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## MAYOR'S FOREWORD

Within this Annual Report Council's financial commitment to the various portfolios managed on behalf of this community is measured against the Annual Plan, made prior to its working year, and contained within its Long Term Council Community Plan.

The actual outcomes undertaken are only realised through good partnerships and total teamwork and I thank the extensive expertise, by all, in achieving the net results printed within this document.

These Islands' isolation will in fact create its long term economic future. Although our population has decreased (2006 Census) it is within our immediate environment of both the surrounding sea and land base that will create diversification and population growth.

The lack of contaminants, the wholly rural workforce will continually be viewed globally and therefore it is most important that we become more aware and watchful of our immediate environment.

Biosecurity, Pest and Waste Management play an extensive role in keeping Rekohu Wharekauri unique, safe and clean. Any outside contaminant within our ocean, pest found on our land will narrow the region's opportunity to keep its singularity. These areas of responsibility, managed by Council, are in fact for organisational leaders and individuals to hold in a stringent regime.

The most noticeable and individually shortcoming portfolio is in Waste Management. The immediate requirement is to at least be tidy in refuse disposal, as these Islands await the financial support to engage our Waste Management Strategy. We spurn our environment by the manner some individuals dump waste.

The Crown's recognition of this unique outer island is shown in its financial commitment to uphold the well-beings clearly unattainable by this small community alone and as Mayor I publicly acknowledge and thank Central Government's support.

Our community expectations and outcomes are what drives this Council's business and management of. Take some time to read through this yearly report for it is only through communication co-operation and consensus that the above can be attained.



Patrick F Smith QSO, JP  
MAYOR

## MESSAGE FROM THE GENERAL MANAGER

I am pleased to present this Annual Report and financial statement for the 2006/07 year. The purpose of the report is to outline the Chatham Islands Council achievements during the past financial year and describe how they relate to the Annual Plan targets for the year. The financial position of the Council at 30 June 2007 is also provided.

### Financial

The overall financial surplus for the year was \$870,506 (2005/06 \$389,462 loss) reflecting the DIA's agreement to settle the outstanding GST liability of the council on Government funding (\$512,250). The Council continues to rely on significant funding support from Central Government and is very appreciative of this. 2007/08 will see the renegotiation of this support for future years.

### Roading

Roading continues to be the largest of Council's spend. This is supported by Land Transport New Zealand who contributed 87% towards the cost during of the 2006/07 year roading expenditure. Operating expenditure on roading was \$2,059,223 (2005/6 \$2,098,255) and Capital expenditure was \$1,906,283 (2005/06 \$767,599). Major achievements were the installation of the culvert and a continuance of the kerb channel and footpath programme in Waitangi. The Owenga Wharf has continued to be a test for the Council as it continues to explore funding opportunities that will lessen the impact on Chatham Islands residents. At the time of writing this report Council was waiting on a decision from Land Transport New Zealand.

### Biosecurity

This continues to be a significant activity for the Council with the preparation of a Pest Management Strategy being a feature. This document when adopted will provide the means for control of unwanted animal and plant pests and bio-security risks. Hearing of submissions received on the Plan will be held in September 2007.

### Waste Management

Waste Management continues to be both a test and frustration for the Council. In 2005 a Waste Management Strategy was adopted and submitted to the Government for funding support. The strategy details how the Council will address Waste Management for the future with an estimated cost of \$2.4 million. At the time of writing we have indications from Government that funding has been approved. The present "dumps" at Kaingaroa, Owenga and Te One, are all full or near full so the position is becoming critical. A new disposal hole at Te One will provide interim relief; again Council is appreciative of funding support that has been received for this.

### Community Services

The Council continues to expand its provision of Community Services usually with the support of other funding providers and sponsorships. This year steps were taken towards the provision of a public library, with much help and support from the Wellington City Council and its Chief Librarian, Jane Hill. Progress on this is reliant on finding suitable accommodation. The improvement of the Museum is also in this position. During the year the Council contributed \$111,753 towards community good organisations and projects and much more in kind.

### Conclusion

I hope you will take the opportunity to go through the detail of this report and review the achievements in our district over the past year. It was a year of consolidation while maintaining some progress. How to keep up the momentum will continue to be a challenge.



