-	34,639	-
Total Capital Expenditure	28,734	277,629	-

Financial commentary

- Revenue includes the government grant for the solid waste project as signalled in this year's amendment to the 2006-16 LTCCP. The project has yet to commence hence expenditure is lower than budget.

Water Supply

What we do and 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

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	Water levels are monitored and tested regularly to ensure access to water is constant and in accordance with NZ Drinking Water Standards. Access to water for emergency events (access to fire hydrants).	There is a benefit to social well-being by the provision of an infrastructure service that can accommodate for the fundamental needs of the community and to a regulated standard. There is a benefit to social, economic, and environmental well-being by reducing the threat to the community, industry and the environment.
A community that promotes economic development for its fishing, farming and tourism industries.	Access to water within Waitangi to cater for the commercial sector. It has been identified that there are other users of water being consumed. This added consumption is during 'dry spells' for consumers who are not on the Waitangi water supply. In addition, fishers use the supply during the 'off season' for maintenance of Cray pots. The townships of Kaingaroa and Owenga	There is a benefit to economic well-being by the provision of an infrastructure service that is able to accommodate for the needs of the commercial sector . There is a negative effect on social, economic and environmental well-being due to the identification of other users to the Waitangi water supply scheme and the over consumption of water at certain times of the year. This could potentially cause a reduction in the availability of water levels for the Waitangi consumers and Emergency services thereby increasing the risk to health and

	have expressed concerns about the lack of sustainable water supplies. Council is currently investigating this issue.	safety. The other users such as fishers, farmers and local residents who reside outside the vicinity of the Waitangi township are at risk due to the limitations on accessing water to meet their social and commercial needs.
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Significant negative effects associated with this group of activities

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

Assets

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

How we check performance

Levels of service

1. Providing a safe and reliable water supply for Waitangi.

Measure	Targets for 2007/08	Actual
Compliance of monthly water quality testing with New Zealand Drinking Water Standards.	100% compliance.	Not compliant as insufficient samples taken. A Public Risk Health Plan has been proposed and awaiting DHB inspection. Samples taken show zero coliform counts.
The percentage of customers who are satisfied with the Waitangi water supply scheme.	80% of customers are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).	62% satisfied or very satisfied.
The number of complaints about the water supply.	No more than five complaints a year.	Two complaints received.
The time to respond to complaints and to restore lost supply.	95% of complaints are responded to within two hours and lost supply restored within 8 hours of notification.	Complaints responded to immediately. No supply outages for greater than eight hours.

Cost of Services Statement

WATER SUPPLY	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	79,786	74,568	149,352
Targeted Rates	39,999	40,076	36,504
Total Revenue	119,785	114,644	185,856
Operating Expenditure	178,250	138,586	140,699
Loss on Disposals	52,371	-	-
Operating Surplus/(Deficit)	(110,836)	(23,942)	45,157
Capital and Reserves Funding Requirements			
Operating Deficit	110,836	23,942	-
Capital Expenditure	-	-	11,762
Total Funding Required	110,836	23,942	11,762
Funded by:			
Operating Surplus	-	-	45,157
Depreciation	24,642	20,464	-
Transfer from (to) General Reserve	86,194	3,478	(33,395)
Total Funding Applied	110,836	23,942	11,762
Operating Expenditure includes:			
Water Supply Operating Costs	92,772	76,000	67,945
Maintenance	60,836	42,122	48,345
Depreciation	24,642	20,464	24,409
Operating Expenditure	178,250	138,586	140,699
Capital Expenditure includes:			
Water Tank	-	-	11,762
Total Capital Expenditure	-	-	11,762

Financial commentary

Operating expenditure is in excess of budget and 2006/07 due to a pump failure in 2007/08.

Stormwater

What we do and 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

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	Stormwater within the Waitangi township is maintained.	There is a benefit to social, economic and environmental well-being due to the reduction in flooding and environmental damage caused through raised storm water levels.
A community that promotes economic development for its fishing, farming and tourism industries.	The opening of Te Whanga.	There is a benefit to economic and environmental well-being due to reducing the risk of flooding and damage to farms and the environment.

Significant negative effects associated with this group of activities

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

Assets

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

How we check performance

Levels of service

1. Acting to protect land from flooding due to the rising level of Te Whanga.

Measure	Targets for 2007/08	Actual
The frequency of opening the Te Whanga outlet to avoid flooding.	As required.	Not required.

Cost of Services Statement

STORMWATER	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
General Funds	4,189	4,851	29,938
Revenue	4,189	4,851	29,938
Operating Expenditure	5,964	3,908	20,886
Operating Surplus/(Deficit)	(1,775)	943	9,052
Capital and Reserves Funding Requirements			
Operating Deficit	1,775	-	-
Transfer from/(to) Te Whanga Reserve	-	(2,500)	(5,143)
Total Funding Required	1,775	(2,500)	(5,143)
Funded by:			
Operating Surplus	-	943	9,052
Depreciation	313	314	-
Transfer from/(to) Te Whanga Reserve	-	-	(5,143)
Transfers from (to) General Reserve	1,462	1,243	(3,909)
Total Funding Applied	1,775	2,500	-
Operating Expenditure includes:			
Stormwater Operating Costs	5,651	3,594	12,322
Depreciation	313	314	314
Te Whanga Lagoon Opening	-	-	8,250
Operating Expenditure	5,964	3,908	20,886

Financial commentary

- Te Whanga did not require opening in 2007/08.

Wastewater (sewerage)

What we do and why we do it

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

Collection, treatment and disposal of wastewater contribute to:

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

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	Access to a wastewater system within the township of Waitangi that is maintained to a regulated standard.	There is a benefit to social well-being by the provision of an infrastructure service that can accommodate for the fundamental needs of the community and to a regulated standard.
A community that promotes economic development for its fishing, farming and tourism industries.	The availability of a wastewater system within the Waitangi township of catering for the commercial sector. The availability of public toilets for visitor usage.	There is a benefit to economic well-being by the provision of an infrastructure service that is able to accommodate for the needs of the commercial sector and tourism industry.
A community that protects, sustains and enriches the environment for future generations.	A wastewater system that is regularly monitored and compliant.	There is a benefit to social and environmental well-being by meeting compliance with the Health Act and Resource Management Act and reducing the risk to public health and the adverse effects on environment. There is also a benefit to cultural well-being by ensuring that the Maori/Mori relationship with their accustomed environment is not affected by any adverse reactions the wastewater system may have on the environment .

Significant negative effects associated with this group of activities

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

Assets

A sewage system that serves all of Waitangi.

How we check performance**Levels of Service****1. Providing a reliable, environmentally friendly sewerage system.**

Measure	Targets for 2007/08	Actual
Compliance with resource consent conditions (monthly monitoring of the system and an annual soil test).	100% compliance, other than minor non-compliance with nil or minor short-term adverse environmental effects.	100% compliance.
The number of complaints about odours or any other nuisances.	No more than two complaints a year.	No complaints received.
The time to respond to complaints of loss of service and to restore lost service.	95% of complaints are responded to within 2 hours and investigated within 12 hours and minor faults remedied within 24 hours of notification.	No complaints received.

Cost of services statement

WASTEWATER (SEWERAGE)	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	70,151	57,784	97,230
Targeted Rates	47,747	46,808	44,554
Grant – Capital Expenditure	-	-	24,744
Total Revenue	117,898	104,592	166,528
Operating Expenditure	167,797	139,582	137,130
Operating Surplus/(Deficit)	(49,899)	(34,990)	29,398
Capital and Reserves Funding requirements			
Operating Deficit	49,899	34,990	-
Capital Expenditure	16,000	-	32,252
Total Funding Required	65,899	34,990	32,252
Funded by:			
Operating Surplus	-	-	29,398
Depreciation	36,161	34,990	2,854
Transfers from (to) General Reserve	29,738	-	-
Total Funding Applied	65,899	34,990	32,252
Operating Expenditure includes:			
Operating	87,597	68,000	56,321
UV Disinfection	95	-	-
Maintenance	43,944	35,582	45,715
Depreciation	36,161	36,000	35,094
Operating Expenditure	167,797	139,582	137,130
Capital Expenditure includes:			
Cover to Septic Tank	16,000	-	-
Total Capital Expenditure	16,000	-	-

Cost of services statement – Infrastructure Group of Activities

TOTAL INFRASTRUCTURE SERVICES	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	371,630	478,260	295,012
Targeted Rates	164,007	163,091	154,382
Grant LTA	2,347,521	2,893,919	2,415,405
Other Grants	659,000	-	24,744
Other Income	6,638	5,640	6,920
Total Revenue	3,548,796	3,540,910	2,896,463
Operating Expenditure	2,066,694	2,649,335	2,404,624
Loss on Disposals	52,371	-	-
Operating Surplus/(Deficit)	1,429,731	891,575	491,839
Capital and Reserves Funding Requirements			
Capital Expenditure	2,091,687	2,442,629	1,950,297
Te Whanga Opening Reserve	-	2,500	5,143
Total Funding Required	2,091,687	2,445,129	1,955,440
Funded by:			
Operating Surplus	1,429,731	891,575	491,839
Te Whanga Opening Reserve	-	-	5,143
Depreciation	1,086,470	1,493,346	1,278,965
Transfers from (to) General Reserve	(424,514)	60,208	179,493
Total Funding Applied	2,091,687	2,445,129	1,955,440

COMMUNITY SERVICES

What we do and 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 cornerstone 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, and an 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

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Access to affordable quality housing.	Facilitated the establishment of the Chatham Islands Housing Trust. Continued to work with Housing NZ on resolving housing issues for the Chatham Islands.	There is a benefit to social well-being by building relationships with key organisations in addressing the fundamental housing needs of the Chatham Islands.
Access to education opportunities for all ages.	Council education initiatives available to the community. Two emergency management training/education sessions, one liquor licensing General Manager's Certificate course, one Food Safety Certificate course, and one Home Ownership Programme were held.	There is a benefit to social well-being by providing access to education initiatives and reading/resource materials and the developments of skills which, in turn, strengthens the Chatham Islands workforce.
A safe and secure community.	No progress made to date.	No impact on well-being.
Access to recreation and sports facilities.	Council's through its relationship building with Wellington City Library has established an informal library service which is available to the community. Administered SPARC funding.	There is a benefit to social well-being by the availability of a library service, playground and assisting sports groups which in turn promotes community enjoyment in a positive and healthy way.
A community that promotes economic development for its fishing, farming and tourism industries.	Participated in the Shipping committee and Tourism Group. Council provided an in-kind contribution of accommodation for meetings.	There is a benefit to economic well-being by Council's facilitation role in these groups.
A community that protects, sustains and enriches the environment for future generations.	No progress made to date.	No impact on well-being.
A community that acknowledges and values Chatham Island cultural heritage and its uniqueness.	No progress made to date	No impact on well-being.
A community that values the Chatham Island 'way of life' and traditions.	Provided mortuary and burial services to the community.	There is a benefit the cultural well-being by the provision of public cemeteries and the acknowledgment of the Chatham Islands burial traditions as an important way of life for Islanders. This enables the relationship between Council and its community on matters of cultural sensitivity to be realised and in turn cultural well-being is enhanced.
A community that values and supports the arts as a means of sustaining our heritage.	Council administered the Creative Communities Funding Scheme.	There is a benefit to social and cultural well-being by actively promoting community participation in the arts through the administration of the funding scheme.