Owen Pickles JP  
General Manager

## *Groups of Activities*

## Community Outcomes

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

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

Through the 'special' consultation process of the Draft Long Term Community Plan 2006-2016, the community had the opportunity to revisit these visions and decide whether or not the community outcomes reflect those visions and become the community desires now and in the future. A number of submissions received were in support of the community outcomes. Council's Long Term Community Plan was adopted on 29th June 2006.

### The Community Outcomes

#### Social well-being - 'A Safe & Healthy Community'

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

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

#### Economic well-being - 'An Enterprising & Innovative Community'

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

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

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

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

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

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

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

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

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

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

### **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 territory Council recognizes 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.

**DEMOCRACY**

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

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

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

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

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

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

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

**Contributions to Community Outcomes**

Democracy contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress this year</b>	<b>Impact on Well-being</b>
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 to together of skills, experiences and knowledge in finding solutions to economic sustainability for the Chatham Islands
A community that promotes partnerships with leading organisations	Maintaining a sound relationship with the Department of Internal Affairs in relation for future Government Assistance	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	The establishment of a budget through Council's annual planning process to increase Maori and Moriori participation in the decision making process	There is a benefit to Environmental and Cultural well-being by reducing adverse reactions that may arise during the decision making process

	and progress working relationships. As provided for in Council’s Annual Plan for 2007/2008	through a lack of effective consultation, participation and poor working relationships.
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**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. This group of activities depends heavily on people and information, being the elected Mayor and Councillors, assisted by the knowledge and experience of staff, coupled with organisational information, systems and processes.

**How we check performance**

Measure	Target	Actual
<u>Council meets the legislative requirements for governance, Planning and reporting.</u>		
1. Compliance with the provisions of the Local Government Act, Local Government Official Information and Meetings Act and Standing Orders	No exceptions per Annual Report to Council in each year	Council has complied with the requirements of the Local Government Act, Local Government Official Information and Meetings Act and Standing Orders
2. The LTCCP/Annual Plan is adopted annually	Adopted by 30 June each Year	The LTCCP 2006-2016 was adopted by Council on 29 June 2006
3. The Annual Report is adopted annually	Adopted by 31 October each year	The Annual Report 2005/06 was adopted by Council on 26 October 2006.
4. Council’s Governance Statement is kept up to date with current requirements	Council’s Governance Statement is kept up to date with legal requirements	The Local Governance Statement was adopted by Council and is due for review next year.
<u>Council provides effective governance and leadership to the Chatham Islands Community.</u>		
5. Attendance by elected members at Council meetings	90% attendance by elected members is maintained in each year	Elected Members attended 95% of Council meetings this year
6. Adherences by elected members to Council’s Code of Conduct	No exceptions to Annual Report to Council	Council had complied with the requirements of Council’s code of Conduct
7. Meeting dates and agendas are made available to the public	Advertised on Chatham Islands TV no less than five working days prior to the meeting	Meeting dates have been advertised on Public notice boards and Chatham Islands TV throughout the year. Of the 61 agendas made available to the public, 41 agendas are circulated



**INFRASTRUCTURAL SERVICES**

**LAND TRANSPORT (ROADING)**

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

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

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

**Contributions to Community Outcomes**

Land Transport contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Access to quality infrastructure services	Adherence to the Roding programme, and an audit on Roding had been undertaken this year by LTNZ	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 LTNZ standards
A safe and secure community	New footpaths, Emergency Works on the Port Hutt Road, Safety Management Plan being formulated  Pest plant on road side reserve programme	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	Investigations into road sealing to the airport	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 sectors
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**

**Description**

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

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

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
<hr/> All motor vehicles experience a smooth and comfortable ride on well maintained and managed network. <hr/>		
1. Roads are relatively free from defects and give a smooth safe ride	Annual Survey indicates satisfaction with the roading surface is maintained at 75%	21% of residents’ were satisfied with the roading surface. First time surveyed.
<hr/> The land transport network (and the way people use it) is safe. <hr/>		
2. Accident black & gray spots are identified and addressed	A prioritised Plan for addressing black spots including a timetable for addressing them is prepared every three years	2 black spots had been identified and no grey spots identified. A Plan is being formulated to address black and grey spots under the Safety Management System (SMS)
3. Number of motor vehicle accidents	Fewer than three motor vehicle crashes involving injury per annum	There were 6 motor vehicle accidents reported involving injury, (last year 5 accidents were reported involving injury)
<hr/> The natural environment is protected and potential negative economic, environmental, social and cultural effects are identified. <hr/>		
4. Adequate preventative measure where dust is a nuisance to adjoining properties and crops	Annual survey indicates no nuisance from dust	76% of respondents considered dust to be a nuisance. First time surveyed.
5. No noxious Plants within the road reserve	Annual survey indicates no noxious Plants in road reserve	60% of respondents were aware of noxious plants in the road reserve, however there is an awareness that work is being carried out to eradicate noxious plants within the road reserve. First time surveyed.
<hr/> Road users are satisfied with the roading network. <hr/>		