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.

Assets

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.

How we check performance

Levels of Service

1. Providing community services

Measure	Targets for 2007/08	Actual
The percentage of residents who are satisfied with community services.	85% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).	71% satisfied or very satisfied.
The number of complaints about community services.	None.	Request for renewal of roof and spouting and pot holes in car park at Norman Kirk Memorial. 7 complaints regarding housing. 1 complaint re public facilities.
Time to respond to complaints about operations and facilities and to remedy faults.	100% are investigated within 12 hours and minor faults remedied within 24 hours of notification.	All faults investigated within 12 hours. Faults remedied where practical.
Compliance with NZS 5828 for safety of playground equipment.	100% compliance.	Equipment installed complies with NZ5828.
The occupancy rate for Council housing.	Greater than 95%.	100% occupancy.
The increase in the number of social houses on the Chatham Islands, in collaboration with Housing New Zealand and Chatham Islands Housing Trust.	Six new houses.	No increase in the number of social houses.

Cost of services statement

COMMUNITY SERVICES	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	177,956	202,160	367,755
Grants	49,099	28,900	30,432
User Pays & Other Income	97,615	68,960	76,611
Total Revenue	324,670	300,020	474,798
Operating Expenditure	426,515	347,964	363,606
Provision for Pitt island Barge Society Refund of Dues	40,000	-	-
Operating Surplus/(Deficit)	(141,845)	(47,944)	111,192
Capital and Reserves Funding Requirements			
Operating Deficit	141,845	47,944	-
Capital Expenditure	19,573	12,000	29,684
Loan Repayments	4,963	4,963	-
Total Funding Required	166,381	64,907	29,684
Funded by:			
Operating Surplus	-	-	111,192
Depreciation	30,852	16,925	-
Transfers from (to) Special Reserves	15,128	-	(7,306)
Transfers from (to) General Reserve	120,401	47,982	(74,202)
Total Funding Applied	166,381	64,907	29,684
Operating Expenditure includes:			
Museum	12,460	11,581	10,419
Cemetery and Mortuary	23,582	24,772	19,591
Grants – External Organisations	32,112	28,900	10,878
Donations – Council funds	146,151	105,114	111,752
Forestry	3,754	-	2,853
Parks and Reserves	54,149	60,256	41,076
Housing	36,794	20,916	64,350
Community Buildings	86,661	71,437	72,414
Library	-	6,063	706
Depreciation	30,852	18,925	29,567
Operating Expenditure	426,515	347,964	363,606

Capital Expenditure includes:			
Renewals Capital Expenditure			
Community Housing	19,573	12,000	18,484
New Capital Expenditure			
Waitangi Children's Playground	-	-	4,500
New Public Toilets	-	-	6,700
Total Capital Expenditure	19,573	12,000	29,684
Transfers to Reserves includes:			
Burial Register	-	-	10,000
Museum Collection Valuation	-	-	-
Community Trust of Canterbury	-	-	(2,694)
Chatham Community Trust	-	-	-
Transfers to Reserves	-	-	7,306

Financial commentary

- Additional grants were received due to successful applications to funding organisations. User pays income is ahead of budget with the Heartlands office rental \$29,000 higher than budget.
- Operating expenditure is over budget as depreciation has increased as new assets have come on line. Donations in kind are up and there are higher administration costs at \$19,000 over budget. Grants by SPARC and Creative NZ are up \$20,000.
- Capital Expenditure includes two new gas stoves, a wood burner, Sky dish and lawnmower.

Licensing and Building

What we do and 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 the 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.

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
A safe and secure community.	One Liquor Licensing General Manager's course.	There is benefit to social and economic well-being through raising community and elected members awareness thereby reducing alcohol abuse.
A community that promotes economic	As above.	There is a benefit the social and economic

development for its fishing, farming and tourism industries.		well-being by the availability of education courses that enhance the skills required to support the tourism industry.
A community that protects, sustains and enriches the environment for future generations.	No progress made to date.	No impact on well-being.

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

Levels of Service

1. Processing liquor licenses and building consents.

Measure	Targets for 2007/08	Actual
The percentage of applications processed within statutory timeframes.	95%.	18 building consents issued. 16 within statutory timeframe (89%). 11 liquor licenses processed.

2. Monitoring and enforcing compliance with liquor and health license and building consent conditions.

Measure	Targets for 2007/08	Actual
The frequency of inspections of food premises, and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders to assess compliance with public health standards.	At least one inspection annually.	Nine of 12 premises inspected.
The number of complaints about non-compliance with consent conditions.	No more than five complaints a year.	No complaints.
Time to respond to complaints about non-compliance with consent conditions.	100% are resolved or have a resolution strategy in place within 21 days of notification.	No complaints received.

Cost of services statement

LICENSING & BUILDING	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	44,637	33,661	59,233
User Pays & Other Income	24,024	18,572	13,529
Total Revenue	68,661	52,233	72,762
Operating Expenditure	87,584	63,040	54,853
Operating Surplus/(Deficit)	(18,923)	(10,807)	17,909
Capital and Reserves Funding Requirements			
Operating Deficit	18,923	10,807	-
Total Funding Required	18,923	10,807	-
Funded by:			
Operating Surplus	-	-	17,909
Transfer from (to) General Reserve	18,923	10,807	(17,909)
Total Funding Applied	18,923	10,807	-
Operating Expenditure includes:			
Bylaws	8,901	6,424	6,519
Liquor Licensing	39,392	26,582	24,144
Health Inspections	11,960	14,015	9,244
Building Control	27,331	16,019	14,946
Operating Expenditure	87,584	63,040	54,853

Financial commentary

- Other income exceeds budget due to a greater number of building consents this year, and higher administration costs.
- Operating expenditure includes \$4,831 contract payments whereas only \$1,500 was budgeted. Training included attendance at the ALAC conference by two persons costing \$3,000.

Dog and Animal Control

What we do and 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.

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Safe and secure community.	Feral stock on roads has been a concern for both the community and Council.	This has a negative impact on social, economic, environmental and cultural well-being due to reduce the potential risk to the health and safety of the community and the environment.
A community that promotes economic development for its fishing, farming and tourism industries.	No progress to date.	No impact on well-being.
A community that protects, sustains and enriches the environment for future generations.	No progress to date.	No impact on well-being.

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.

How we check performance

Levels of Service

1. Providing a safe and secure living environment for the community.

Measure	Targets for 2007/08	Actual
The number of complaints about dog and animal control.	No more than five complaints a year.	10 dog complaints received. 10 stock complaints.
The time to respond to complaints.	100% are responded to as follows: a. Dog attacks and rushes attended to within one hour of notification. b. Possible threats to public safety attended to within five hours. c. Complaints of general nuisance attended to within 48 hours. d. All other complaints investigated within two working days.	14 complaints dealt with within time frames. All complaints dealt with appropriately.
The number of island-wide inspections (including Pitt Island) carried out each year to make sure dogs are registered and to check animal welfare.	Two inspections.	One inspection.
The percentage of residents who are satisfied with dog and animal control services.	100% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).	53% satisfied or very satisfied. 15% had no opinion.
The level of cost recovery achieved through registration fees and fines.	100%.	87%

Cost of services statement

DOG AND ANIMAL CONTROL	Actual 2007/08 \$	Annual Plan 2007/08	Actual 2006/07 \$
Revenue			
General Funds	8,868	6,370	9,780
Dog Registration Fees	11,756	12,500	12,319
Other dog recoveries	121	721	103
Stock pound recoveries	384	1,000	3,097
Total Revenue	21,129	20,591	25,299
Operating Expenditure	24,887	22,637	22,342
Operating Surplus/(Deficit)	(3,758)	(2,046)	2,957
Capital and Reserves Funding Requirements			
Operating Deficit	3,758	2,046	-
Total Funding Required:	3,758	2,046	-
Funded by:			
Operating Surplus	-	-	2,957
Transferred from /(to) General Reserve	3,758	2,046	(2,957)
Total Funding Applied	3,758	2,046	-
Operating Expenditure includes:			
Dog Control and treatment	11,483	4,657	11,142
Dog Pound Costs	53	106	42
Stock Pound	-	2,864	1,380
Administration	13,351	15,010	9,778
Operating Expenditure	24,887	22,637	22,342

Financial commentary:

- Income and expenditure are close to budget.