6. Residents satisfaction with the roading network	Annual survey indicates satisfaction is maintained at 75%	57% of respondents were satisfied with the Roothing network. (last year 31%)
7. All requests/complaints are addressed promptly	Formal response to 100% of letters within 5 working days is maintained	94% of complaints received were responded to within 5 working days

**Cost of services statement**

**LAND TRANSPORT (ROADING)**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	-	202,458	101,202
Targeted Rate	39,539	38,934	41,586
Grant (LTNZ)	2,415,405	2,018,550	1,903,287
Other Income	6,920	-	5,928
<b>Total Revenue</b>	<b>2,461,864</b>	<b>2,259,942</b>	<b>2,052,003</b>
<b>Operating Expenditure</b>	<b>2,059,223</b>	<b>2,268,130</b>	<b>2,098,255</b>
<b>Operating Surplus/(Deficit)</b>	<b>402,641</b>	<b>(8,188)</b>	<b>(46,252)</b>
<b>Capital Expenditure</b>	<b>1,906,283</b>	<b>1,537,697</b>	<b>767,599</b>
<b>Total funding required</b>	<b>(1,503,642)</b>	<b>(1,545,885)</b>	<b>(813,851)</b>
<b>Transferred (from)/to:</b>			
General Reserve	(284,764)	(64,058)	(289,186)
Depreciation	(1,218,878)	(1,481,827)	(524,665)

**Variation from the LTCCP for 2006/07**

Operating expenditure reflects emergency works following storm damage to the Port Hutt Road, which was not budgeted for. As this is subsidised by LTNZ there is correspondingly higher grant income from LTNZ.

**Operating Expenditure includes:**

	<b>Actual 2006/07</b>	<b>LTCCP 2006/07</b>	<b>Actual 2005/06</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Pavement Maintenance	173,683	301,303	1,074,050
Bridge Maintenance	56,031	96,000	54,707
Amenity/Safety Maintenance	24,555	2,000	14,998
Street Lighting	2,807	5,000	7,504
Traffic Services	117,460	73,000	96,365
Street Cleaning	11,648	8,500	6,966
Minor Safety Projects	109,000	155,000	48,175
Professional Services	76,680	60,000	69,228
Emergency Work	190,000	-	40,268
Administration	15,717	35,000	40,569
Non Subsidised Works:			
Miscellaneous	6,060	10,000	36,756
Street Cleaning	21,241	15,500	16,255
Noxious Plants Spraying	19,241	16,500	14,423
Footpaths & Rapid	15,866	8,500	23,221
Quarry & Lime Pit	-	-	595
Depreciation	1,218,878	1,481,827	524,665
Loss on Disposal of Assets	-	-	29,510
<b>Operating Expenditure</b>	<b>2,059,223</b>	<b>2,268,130</b>	<b>2,098,255</b>

**Capital Expenditure**

	<b>Actual 2006/07</b>	<b>LTCCP 2006/07</b>	<b>Actual 2005/06</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Renewals Capital Expenditure</b>			
Area Wide Pavement Treatment	584,078	449,000	449,997
Pavement Gravelling	938,847	-	-
Major Drainage Control	57,800	-	54,996
Structural Bridge Works	-	-	-
Minor Safety Projects	8,988	50,000	56,382
Bridge Renewals	40,343	-	35,787
Traffic Services	42,448	-	20,148
<b>New Capital Expenditure</b>			
Seal Extensions	-	968,697	-
Bridges	127,094	-	80,289
Footpaths	106,685	70,000	70,000
<b>Total Capital Expenditure</b>	<b>1,906,283</b>	<b>1,537,697</b>	<b>767,599</b>

Capital expenditure is ahead of budget for 2006/07 reflecting pavement gravelling, and the Awatotora bridge replacement carried forward from last year.