Cost of services statement – Community and Regulatory Group of Activities

TOTAL COMMUNITY & REGULATORY	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	231,460	242,191	436,768
Grants	49,099	28,900	30,432
User Pays & Other Income	133,901	101,753	105,659
Total Revenue	414,460	372,844	572,859
Operating Expenditure	538,986	433,641	440,801
Provision for Pitt Island Barge Society Refund of Dues	40,000	-	-
Operating Surplus/(Deficit)	(164,526)	(60,797)	132,058
Capital and Reserves Funding Requirements			
Operating Deficit	164,526	60,797	-
Capital Expenditure	19,573	12,000	29,684
Loan Repayments	4,963	4,963	-
Total Funding Required:	189,062	77,760	29,684
Funded by:			
Operating Surplus	-	-	132,058
Depreciation	30,852	16,925	-
Transfers from (to) Special Reserves	15,128	-	-
Transfer from (to) General Reserve	143,082	60,835	(102,374)
Total Funding Applied	189,062	77,760	29,684

ENVIRONMENTAL SERVICES

Resource Management

What we do and 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. An important part of this function is ensuring the ongoing involvement of the community in defining issues, developing policy and implementing best practice methods to manage issues.

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 localised 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. 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 as a major economic resource for commercial fishing, potential for marine farming and for 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.

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
<p>A safe and secure community.</p> <p>A community that promotes economic development for its fishing, farming and tourism industries.</p> <p>A community that protects, sustains and enriches the environment for future generations.</p> <p>A community that acknowledges and values the importance of 'tangata whenua' as an integral part of our community.</p> <p>A community that values its 'toanga' treasures.</p>	<p>Council maintained a contract with Environment Canterbury to oversee Council's environmental responsibilities.</p>	<p>There is a benefit to social, economic, environmental and cultural well-being through the engagement of a competent team to address Council's environmental responsibilities thereby reducing adverse effects to the environment and promoting the preservation and protection of the Chatham Islands natural environment and natural resources. The benefit to economic well-being is to the Islands' unique characteristics in terms of conservation and visitor attraction. The benefit to cultural well-being enables the relationship between tangata whenua and the</p>

		environment, particularly Te Whanga (lagoon), to be reaffirmed for its valuable food resource and cultural associations.
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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.

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

Levels of Service

1. Processing resource consent applications.

Measure	Targets for 2007/08	Actual
The percentage of applications processed within statutory timeframes.	95%.	Two consents received. Processed within statutory timeframes.

2. Responding to breaches of the Resource Management Act.

Measure	Targets for 2007/08	Actual
The time to respond to and investigate complaints about breaches of the Resource Management Act.	100% within two working days.	No complaints received.

Cost of services statement

Resource Management	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	91,675	57,158	81,560
Grants	164,000	164,000	163,000
User Pays & Other Income	889	12,000	2,044
Total Revenue	256,564	233,158	246,604
Operating Expenditure	260,246	223,010	221,944
Operating Surplus/(Deficit)	(3,682)	10,148	24,660
Capital and Reserves Funding Requirements			
Operating Deficit	3,682	-	-
Transfer to RMA Document Fund	35,181	28,500	32,440
Total Funding Required	38,863	28,500	32,440
Funded by:			
Operating Surplus	-	10,148	24,660
Transfer from General Reserve	38,863	18,352	7,780
Total Funding Applied	38,863	28,500	32,440
Operating Expenditure includes:			
Operational Costs Regional	38,899	89,000	25,098
Operational Costs District	96,442	59,010	34,013
Coastal Planning Regional	-	-	88,833
Monitoring Regional	94,905	45,000	44,000
Education Regional	6,000	6,000	6,000
Consent Management Regional	24,000	24,000	24,000
Operating Expenditure	260,246	223,010	221,944

Financial commentary

- Operating Expenditure was on budget with more spent on monitoring and less on operations including Resource Management. Environment Canterbury progressed the effectiveness and efficiency review of the Resource Management document. The proposed New Zealand Coastal Policy Statement was also reviewed, a submission prepared and a meeting held with the Chatham Island Council. An aquaculture hui was also attended in the Chathams with a presentation. Continued monitoring of rainfall and flow at two river sites and water levels at two sites in Te Whanga. Work was completed to establish the relative levels of the water level recorders in Te Whanga and to tie them into absolute levels.

Biosecurity (Animal and Plant Pest Control)

What we do and 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 unique as its isolation has meant that many of the animal and pest plants common in New Zealand have either not entered the Territory 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 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.

Contribution 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
A community that protects, sustains and enriches the environment for future generations.	<p>Council maintained a contract with Environment Canterbury to oversee Council's environmental responsibilities.</p> <p>The Chatham Islands Pest Management Strategy was completed. Eleven Property Plans with landowners have been formulated.</p>	<p>There is a benefit to social, economic, environmental and cultural well-being through the engagement of a competent team to address Council's Biosecurity through the review of the Pest Management Strategy thereby reducing adverse effects to the environment and promoting the preservation and protection of the Chatham Islands natural environment and natural resources. The benefit to environmental well-being through the formulation of 11 Property Plans is that it enhances landowners' awareness of animal and pest plants on the environment thereby reducing harm caused by such pests. The benefit to economic well-being through Property plans is the reduction of adverse effects caused through animal and pest plants on farm land and farm production.</p>

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.

Assets

This group of activities depends on people and information.

How we check performance**Levels of Service****1. Monitoring plant and animal pest levels.**

Measure	Targets for 2007/08	Actual
The long-term trend in the number of new infestations of containment or control plant pests outside known areas.	No increase over time.	Limited surveillance work was carried out in 2007/08 in high risk areas. No new infestations were detected, nor did Islanders find and report any infestations outside these areas. The new pest management strategy (PMS) will intensify the surveillance programme.
The long-term trend in total control plant pests.	Reducing over time.	Measures will be put in place as part of the PMS to establish benchmarks against which trends can be monitored.

2. Monitoring and enforcing operational and property plans.

Measure	Targets for 2007/08	Actual
The level of compliance by land occupiers required to carry out containment/control of plant and animal pests under the Pest Management Strategy.	Increasing over time (with 100% compliance by 2016).	No further action yet on plans put in place in 2006/07.

Cost of services statement

ANIMAL & PLANT PEST CONTROL (BIOSECURITY)	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	-	-	1,926
Grant	102,000	102,000	112,000
Total Revenue	102,000	102,000	113,926
Operating Expenditure	101,962	102,000	113,344
Operating Surplus/(Deficit)	38	-	582
Capital and Reserves Funding Requirements			
Total Funding Required:	-	-	-
Funded by:			
Operating Surplus	38	-	582
Transfer from (to) General Reserve	(38)	-	(582)
Total Funding Applied	-	-	-
Operating Expenditure includes:			
Operational Expenses	24	-	520
Border Control	69,938	70,000	70,000
National Policy Application	-	-	-
Pest Management Strategy	32,000	32,000	42,824
Operating Expenditure	101,962	102,000	113,344

Financial commentary

- The Pest Management Strategy 2008 was adopted this year following consultation, with future funding being secured in the Government funding bid.

Cost of services statement – Environmental Services Group of Activities

	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	91,675	57,158	83,486
Grants	266,000	266,000	275,000
User Pays & Other Income	889	12,000	2,044
Total Revenue	358,564	335,158	360,530
Operating Expenditure	362,208	325,010	335,288
Operating Surplus/(Deficit)	(3,644)	10,148	25,242
Capital and Reserves Funding Requirements			
Operating Deficit	3,644	-	-
Transfer to RMA Document Fund	35,181	28,500	32,440
Total Funding Required:	38,825	28,500	32,440
Funded by:			
Operating Surplus	-	10,148	25,242
Transfer from General Reserve	38,825	18,352	7,198
Total Funding Applied	38,825	28,500	32,440

EMERGENCY MANAGEMENT

What we do and why we do it

The Chatham Islands Council is a Unitary Authority, and is responsible through its Emergency Management to manage major threats in a way that contributes to the social, economic, cultural and environmental well-being and safety of its community. Emergency Management covers all areas of Civil Defence Emergency Management in accordance with the CDEM Act 2002, Rural Fire in accordance with the Forest and Rural Fires Act 1977, Forest and Rural Fires Regulations 2005, Fire Service Act 1975 and Maritime Oil Spill in accordance with the Maritime Transport Act 1994, Hazard Risk Management in accordance with all relevant acts, for example, Building and Transport. The Council is part of the Chatham Islands Civil Defence Emergency Management Group which has been delegated the full powers and responsibilities of the Rural Fire Authority and is required to have in place an up to-date CDEM Group Plan and Rural Fire and Maritime Oil Spill plans.

Among other requirements the plans describe:

- 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
- Memorandums of Understanding for deployment at national level
- Community and National Partnerships
- Contacts and partnerships at local and national levels
- Response procedures
- Recovery and impact procedures
- Hazard risk levels and management strategies
- Prevention and protection methods

Contributions to Community Outcomes

Emergency Management contribute 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Safe and secure community.	<p>Emergency management training was undertaken during the year for volunteer response personnel and staff.</p> <p>Maintained a relationship with the Ministry of Civil Defence Emergency Management, National Rural Fire Authority, Maritime NZ and the hazard and science community.</p>	<p>Well trained volunteers and staff ensure better management and protection for the community's well-being.</p> <p>Building relationships ensures open lines of communication and helps gauge that community well-being is being accomplished.</p>

A community that promotes economic development for its fishing, farming and tourism industries.	Ensured all aspects of Hazard Risk Management are undertaken in a manner that provides for a strong resilient community and allows economic development.	Preparing for acceptable levels of risks allows for continued economic growth.
A community that protects, sustains and enriches the environment for future generations.	Ensured Council is compliant and up-to-date with all aspects of emergency management including hazard risk management that will allow for reasonable management of all risks.	Ensuring ongoing sustainability of community well-being for growth and protection for future generations.
A community that values the Chatham Island 'way of life' and traditions.	Ensured Emergency Management is efficient and effective in its management for the protection of community values.	Working towards community values to uphold Chatham Island lifestyle.

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 economically and in terms of both short-term and long-term quality of life. There is potentially a larger percentage of community safety (life and property) at risk, and the community may have a long-term recovery period.

Assets

Facilities are provided 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.

How we check performance

Levels of Service

1. Co-ordinating hazard analysis and planning, providing an effective emergency response and recovery capability and raising community preparedness.