Planned seal extension was not carried out in the current year however Council carried out further investigation to prepare for sealing the road from the Airport to Waitangi. New footpaths were constructed in Waitangi, this was not in the budget and was funded largely from LTNZ grants.

**SOLID AND HAZARDOUS WASTE MANAGEMENT**

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

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

**Contributions to Community Outcomes**

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

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Access to quality infrastructure services	No progress has been made on this community outcome as Council is still awaiting the approval of Government funding	This has a negative impact on social, economic, environmental and cultural well-being as to the potential risk to the health and safety of the community and the environment due to the unavailability of financial resources required to implement Council’s Waste Management Plan In relation to cultural well-being there is a potential risk to the relationship Maori/Moriori have with their accustomed environment by the 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:

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

**Assets**

**Description**



**SOLID AND HAZARDOUS WASTE MANAGEMENT**

	2006/07	2006/07	2005/06
	\$	\$	\$
<b>Revenue</b>			
General Funds	18,492	-	-
Targeted Rates	33,785	34,783	33,079
Government Assistance	-	268,500	-
Other Income	-	1,020	-
<b>Total Revenue</b>	<b>52,277</b>	<b>304,303</b>	<b>33,079</b>
<b>Operating Expenditure</b>	<b>46,686</b>	<b>162,464</b>	<b>25,838</b>
<b>Operating Surplus/(Deficit)</b>	<b>5,591</b>	<b>141,839</b>	<b>7,241</b>
<b>Capital Expenditure</b>	<b>-</b>	<b>268,500</b>	<b>-</b>
<b>Total funding required</b>	<b>5,591</b>	<b>(126,661)</b>	<b>7,241</b>

**Transferred from/(to):**

General Reserve	(5,321)	(126,661)	(279)
Depreciation	(270)	-	(6,962)

**Variation from the LTCCP for 2006/07**

Council budgeted for landfill costs of \$183,000 however funding from the Government to close the existing landfills and replace them with transfer stations is still being sought.

**Operating Expenditure includes:**

Landfill Operating	34,682	78,000	21,271
Depreciation	270	1,200	279
Waste Management Strategy	-	-	4,288
Waste Minimisation Programmes	-	33,500	-
Special Waste Export	-	5,500	-
Hazardous Waste Research	-	5,000	-
Publicity	-	29,000	-
Admin Charge	11,734	10,264	-
<b>Operating Expenditure</b>	<b>46,686</b>	<b>162,464</b>	<b>25,838</b>

**Capital Expenditure includes:**

Transfer Stations	-	52,000	-
Landfill	-	183,000	-
Recyclables Equipment	-	33,500	-
<b>Total Capital Expenditure</b>	<b>-</b>	<b>268,500</b>	<b>-</b>

**Financial Commentary**

Landfill closure costs were not incurred because Council is awaiting final approval for government funding for the Solid Waste Management Plan. Landfill operating costs are also lower than budget because the old landfills are still operating.

**WATER SUPPLY**

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

Activities involved in delivering this group of activities are:

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

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

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

**Contributions to Community Outcomes**

Water Supply contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Access to quality infrastructure services	Water levels are monitored and tested regularly to ensure access to water is constant and in accordance with standards One new connection this year  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 catering 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 additional, fishers during the ‘off season’ for maintenance of craypots.	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 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**

**Description**

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

**How we check performance**

Measure	Target	Actual
Continuity of the service provided is maintained.		
1. Water quality	Maintain compliance with drinking water standards of New Zealand for those properties connected to the Waitangi water supply scheme	100% compliance with New Zealand drinking water standards DWSNZ 2000. (last year 100%).
2. Customer response times are maintained	Maintain response times to 95% of service interruption events within stated timeframes: a) Within 2 hours to complaints of lost supply b) Restore any lost supply within 8 hours of the fault	No incidents of service interruption in the Waitangi township were reported. 7 minor water incidents were reported and attended to by Council’s contractors.
3. Customer satisfaction	Maintain customer satisfaction at 80% per annual survey	62% of consumers were satisfied with the water supply in the Waitangi Township (last year 66%)