Measure	Targets for 2007/08	Actual
The state of readiness of the Emergency Operations Centre, including staff and volunteers, emergency management equipment, control facilities and communication systems.	a. 100% readiness, 24-hours/7 days. b. 100% of staff and volunteers are appropriately trained and resourced.	On call 24/7. Not all staff are trained, Not all volunteers are fully trained, councillors are still to complete training in August 2008.
The percentage of members of the multi-agency response team who have completed basic specialist emergency services training.	80%.	Training provided to Response team annually. Late training date 30 June 2008.
The percentage of residents who consider they are prepared and know what to do in an emergency.	Targets will be established in the 2008/09 Annual Plan based on a preliminary survey of a range of preparedness indicators to be undertaken in 2007/08.	Survey still to be undertaken.

2. Encouraging lifelines utilities¹ to increase resilience.

Measure	Targets for 2007/08	Actual
The percentage of lifelines utilities that have identified the hazards with potential to affect their infrastructure.	100%	Still work to be done in the area of potential hazards regards to fuel and storage.

3. Providing support and assisting the recovery of social, emotional, economic and physical well-being of individuals and communities following emergency events.

Measure	Targets for 2007/08	Actual
The effectiveness of recovery assistance after emergencies.	Subject to the scale of the emergency and the level of demand: a. Immediate welfare needs of those affected have been met. b. Systems have been established or re-established to assist individual and community self-sufficiency. c. Essential services have been restored to minimum operating levels.	Can not determine until an emergency event. Recovery planning is completed and procedures need to be exercised.

¹ Lifelines utilities are operators of critical infrastructure, such as water and waste-water, electricity, telecommunications, fuel, airports, ports and roading.

Cost of services statement

CIVIL DEFENCE	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	24,721	18,311	46,366
Grants & User Pays	14,099	16,500	12,029
Total Revenue	38,820	34,811	58,395
Operating Expenditure – Personnel & Training	49,472	40,690	44,376
Operating Surplus/(Deficit)	(10,652)	(5,879)	14,019
Capital and Reserves Funding Requirements			
Operating Deficit	10,652	5,879	-
Total Funding Required	10,652	5,879	-
Funded by:			
Operating Surplus	-	-	14,019
Transfer from General Reserve	10,652	5,879	(14,019)
Total Funding Applied	10,652	5,879	-

RURAL FIRE	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	24,721	26,847	45,460
Grants	2,441	5,000	3,836
Total Revenue	27,162	31,847	49,296
Operating Expenditure – Personnel & Training	41,979	40,467	35,551
Operating Surplus/(Deficit)	(14,817)	(8,620)	13,745
Capital and Reserves Funding Requirements			
Operating Deficit	14,817	8,620	-
Total Funding Required	14,817	8,620	-
Funded by:			
Operating Surplus	-	-	13,745
Depreciation	-	210	-
Transfer from General Reserve	14,817	8,410	(13,745)
Total Funding Applied	14,817	8,620	-

MARINE OIL SPILL	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	24,721	11,211	32,198
Grants	-	7,765	-
Total Revenue	24,721	18,796	32,198
Operating Expenditure – Personnel & Training	30,691	22,576	22,463
Operating Surplus/(Deficit)	(5,970)	(3,600)	9,735
Capital and Reserves Funding Requirements			
Operating Deficit	5,970	3,600	-
Total Funding Required	5,970	3,600	-
Funded by:			
Operating Surplus	-	-	9,735
Transfer from General Reserve	5,970	3,600	(9,735)
Total Funding Applied	5,970	3,600	-

Cost of services statement – Emergency Management Group of Activities

	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	74,163	56,369	124,024
Grant - Regional Council Support	8,000	24,765	8,000
Grant - Civil Defence	6,099	-	4,029
Grant - Rural Fire	2,441	-	3,836
User Pays & Other	-	4,500	-
Total Revenue	90,703	85,634	139,889
Operating Expenditure	122,142	103,733	102,390
Operating Surplus/(Deficit)	(31,439)	(18,099)	37,499
Capital and Reserves Funding Requirements			
Operating Deficit	31,439	18,099	-
Total Funding Required	31,439	18,099	-
Funded by:			
Operating Surplus	-	-	37,499
Depreciation	-	210	-
Transfer from General Reserve	31,439	17,889	(37,499)
Total Funding Applied	31,439	18,099	-
Operating Expenditure includes:			
Civil Defence	49,472	40,690	44,376
Rural Fire	41,979	40,467	35,551
Maritime Safety	30,691	22,576	22,463
Operating Expenditure	122,142	103,733	102,390

Financial commentary:

- Grants for Marine oil spills were less than budget.

COASTS, HARBOURS AND NAVIGATION

What we do and 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

The following table details progress towards achieving these outcomes and identifies the effects that the activities have had on social, economic, environmental and cultural well being.

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	A funding application to LTA was submitted by Council for the Owenga wharf upgrade. Council is awaiting an outcome.	There is a benefit to social, economic, environmental and cultural well-being by actively investigating funding solutions for the Owenga Wharf upgrade by reducing the risk to loss of wharf usage which is an essential infrastructural asset that supports the fishing industry including Iwi fishers and the provision of a life line between the main Island of Chatham and Pitt Island.
A community that promotes economic development for its fishing, farming and tourism industries.	As above.	As above.
Access to reliable and affordable transportation services.	As above.	As above.
A community that protects, sustains and enriches the environment for future generations.	As above.	As above.

Significant negative effects associated with this group of activities

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

Assets

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

How we check performance**Levels of Service****1. Ensuring vessels navigate safely.**

Measure	Targets for 2007/08	Actual
The percentage of residents who are satisfied with administration of navigation safety bylaws.	85% of residents are satisfied or very satisfied. (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).	42% satisfied or very satisfied. 46% had no opinion.
The time to respond to incidents and deal with complaints.	85% responded to within seven days.	No navigational complaints.

2. Maintaining navigational aids in proper working order.

Measure	Targets for 2007/08	Actual
The frequency of inspections of leading lights.	Quarterly.	Three checks completed, plus three repair visits.
The time to replace outages.	Within 24 hours of notification.	Repairs made within 24 hours.
Number of complaints about navigation aids.	No more than five a year.	One complaint.

3. Maintaining Owenga wharf in a condition suitable for use by the community.

Measure	Targets for 2007/08	Actual
The percentage of work, specified by MWH to be undertaken in 2007/08, completed.	100%.	To be replaced in 2008/09.

Cost of services statement – Coasts, Harbours & Navigation Group of Activities

	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	138,335	66,940	172,725
Grant – Regional Council Support	26,000	26,000	19,709
Other Income	11,622	13,300	29,167
Total Revenue	175,957	106,240	221,601
Operating Expenditure	180,998	127,733	169,377
Operating Surplus/(Deficit)	(5,041)	(21,493)	52,224
Capital and Reserves Funding Requirements			
Operating Deficit	5,041	21,493	-
Capital Expenditure	51,781	-	-
Total Funding Required	56,822	21,493	-
Funded by:			
Operating Surplus	-	-	52,224
Depreciation	49,962	14,300	-
Transfer from General Reserve	6,860	7,193	(52,224)
Total Funding Applied	56,822	21,493	-
Operating Expenditure includes:			
Undaria Monitoring	-	-	533
Harbourmaster	5,966	13,152	-
Regional Council Support	26,171	26,000	29,167
Maritime Safety	21,904	7,000	14,118
Marine Radio	21,521	6,000	17,172
Waitangi Harbour	16,237	20,427	11,734
Owenga Harbour	23,216	20,427	34,957
Kaiangaroa Harbour	16,021	20,427	11,734
Depreciation	49,962	14,300	49,962
Operating Expenditure	180,998	127,733	169,377
Capital Expenditure includes:			
Owenga Wharf Upgrade Work in Progress	51,781	-	-
Total Capital Expenditure	51,781	-	-

Financial commentary:

- Depreciation is more than budget due to last year's revision of the life of the Owenga Wharf due to worm infestation. A funding application has been approved by LTA regarding the replacement wharf. Resource consent for the new wharf has been granted.

Cost of services statement – all Groups of Activities

ALL GROUPS OF ACTIVITIES	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue			
General Funds	1,213,458	1,693,658	1,547,416
Targeted Rates	164,007	163,091	154,382
Grants	3,634,160	2,939,584	3,058,092
Other Income	156,338	137,694	145,369
Total Revenue	5,167,963	4,934,027	4,905,259
Operating Expenditure	3,945,976	4,204,205	4,034,753
Loss on Disposals	52,371	-	-
Provision for Pitt Island Barge Society Refund of Dues	40,000	-	-
Operating Surplus/(Deficit)	1,129,616	729,822	870,506
Capital and Reserves Funding Requirements			
Transfers to Special Reserves	20,053	31,000	34,603
Loan Repayments	4,963	4,963	4,540
Capital Expenditure	2,180,937	2,454,629	1,982,206
Total Funding Required	2,205,953	2,490,592	2,021,349
Funded by:			
Operating Surplus	1,129,616	729,822	870,506
Depreciation and Amortisation	1,193,731	1,524,781	1,386,681
Transfer from General Reserve	(117,394)	235,989	(235,838)
Total Funding Applied	2,205,953	2,490,592	2,021,349

Grants exclude government grants for regional and territorial assistance which are included in General Funds.

Financial Statements
for the year ended
30 June 2008

Statement of Compliance and 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

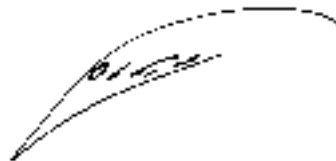
The Council and management accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability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

In the opinion of the Council and management the annual financial statements for the year ended 30 June 2008 fairly reflect the financial position, results of operations, cash flows and service performance of Chatham Islands Council.