**Cost of Services Statement**

**WATER SUPPLY**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	149,352	94,797	71,741
Targeted Rates	36,504	39,112	40,821
Capital Grant Income	-	-	-
Other Income	-	-	-
<b>Total Revenue</b>	<b>185,856</b>	<b>133,909</b>	<b>112,562</b>
<b>Operating Expenditure</b>	<b>140,699</b>	<b>137,743</b>	<b>145,350</b>
<b>Operating Surplus/(Deficit)</b>	<b>45,157</b>	<b>(3,834)</b>	<b>(32,788)</b>
<b>Capital Expenditure</b>	<b>11,762</b>	<b>-</b>	<b>24,384</b>
<b>Total funding required</b>	<b>33,395</b>	<b>(3,834)</b>	<b>(57,172)</b>
<b>Transferred (from)/to:</b>			
General Reserve	33,395	(3,834)	(32,846)
Depreciation	-	-	(24,326)

**Variation from the LTCCP for 2006/07**

There have been no variations to the LTCCP for 2006/07.

**Operating Expenditure includes:**

Water Supply Operating Costs	67,945	94,330	86,360
Maintenance	48,345	22,949	34,664
Depreciation	24,409	20,464	24,326
<b>Operating Expenditure</b>	<b>140,699</b>	<b>137,743</b>	<b>145,350</b>
<b>New Capital Expenditure</b>			
Waitangi Water Scheme	-	-	24,384
Water Tank	11,762	-	-
<b>Total Capital Expenditure</b>	<b>11,762</b>	<b>-</b>	<b>24,384</b>

**Financial Commentary**

2005/06 was the first full year of operation of the upgraded water supply in Waitangi.

**STORMWATER**

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

Council’s main role with stormwater drainage is to control the level of Te Whanga by opening Hikurangi channel as and when required. This is necessary to protect productive land around the shores of Te Whanga from inundation and to maintain the balance of marine life within the lagoon. There is a small amount of urban stormwater reticulation within the Waitangi village.

The Council’s involvement in these activities contributes to:

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

**Contributions to Community Outcomes**

Stormwater contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Access to quality infrastructure services	Stromwater 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**

**Description**

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

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
Public concern about the rising level of Te Whanga will be minimised by acting to protect land from flooding.		
1. The Te Whanga outlet will be managed to eliminate instances of flooding	Te Whanga will be opened at a minimum once every two years or as required	The Te Whanga outlet was opened during November 2006

**Cost of Services Statement**

**STORMWATER**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
General Funds	29,938	3,667	4,428
<b>Revenue</b>	<b>29,938</b>	<b>3,667</b>	<b>4,428</b>
<b>Operating Expenditure</b>	<b>20,886</b>	<b>3,815</b>	<b>6,451</b>
<b>Operating Surplus/(Deficit)</b>	<b>9,052</b>	<b>(148)</b>	<b>(2,023)</b>
Transfer From/(to) Te Whanga Reserve	5,143	2,500	2,892
<b>Total funding required</b>	<b>3,909</b>	<b>(2,648)</b>	<b>(4,915)</b>
<b>Transferred (from)/to:</b>			
General Reserve	3,909	(2,334)	(4,601)
Depreciation	-	(314)	(314)

**Variation from the LTCCP for 2006/07**

The cost of opening the lagoon was significantly higher than expected but reflects the outcome of a tendering process for the work.

**Operating Expenditure includes:**

Stormwater Operating Costs	12,322	3,501	6,137
Depreciation	314	314	314
Te Whanga Lagoon Opening	8,250	-	-
<b>Operating Expenditure</b>	<b>20,886</b>	<b>3,815</b>	<b>6,451</b>

**WASTEWATER (SEWERAGE)**

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

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

Collection, treatment and disposal of wastewater contributes to:

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

**Contributions to Community Outcomes**

Wastewater contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
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 relationship Maori/Moriori and their accustomed environment is not effected 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**

**Description**

A sewage system that serves all of Waitangi.