Patrick F Smith QSO, JP

Mayor



Owen Pickles, JP

General Manager

30th October 2008

**AUDIT REPORT
 TO THE READERS OF
 CHATHAM ISLANDS COUNCIL'S
 FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
 FOR THE YEAR ENDED 30 JUNE 2008**

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 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the Council on pages 3 to 54 and 60 to 83:
 - comply with generally accepted accounting practice in New Zealand; and
 - - fairly reflect:
 - the Council's financial position as at 30 June 2008; 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 3 to 54 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 30 October 2008, 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, performance information 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, performance information 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, performance information 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, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information 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. The financial statements must fairly reflect the financial position of the Council as at 30 June 2008. 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 meeting the other requirements of Schedule 10 and including that information in the annual report. 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, performance information 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 the 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

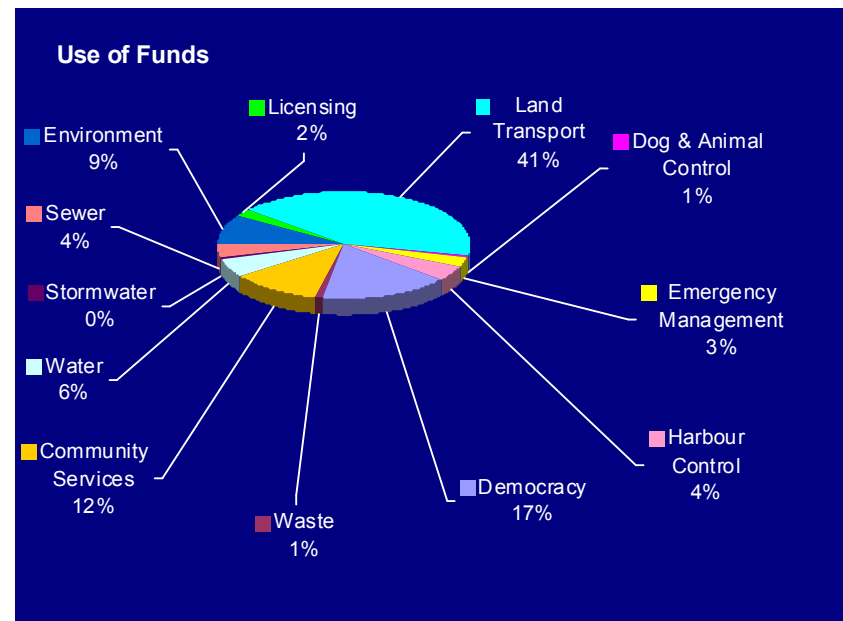
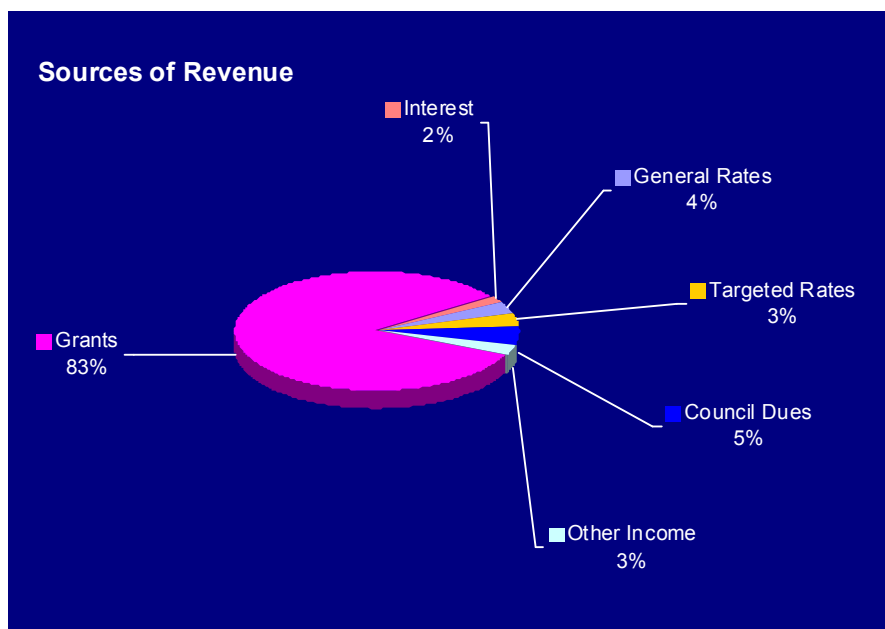
MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE ANNUAL REPORT

The audit report on page 57 relates to the annual report of Chatham Islands Council (the Council) for the year ended 30 June 2008 included on the Council's web site. The Council is responsible for the maintenance and integrity of its web site. We have not been engaged to report on the integrity of the web site. We accept no responsibility for any changes that may have occurred to the annual report since it was initially presented on the web site.

The audit report refers only to the annual report named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the annual report. 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 annual report and the related audit report dated 30 October 2008 to confirm the information included in the annual report presented on this web site.

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

FINANCIAL HIGHLIGHTS



Council Financial Statistics	Actual 2007/08	Actual 2006/07
Proportion of Rates Revenue to Total Revenue	6.9%	6.9%
Proportion of Dues Revenue to Total Revenue	5%	5.1%
Net Public Debt (as a percentage of Total Assets)	0.49%	0.62%
Public Debt (per rateable property)	\$385	\$399
Public Debt (per head of population)	\$337	\$345

The council had a surplus of \$1,129,616 (2007 \$870,506). The size of the surplus reflects two main factors. Firstly, solid waste grant income of \$659,000 was carried forward in anticipation of the scheme start 1 July 2008. Secondly, as last year, a significant amount of pavement regravelling has been capitalised over a five year life, previously in 2005/6 it was an operational expense. There is a solid balance sheet with infrastructural assets being revalued upwards by \$7,452,652 (2007 nil). The ratio of current assets to current liabilities is 93.9% (2007 83.8%) with a contingent asset of \$180,158.

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2008

	Note	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue				
Rates	2	356,830	353,974	339,581
Grants & Subsidies	2	4,318,157	4,132,584	4,112,686
Council Dues		258,837	265,000	248,513
User Pays, Fees & Charges		146,412	137,694	127,413
Interest		77,800	44,775	59,111
Other Revenue		9,927	-	17,955
Total Revenue	1	5,167,963	4,934,027	4,905,259
Expenditure				
Depreciation and Amortisation	3	1,193,731	1,524,781	1,386,681
Employee Benefits	3	423,834	366,675	371,366
Financing Cost	3	199,136	18,853	19,276
Other Expenditure		2,221,646	2,293,896	2,257,430
Total Expenditure	1	4,038,347	4,204,205	4,034,753
Operating Surplus		1,129,616	729,822	870,506

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2008

	Note	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Equity at the start of the year		31,951,037	31,259,231	31,080,531
Net Surplus/(Deficit) for the year		1,129,616	729,822	870,506
Increase in Revaluation Reserve	12	7,452,652	-	-
Total Recognised Revenue & Expenses		8,582,268	729,822	870,506
Equity at the end of the year	12	40,533,305	31,989,053	31,951,037

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2008

	Notes	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Current Assets				
Cash & Cash Equivalents	4	114,733	155,459	820
Investments		126,431	-	152,105
Trade and Other Receivables	5	592,412	378,908	1,112,784
		<u>833,576</u>	<u>534,367</u>	<u>1,265,709</u>
Non Current Assets				
Property, Plant & Equipment	6	40,945,758	32,520,464	32,558,271
Intangible Assets	7	-	-	-
		<u>40,945,758</u>	<u>32,520,464</u>	<u>32,558,271</u>
Total Assets		<u>41,779,334</u>	<u>33,054,831</u>	<u>33,823,980</u>
Current Liabilities				
Cash and Cash Equivalents	4	-	-	206,685
Trade and Other Payables	8	796,290	707,859	1,277,415
Employee Benefit Liabilities	9	46,396	-	20,537
Current Portion of Term Liabilities	11	5,425	-	4,963
Provisions – Pitt Island Barge Refund	10	40,000	-	-
		<u>888,111</u>	<u>707,859</u>	<u>1,509,600</u>
Non Current Liabilities				
Provisions – Landfill Closure	10	157,000	157,000	157,000
Term Liabilities	11	200,918	200,919	206,343
		<u>357,918</u>	<u>357,919</u>	<u>363,343</u>
Total Liabilities		<u>1,246,029</u>	<u>1,065,778</u>	<u>1,872,943</u>
Net Assets		<u>40,533,305</u>	<u>31,989,053</u>	<u>31,951,037</u>
Public Equity				
Accumulated Funds & Reserves	12	40,533,305	31,989,053	31,951,037
Total Public Equity		<u>40,533,305</u>	<u>31,989,053</u>	<u>31,951,037</u>

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

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2008

	Notes	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Cash Flow from Operating Activities				
Rates		362,731	347,933	340,889
Council Dues		278,614	265,000	320,555
Grants		4,733,481	4,086,584	3,446,212
Interest		74,483	44,775	55,333
Other Receipts		197,781	137,694	(25,237)
Goods & Services Tax (net)		(519,128)	-	212,179
		5,127,962	4,881,986	4,349,931
Employees & Councillors		(525,532)	(366,675)	(459,364)
Interest		(199,135)	(18,853)	(19,276)
Supplies and Services		(1,974,843)	(2,293,896)	(2,336,593)
		(2,699,510)	(2,679,424)	(2,815,233)
Net Cash Flow from Operating Activities	14	2,428,452	2,202,562	1,534,698
Cash Flow from Investing Activities				
Purchase of Fixed Assets		(2,129,265)	(2,454,629)	(1,820,703)
Sale/(Purchase) of Other Assets		26,374	-	(79,117)
		(2,102,891)	(2,454,629)	(1,899,820)
Cash Flow from Financing Activities				
Repayment of Loans		(4,963)	(4,963)	(4,540)
		(4,963)	(4,963)	(4,540)
Increase/(Decrease) in Cash Held		320,598	(257,030)	(369,662)
Opening Cash Balance		(205,865)	412,489	163,797
Closing Cash Balance	4	114,733	155,459	(205,865)

The GST (net) component of operating activities reflects the net GST paid to and received from IRD. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information.

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).

The primary objective of the Chatham Islands Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Chatham Islands Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Chatham Islands Council are for the year ended 30 June 2008. The financial statements were authorised for issue on 30th October 2008.

Basis of Preparation

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following standard interpretations and amendments have been issued but are not yet effective and have not been applied: NZIAS 1, Comprehensive Income Statements; NZ IAS 23 Borrowing Costs.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain infrastructural assets.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revisions and future periods if the revision affects both current and future periods.

The financial statements are presented in New Zealand dollars and all values are presented as whole dollars. The functional currency of Chatham Islands Council is New Zealand dollars.

Specific Accounting Policies

Revenue Recognition

All Revenue is recognised when it is billed or earned on an accrual basis with the following exceptions:

- Rates revenue is recognised when it is levied.
- LTA 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.

Chatham Islands Council receives government grants from The Land Transport Authority (LTA), which subsidises part of Chatham Islands costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Interest income is recognised using the effective interest method.

Expenditure

Grant expenditure non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Chatham Islands Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Chatham Islands Council decision.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan 2007/08, updating year 2 of the LTCCP 2006-16.

The budget figures have been prepared and comply with section 111 of the Local Government Act 2002, the Financial Reporting Act 1993, Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the pronouncements of the New Zealand Institute of Chartered Accountants, New Zealand International Financial Reporting Standards (NZ IFRS) have been applied.

GST

All amounts in the financial statements are exclusive of GST, except for debtors and creditors, which are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net amount of GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows

Commitments and contingencies are disclosed exclusive of GST

Debtors and Other Receivables

Trade and other receivables are non interest bearing and are measured at fair value, less any provision for impairment.

Financial Assets

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

Chatham Islands Council classifies its short-term deposits as 'loans and receivables' as described in NZ IFRS 7.

Loans and receivables are defined as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance. Loans and receivables are classified as "other financial assets" in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Property, Plant and Equipment

Expenditure is capitalised as Property, Plant & Equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet these criteria are expensed.

Property Plant & Equipment is shown at cost or valuation, less accumulated depreciation and impairment losses and classes of assets are grouped as follows: operational assets, and infrastructural assets.

Intangible Assets

Computer software is valued at cost less accumulated amortisation.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in statement of financial performance. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows: Computer software 5 years 20%

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 (excluding land under roads) were revalued by M.W.H Ltd (Registered Engineers) at depreciated replacement cost*, as at 30 June 2008.

Land under roads is recorded at cost and is not depreciated.

**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 30 June 2008. 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 30 June 2008. Subsequent additions are included at cost.

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential. The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of financial performance.

Employee entitlements

Provision has been made in respect of the Council's liability for annual leave, at balance date. This has been calculated on an actual entitlement basis using current rates of pay. Chatham Islands council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The liability for sick leave is measured

as the amount of unused entitlement accumulated at balance date that the entity anticipates employees will use in future periods in excess of the days they are entitled to.

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:

Asset	Years
Motor Vehicles	5 years
Furniture/Fittings	5-10 years
Buildings	25-50 years
Office Equipment	5 years
Roading:	
Top surface (seal)	10 years
Pavement (basecourse)	
sealed	66 years
unsealed	Not depreciated
Pavement	5 years
unsealed (wearing course)	
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	40- 60 years
Harbour	
Owenga Wharf	7 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.

Provisions

Chatham Islands Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the future expected expenditure. 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

The statement of cash flows has been prepared using the direct approach subject to the netting of cash flows in respect of investments and borrowings that have been rolled over under arranged facilities to provide more meaningful information. The following are the definitions used in the Statement of Cash Flows:

- Cash means cash on hand and current accounts in banks net of overdrafts
- Operating activities include all transactions and other events that are not Investing or financing activities
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant & equipment and of investments
- Financing activities are those activities, which result in changes in the size and composition of the capital structure of Chatham Islands Council including both equity and debt not falling within the definition of cash

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.

Equity

Equity is the community's interest in Chatham Islands Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Chatham Islands Council. Restricted reserves are those subject to specific conditions accepted as binding by Chatham Islands Council and which may not be revised by Chatham Islands Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council. Chatham Islands Council's objectives, policies and processes for managing capital are described in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2008

Note 1: Summary of Cost of Services by Activity

	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$		Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Revenue by Activity:				Expenditure by Activity:			
Democracy	579,484	493,239	713,917	Democracy	674,949	564,753	582,272
Land Transport (Roading)	2,612,930	2,952,473	2,461,864	Land Transport (Roading)	1,679,528	2,264,000	2,059,223
Solid & Hazardous Waste Management	693,994	364,351	52,277	Solid & Hazardous Waste Management	35,155	103,259	46,686
Water Supply	119,785	114,644	185,856	Water Supply	230,621	138,586	140,699
Stormwater	4,189	4,851	29,938	Stormwater	5,964	3,908	20,886
Wastewater (Sewerage)	117,898	104,592	166,528	Wastewater (Sewerage)	167,797	139,582	137,130
Community Services	324,669	300,020	474,798	Community Services	466,515	347,964	363,606
Licensing & Building	68,661	52,233	72,762	Licensing & Building	87,584	63,040	54,853
Dog & Animal Control	21,129	20,591	25,299	Dog & Animal Control	24,887	22,636	22,343
Resource Management	256,564	233,158	246,604	Resource Management	260,246	223,010	221,944
Biosecurity (Animal & Plant Pest Control)	102,000	102,000	113,926	Biosecurity (Animal & Plant Pest Control)	101,962	102,000	113,344
Civil Defence	38,820	34,811	58,395	Civil Defence	49,471	40,690	44,376
Rural Fire	27,162	31,847	49,296	Rural Fire	41,979	40,467	35,551
Marine Oil Spill	24,721	18,976	32,198	Marine Oil Spill	30,691	22,576	22,463
Coasts, Harbours & Navigation	175,957	106,240	221,601	Coasts, Harbours & Navigation	180,998	127,733	169,377
Total Revenue	5,167,963	4,934,026	4,905,259	Total Expenditure	4,038,347	4,204,204	4,034,753
Net Surplus/(Deficit)					1,129,616	729,822	870,506

Note 2: Revenue

Rates Revenue	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Rates Consist of:			
General Rates	179,220	180,883	169,799
Targeted Rates allocated to activities:			
Roading	41,266	40,993	39,539
Refuse	34,995	35,214	33,785
Water	39,999	40,076	36,504
Sewerage	47,747	46,808	44,554
Total Targeted Rates	164,007	163,091	154,382
Rates Penalties	13,603	10,000	15,400
Total Rates	356,830	353,974	339,581

Rates Remissions for the year were \$1,918 (2007 \$648) excl gst and were granted in accordance with the Council Rates Remissions Policy.

Grant Revenue	Actual 2007/08 \$	Annual Plan 2007/08 \$	Actual 2006/07 \$
Grants & Subsidies Consist of:			
Grants – Territorial Authority Functions	683,998	623,000	1,054,594
Grants – Regional Council Functions	570,000	570,000	579,647
Grants – Capital Expenditure Solid Waste	659,000	277,629	24,744
Grants – LTA Rooding Subsidy	2,347,520	2,616,290	2,415,405
Grants – Other	57,639	45,665	38,297
Total Grants & Subsidies	4,318,157	4,132,584	4,112,687

Note 3: Expenditure

	Actual 2007/08 \$	Actual 2006/07 \$
Audit of Annual Report	56,227	53,500
Audit of the Annual Report – 2005/6	-	22,156
Audit of the transition to International Financial Reporting Standards	-	10,000
Audit of LTCCP Amendments	8,630	-
Donations	30,856	55,707
Interest Expense	199,136*	19,276
Loss on Disposal of Assets	52,371	-
Decrease in Doubtful Debts Provision	(3,000)	-
Employee Benefits:		
Total Salaries & Wages	400,754	371,672
Increase/(decrease) in annual & sick leave & time in lieu provisions	23,079	(306)
Total Employee Benefit Expenses	423,833	371,366
<small>*Interest expense is made up of use of money interest charged by IRD on prior year GST liabilities \$180,158, (2007 \$ nil) Heartland Loan interest \$18,853 (2007 \$19,276) and bank interest \$125 (2007 nil).</small>		
Depreciation on:		
Buildings	26,649	26,642
Furniture & Fittings	6,135	4,687
Office Equipment	16,928	16,477
Vehicles	3,700	3,701
Parks & Reserves	3,968	3,707
Harbour	49,962	49,962
Roading	1,021,355	1,218,878
Refuse	3,999	270
Stormwater	313	314
Sewer	36,161	35,096
Water Supply	24,561	24,329
Total Depreciation	1,193,731	1,384,063
Amortisation on Computer Software	-	2,618
Total Depreciation and Amortisation	1,193,731	1,386,681

Note 4: Cash and Cash Equivalents

The carrying amounts of cash at bank and term deposits with maturities less than three months approximate their fair value. Cash, cash equivalents and bank overdrafts includes the following for the purposes of the statement of cash flows:

	Actual 2007/08	Actual 2006/07
	\$	\$
Cash at bank and on hand	114,733	820
Bank overdrafts	-	(206,685)
	<hr/> 114,733	<hr/> (205,865)

Note 5: Debtors and Other Receivables

	Actual 2007/08	Actual 2006/07
	\$	\$
Rates	48,763	55,688
Sundry Debtors	40,568	63,059
Debtor Accruals	44,658	-
LTA Assistance	462,294	492,787
DIA Debtor	-	512,250
Prepayments	4,129	-
	<hr/> 600,412	<hr/> 1,123,784
Less Provision for Impairment (Doubtful Debts)	(8,000)	(11,000)
	<hr/> 592,412	<hr/> 1,112,784

Debtors and other receivables are non interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debts and other receivables approximates fair value.

Note 5: Debtors and Other Receivables (continued)

The status of trade receivables as at 30 June 2008 and 2007 are detailed below:

	2007/08			2006/07		
	\$			\$		
	Gross	Impairment	Net	Gross	Impairment	Net
Past due 1-60 days	578,761	-	578,761	1,088,991	-	1,088,991
Past due 61-120 days	2,773	-	2,773	19,419	-	19,419
Past due > 120 days	14,749	(8,000)	6,749	15,374	(11,000)	4,374
	<u>596,283</u>	<u>8,000</u>	<u>588,283</u>	<u>1,123,784</u>	<u>11,000</u>	<u>1,112,784</u>

Movements in the Provision for Impairment were as follows:

Sundry Debtors and Rates Debtors	2007/08	2006/07
	\$	\$
As at 1 July	11,000	-
Additional provisions made during year	6,452	11,000
Provisions reversed during the year	(9,452)	-
Receivables written off during the year	-	-
	<u>8,000</u>	<u>11,000</u>

CIC holds no security against receivables, but it has powers under the Local Government Rating Act to recover outstanding rates debts, including the power to have court judgements enforced by the sale or lease of the rating unit.

Note 6: Property Plant & Equipment

2008	Opening Cost/ Revaluation	Accumulated Depreciation	Carrying value at start of year	Additions	Disposals at cost	Depreciation on disposals reversed	Depreciation	Revaluation	Carrying value at end of year
Land – at cost	180,631	-	180,631	-	-	-	-	-	180,631
Buildings – at cost	1,332,269	(434,524)	897,745	-	-	-	(26,649)	-	871,096
Furniture & Fittings – at cost	58,241	(20,422)	37,819	19,633	-	-	(6,135)	-	51,317
Plant & Office Equipment – at cost	194,427	(156,882)	37,545	18,535	-	-	(16,928)	-	39,152
Vehicles – at cost	34,739	(24,887)	9,852	-	(16,236)	16,236	(3,700)	-	6,152
Parks & Reserves – at cost	99,112	(29,109)	70,003	-	-	-	(3,968)	-	66,035
Harbour – at cost	851,192	(548,660)	302,532	51,782*	-	-	(49,962)	-	304,352
Total Operational Assets	2,750,611	(1,214,484)	1,536,127	89,950	(16,236)	16,236	(107,342)	-	1,518,735
Roading – at valuation	30,079,261	(1,218,878)	28,860,383	2,046,953**	-	-	(1,021,355)	7,077,136	36,963,117
Land Under Roads – at cost	108,758	-	108,758	-	-	-	-	-	108,758
Refuse – Solid Waste - at cost	6,739	(2,419)	4,320	28,034	-	-	(3,999)	-	28,355
Stormwater - at cost	12,540	(6,691)	5,849	-	-	-	(313)	-	5,536
Sewerage – at valuation	1,211,779	(251,053)	960,726	16,000	-	-	(36,161)	173,512	1,114,077
Water - at valuation	1,319,707	(237,599)	1,082,108	-	(171,596)	119,225	(24,561)	202,004	1,207,180
Total Infrastructural Assets	32,738,784	(1,716,640)	31,022,154	2,090,987	(171,596)	119,225	(1,086,389)	7,452,652	39,427,023
Property Plant & Equipment	35,489,395	(2,931,124)	32,558,271	2,180,937	(187,832)	135,461	(1,193,731)	7,452,652	40,945,758

* Work in progress.

** Includes \$42,795 Work in progress relating to the Waitangi Cliff stabilisation project (2007 nil).

Heritage Assets

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

Note 6: Property Plant & Equipment continued

2007	Opening Cost/ Revaluation	Accumulated Depreciation	Carrying value at start of year	Additions	Disposals	Depreciation	Revaluation	Carrying value at end of year
Total Land – at cost	148,379	-	148,379	32,252	-	-	-	180,631
Buildings – at cost	1,332,269	(407,879)	924,390	-	-	(26,639)	-	897,745
Furniture & Fittings – at cost	39,756	(15,735)	24,021	18,484	-	(4,688)	-	37,819
Plant & Office Equipment – at cost	192,203	(140,405)	51,798	2,224	-	(16,477)	-	37,545
Vehicles – at cost	34,739	(21,186)	13,553	-	-	(3,701)	-	9,852
Parks & Reserves – at cost	87,912	(25,402)	62,510	11,200	-	(3,707)	-	70,003
Harbour – at cost	851,192	(498,698)	352,494	-	-	(49,962)	-	302,532
Total Operational Assets	2,686,450	(1,109,305)	1,577,145	64,160	-	(105,174)	-	1,536,127
Roading – at valuation	28,172,978	-	28,172,978	1,906,283	-	(1,218,878)	-	28,860,383
Land Under Roads – at cost	108,758	-	108,758	-	-	-	-	108,758
Refuse – Solid Waste - at cost	6,739	(2,149)	4,590	-	-	(270)	-	4,320
Stormwater - at cost	12,540	(6,377)	6,163	-	-	(314)	-	5,849
Sewerage – at valuation	1,211,779	(215,957)	995,822	-	-	(35,096)	-	960,726
Water - at valuation	1,307,945	(213,270)	1,094,675	11,762	-	(24,329)	-	1,082,108
Total Infrastructural Assets	30,820,739	(437,753)	30,382,986	1,918,045	-	(1,278,887)	-	31,022,144
Property Plant & Equipment	33,507,189	(1,547,058)	31,960,131	1,982,205	-	(1,384,061)	-	32,558,271

Note 7: Intangible Assets

	Actual 2007/08	Actual 2006/07
	\$	\$
Intangible Assets		
Computer Software at cost	41,426	41,426
Less Accumulated Amortisation and Impairment Losses	(41,426)	(38,808)
Less Current Year Amortisation	-	(2,618)
Total Intangible Assets – book value	-	-

Note 8: Trade and Other Payables

	Actual 2007/08	Actual 2006/07
	\$	\$
Creditors & Accruals	478,353	400,597
GST Payable	1,898	521,026
Income in Advance Rates	3,868	4,891
Income in Advance	303,466	348,580
Deposits	1,838	1,838
Other	6,867	483
	796,290	1,277,415

Note 9: Employee Benefit Liabilities

	Actual 2007/08	Actual 2006/07
	\$	\$
Employee Entitlements:		
Total Employee Benefit Liabilities	46,396	20,537

Note 10: Provisions

A provision of \$157,000 has been recognised for landfill closure costs, which are expected to be incurred in 2009. 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 2008 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.

A provision of \$40,000 (2007 nil) has been made for refund of Dues to Pitt Island Barge Society which is payable on production of audited accounts. This amounts to two years refunds estimated to be \$20,000 pa.

Note 11: Term Liabilities

	Actual 2007/08 \$	Actual 2006/07 \$
Balance at 1 July	211,306	215,846
Plus loans raised during the year	-	-
Less repayments during the year	(4,963)	(4,540)
Total Borrowings at 30 June	206,343	211,306

The loan is repayable over the following periods:

Current portion < 1 year	5,425	4,963
Non-Current 1-2 years	5,930	5,425
Non-Current 2-5 years	194,988	200,918
Total Non-Current Portion	200,918	206,343
Total Current plus Non Current Borrowings	206,343	211,306

The Council has taken a loan from the Chatham Islands Enterprise Trust with a term of 5 years at an interest rate of 9.00% per annum. The loan will need to be refinanced at the end of that period

Note 12: Public Equity

The Council is required to disclose information that enables users of its financial statements to evaluate the Council's objectives, policies and processes for managing capital.

- The capital of the Chatham Islands Council consists of ratepayer equity, loans, and day-to-day working capital.
- Chatham Islands Council is required by law to maintain an interest/operating revenue ratio of under 20%. Council policy sees 15% as acceptable and an operating revenue/net public debt ratio of under 2 (1.2 acceptable).
- Council considers borrowing to meet operating costs, in almost all circumstances, not financially prudent. The only exception is the use of overdraft or other short-term facilities to cover temporary fluctuations in cash flow. Borrowing may be used to finance capital expenditure. The priority order for funding capital expenditure is: government or other subsidy, financial reserves including depreciation, loans, and targeted rates.
- Council's interest to operating revenue ratio is 3.86%, and operating revenue to net public debt ratio is 25.
- Council therefore meets externally imposed capital requirements.

Note 12: Public Equity (continued)

	Actual 2007/08 \$	Actual 2006/07 \$
General Funds		
Opening Balance	4,067,342	3,231,439
Plus Net Surplus for the year	1,129,616	870,506
Less Transfers to Other Reserves (District Fund)	(20,052)	(34,603)
Closing Balance	5,176,906	4,067,342
Te Whanga Opening Reserve		
Opening Balance	3,286	8,429
Plus Transfer (to)/from General Reserve	-	(5,143)
Closing Balance	3,286	3,286
RMA Document Fund Reserve		
Opening Balance	91,250	58,810
Plus Transfer from General Reserve	35,181	32,440
Closing Balance	126,431	91,250
Burial Register Reserve		
Opening Balance	30,907	20,907
Plus Transfer from General Reserve	-	10,000
Closing Balance	30,907	30,907
Museum Displays Valuation Reserve		
Opening Balance	26,134	26,134
Plus Transfer from General Reserve	-	-
Closing Balance	26,134	26,134
Community Trust of Canterbury Reserve		
Opening Balance	10,661	10,661
Plus Receipt from Community Trust	34,666	-
Less Expenditure during the Year	(42,661)	-
Closing Balance	2,666	10,661
Chatham Community Trust Reserve		
Opening Balance	7,134	9,828
Less Expenditure during the Year	(7,134)	(2,694)
Closing Balance	-	7,134
Asset Revaluation Reserve		
Opening Balance	27,714,323	27,714,323
Revaluations	7,452,652	-
Closing Balance	35,166,975	27,714,323
TOTAL EQUITY AT END OF YEAR	40,533,305	31,951,037

Note 13: Financial Instruments Risks

Chatham Islands Council has policies to manage the risks associated with financial instruments. CIC is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management Policy and Investment Policy (refer LTCCP 2006-16 p90). These policies do not allow any transaction that is speculative in nature to be entered into.

Credit Risk

The maximum credit risk exposure is disclosed in the Statement of Financial Position. Bank deposits including term deposits and debtors are the main credit risks. Investing in only high credit quality institutions minimises bank risk. Council has a policy of investing with ANZ bank so as to assist with the maintenance of banking facilities on the Islands. For debtors there is a moderate credit risk, as Council Dues are collected from a small number of transport firms. An analysis of past due accounts is presented to Council monthly as an agenda item. A provision for doubtful debts of \$8,000 has been made.

CIC maximum credit exposure for each class of financial instrument is as follows:

	2007/08	2006/07
	\$	\$
Cash on call & term deposit	241,164	*
Debtors and other receivables**	596,283	1,123,784
Total Credit Risk	837,447	1,123,784

* Zero due to Council being in an o/d position.

**Debtors and other receivables excludes prepayments.

Cash at bank and term deposits are with ANZ bank, which has a credit rating of AA- (31st March 2008).

\$462,293 is a Crown debtor (2007 \$1,005,037). There is no procedure to monitor the credit status of other debtors. Other debtors mainly arise from CIC statutory functions.

Interest Rate Risk

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.

	2007/08	2006/07
	\$	\$
Loans and receivables		
Term deposits	4 months -1 year maturity	91,250
Maturity date	20 December 2008	20 December 2007
Interest rate	8.9%	7.67%

An increase in interest rate of 100 basis points would lead to extra interest income of \$8,000 (2007 \$8,000).

Liquidity Risk

Liquidity risk is the risk CIC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, or credit position. Council maintains no overdraft facility with ANZ and manages its cash flows on a daily basis accordingly. (2007 nil). Where Council invests in term deposits there is a small liquidity risk in that to break a term deposit would incur an interest rate penalty.

	Carrying Amount	Contracted Cash Flows	Less than 1 Year	2-5 Years
	\$	\$	\$	\$
Creditors & other payables *	423,452	423,452	423,452	-
Heartlands Loan **	206,343	245,012	25,012	220,000

*Creditors and other payables excludes employee benefit liabilities.

**The Heartlands loan is due to be refinanced on 29th June 2010.

Currency Risk

Council has no currency risk, as all financial instruments are in New Zealand dollars

Note 14: Cash Flow Reconciliation

	Actual	Actual
	2007/08	2006/07
	\$	\$
Reported Surplus/(Deficit) for the year	1,129,616	870,506
Add back Non Cash Items:		
Depreciation	1,193,731	1,384,063
Amortisation	-	2,618
Loss on Disposal of Assets	52,371	-
Increase in Provisions	40,000	-
Movement in Working Capital Items:		
(Increase)/Decrease in Debtors	468,002	(717,853)
Increase/(Decrease) in GST	(519,128)	212,179
Increase/(Decrease) in Creditors	78,223	(243,948)
Increase/(Decrease) in Grants in Advance	(40,222)	20,626
Increase/(Decrease) in Employee Entitlements	25,859	6,507
Net Cash flow from Operating Activities	2,428,452	1,534,698

Note 15: Remuneration of Elected Members & General Manager**Elected Members 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 \$95,623 (2007 \$87,999).

		Actual 2007/08 \$	Actual 2006/07 \$
Patrick Smith	Mayor	39,500	38,100
Alfred Preece	Deputy Mayor	11,400	11,000
Monique Croon		6,777	5,557
Donna Gregory – Hunt (until October)		2,803	5,557
Antoinette Gregory- Hunt		6,777	5,557
Nigel Ryan		5,757	5,557
Nathaniel Whaitiri		5,757	5,557
Bruce Mills		5,757	5,557
Eva-Cherie Tuck		6,777	5,557
Philip Christiansen (from October)		4,318	-
		<hr/>	<hr/>
		95,623	87,999

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 \$150,031 (2007 \$129,203).

Severance Payments

For the year ended 30 June 2008 the Council made no severance payments (2007 \$nil).

Note 16: Related Parties Transactions

A party is related to an entity if the party controls the entity, or is a member of the key management personnel of the entity, or the party is a close member of the family of any individual referred to. During the year the following payments were made to Councillors or their spouses, children or dependants or to companies or firms in whom Councillors had ownership interests.

	Councillor	Description	Actual 2007/08 \$	Actual 2006/07 \$
AMW & R Preece	A Preece	Plant Hire & Refuse Site Lease	6,435	22,263
V Mills	B Mills	Cleaning Services	11,465	12,990
Waitangi Hardware	M Croon	Hardware & fuel	3,895	3,752
Black Robin Freighters	M Croon	Shipping services	3,668	7,295
N Ryan	N Ryan	Oil Spill Maintenance	1,080	-
P Preece	E Tuck	Carpet Laying	-	1,332
			<u>26,543</u>	<u>47,632</u>

During the year the following payments were made to key management personnel (being the General Manager & the Finance Manager) and Mayor and Councillor's honorarium. The spouse of a member of key management personnel is employed by the Council the terms and conditions of this employment are no more favourable than the Council would have adopted if there was no relationship.

	Actual 2007/08 \$	Actual 2006/07 \$
Total compensation of key management personnel.	309,649	287,824
Short term employee benefits	<u>309,649</u>	<u>287,824</u>

Note 17: Statement of Contingencies

As at 30 June 2008 there are no contingent liabilities that Council is aware of (2007 \$ nil).

Council has been told that the Department of Internal Affairs will reimburse the use of money interest amounting to \$180,158 (2007 \$ nil) arising from their failure to pay GST on Grants made to Council dating back to 2005.

Note 18: Statement of Commitments

As at 30 June 2008 the Council has no capital or operating lease commitments (2007 \$nil).

Contract Commitments	Not later than 1 Year
	\$
Road Maintenance Services Contract	1,799,914
Regional Council Services Contract	306,470
Water and Sewerage Operations and maintenance contract.	51,616
MWH Annual Professional Services Contract	17,205
Contract for work on staff housing	100,000

In June 2004 the Council awarded a contract for road maintenance services to Works Infrastructure Ltd (Downer Edi Works) for the period July 2005 to June 2007. This had two one year right of renewal which the Council has exercised. It has been agreed that the contract be extended at the same rates for a further year until June 2009.

In February 2005 a contract for assistance with Regional Council Services for the period February 2005 to January 2009 was awarded to Environment Canterbury. This is currently under negotiation.

The Council has a contract with Works Infrastructure (Downer Edi Works) for 150 weeks from August 2005 for water and sewerage. This is currently being renegotiated.

The Council has a contract with MWH for professional services.

The Council has a contract for repairs to staff housing, estimated to be \$100,000. In May 2008 the Council agreed to proceed with upgrades to the Community Houses. Housing Corporation has agreed to provide \$90,000 in suspensory loans. Council to find \$39,179. No formal contracts are yet in place.

Note 19: Subsequent Events

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

Council Directory

Mayor
Deputy Mayor

Mr Patrick F Smith
Mr Alfred W M Preece

Councillors

Mr Bruce J Mills
Mr Nigel C Ryan
Ms Antoinette Gregory-Hunt
Ms Monique Croon
Miss Eva-Cherie Tuck
Mr Nathaniel J Whaitiri
Mr Phillip Christiansen

General Manager
Finance Manager
Office Assistant
Office Assistant
Office Assistant
Minute Secretary
Emergency Management

Owen Pickles
Deborah Goomes
Tania Whaitiri
Natasha Fraser (Maternity Leave)
Liz Day
Lynette Pickles
Rana Solomon

Engineers

MWH New Zealand Ltd (Christchurch)
Charles Mellish, Andrew MacDonald, Murray Keast

Resource Management

Beca Carter Hollings & Ferner Ltd (Christchurch)
Paul Whyte

Solicitors

Macalister Mazengarb – Robin Buxton
Brooke Gibson
Simpson Grierson – Jonathan Salter

Bankers

ANZ – (Waitangi - Chatham Islands)

Auditors

Audit New Zealand
(on behalf of the Auditor General)

Chatham Islands Statistics

	30 June 2008	30 June 2007
Area and Population		
Date of Constitution for Territory	1995	1995
Area - sq km	963	963
Population	612	612
Note: Source of Population Statistics, Statistics New Zealand Demographic Trends, published January 2007 (usually resident population)		
Valuation		
Rateable properties - no. of	536	529
Non-rateable properties - no. of	102	101
Gross capital value	107,704,950	107,692,950
Net capital value (i.e. Capital value of rateable property)	97,476,800	97,407,800
Gross land value	50,794,800	50,720,800
Net land value (i.e. Land value of rateable property)	46,707,300	46,641,300
Date of last revision	September 2006	September 2006
Rates and Rating		
Total rates struck (incl GST)	386,130	364,704
System of Rating	Capital Value	Capital Value
Council Dues		
Dues collected from Air	56,221	68,324
Dues collected from Sea	202,616	180,189
Public Debt		
Public Debt Outstanding	206,343	211,306
Unexercised loan authorities	250,000	250,000
Building Consents		
Value of consents for year* includes Owenga Wharf \$1.46m	3,356,642*	463,952
New Houses	2	2

Appendix I – 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.



Directory

Mayor:



Patrick F Smith

Councillors:



Phillip Christensen



Monique Croon



Antoinette Gregory-Hunt



Bruce J Mills



Nigel C Ryan



Eva-Cherie Tuck



Nathaniel Waitiri

Deputy Mayor:



Alfred W M Preece

Staff:



General Manager
Owen Pickles
owen@cic.govt.nz



Finance Manager
Deborah Goomes
deborah@cic.govt.nz



Emergency Management Co-ordinator
Rana Solomon
rana@cic.govt.nz



Natasha Fraser



Lynette Pickles



Tania Waitiri



Liz Day



The Chatham Islands - General Statistics

The Chatham Islands consist of a group of 10 islands of which only two are inhabited.

The total population is 612 people (Statistics New Zealand Demographic Trends 2007).

The main settlements are Waitangi, Kaingaroa, Te One, Port Hutt and Pitt Island.

The Islands are serviced by ports at Waitangi and Owenga on Chatham Island with local fishing harbours at Kaingaroa, Flower Pot on Pitt and Port Hutt.

Shipping links are from Timaru and Napier with direct air service links to Christchurch, Wellington and Auckland.

Area:	963 sq km	
Rateable Assessments:	536	
Government Valuations	Gross Land Value	\$50,794,800
	Gross Capital Value	\$107,704,950
	Net Land Value	\$46,707,300
	Net Capital Value	\$97,476,800

Council Directory

Location:

Tuku Road, Waitangi,
Chatham Islands

Postal address:

Chatham Islands Council
PO Box 24
Waitangi
Chatham Islands 8942

Telephone: 03 3050 033

03 3050 034

Facsimile: 03 3050 044

Email:

info@cic.govt.nz

Website:

www.cic.govt.nz

General Manager

Owen Pickles
Email: owen@cic.govt.nz

Finance Manager

Deborah Goomes
Email: deborah@cic.govt.nz

Emergency Response

Co-ordinator
Rana Solomon
Email: rana@cic.govt.nz