**How we check performance**

Measure	Target	Actual
That the environmental impact of services are met through compliance with resource consent conditions.		
1. Monthly monitoring of the system is carried out and an annual soil sample is tested	Monitor 100% compliance with resource consent conditions	100% compliance with resource consent conditions
That continuity of the service provided is maintained and the service is reliable.		
2. Complaints from the Community regarding odours, compliance with conditions, or any other nuisances are kept to a minimum	No more than 6 complaints per annum	4 complaints were reported and attended to by Council's contractors

**Cost of services statement**

WASTEWATER (SEWERAGE)	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	97,230	102,304	63,245
Targeted Rates	44,554	45,000	25,274
Grant – Capital Expenditure	24,744	-	-
<b>Total Revenue</b>	<b>166,528</b>	<b>147,304</b>	<b>88,519</b>
<b>Operating Expenditure</b>	<b>137,130</b>	<b>151,442</b>	<b>117,424</b>
<b>Operating Surplus/(Deficit)</b>	<b>29,398</b>	<b>(4,138)</b>	<b>(28,905)</b>
<b>Capital Expenditure</b>	<b>32,252</b>	<b>-</b>	<b>-</b>
<b>Total funding required</b>	<b>(2,854)</b>	<b>(4,138)</b>	<b>(28,905)</b>
<b>Transferred (from)/to:</b>			
General Reserve	-	-	-
Depreciation	(2,854)	(4,138)	(28,905)

**Variation from the LTCCP for 2006/07**

There has been no variation from the LTCCP for 2006/07.

**Operating Expenditure includes:**

Operating	56,311	68,000	51,809
UV Disinfection	-	-	-
Maintenance	45,715	43,610	30,519
Depreciation	35,094	39,832	35,096
<b>Operating Expenditure</b>	<b>137,130</b>	<b>151,442</b>	<b>117,424</b>

**COST OF SERVICE STATEMENT – INFRASTRUCTURE GROUP OF ACTIVITIES**

<b>TOTAL INFRASTRUCTURE SERVICES</b>	<b>Actual 2006/07 \$</b>	<b>LTCCP 2006/07 \$</b>	<b>Actual 2005/06 \$</b>
<b>Revenue</b>			
General Funds	295,012	403,226	240,616
Targeted Rates	154,382	157,829	140,760
Grant LTNZ	2,415,405	2,287,050	1,903,287
Other Grants	24,744	-	-
Other Income	6,920	1,020	5,928
<b>Total Revenue</b>	<b>2,896,463</b>	<b>2,849,125</b>	<b>2,290,591</b>
<b>Operating Expenditure</b>	<b>2,404,624</b>	<b>2,723,594</b>	<b>2,393,318</b>
<b>Operating Surplus/(Deficit)</b>	<b>491,839</b>	<b>125,531</b>	<b>(102,727)</b>
<b>Capital Expenditure</b>	<b>1,950,297</b>	<b>1,806,197</b>	<b>697,599</b>
<b>Te Whanga Opening Reserve</b>	<b>5,143</b>	<b>2,500</b>	<b>-</b>
<b>Total funding required</b>	<b>(1,463,601)</b>	<b>1,683,166</b>	<b>(800,326)</b>
<b>Transferred (from)/to:</b>			
General Reserve	179,493	-	211,754
Te Whanga Opening Reserve	5,143	2,500	2,892
Depreciation	1,278,965	1,680,666	585,680

**COMMUNITY SERVICES**

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

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

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

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

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

These developments have been proposed and will rely on community support, fund raising and grants to become a reality.

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

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

**Contributions to Community Outcomes**

Community Services contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Access to affordable quality housing	Facilitated the establishment of the Chatham Islands Housing Trust. Continues to work with Housing NZ on resolving the 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 are available to the community. Two emergency management	There is a benefit to social well-being by providing access to education initiatives and

	training/education sessions, one liquor licensing General Manager’s Certificate course, one Food Safety Certificate Course, and one Home Ownership Programme were held during the year	reading/resource materials and the developments of skills which in turn strengthens the Chatham Islands work force
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 Administers SPARC funding Working towards the completion of the Waitangi playground	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	Participation in the Shipping committee and Tourism Group Council provides 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 or 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	Provides 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’s role in administering 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**  
**Description**

Council owns three rental houses and three community flats. Other assets supporting this group of activities are the Town Hall, the Museum and its collections, parks and reserves, memorials and cemeteries. An Asset Management Plan is in place for the Council’s parks and reserves.

**How we check performance**

Measure	Target	Actual
<u>Public satisfaction with Council –provided community services.</u>		
1. The community is satisfied with Council provided community services	Zero complaints received annually	No complaints had been reported
2. Response time for complaints and faults is maintained	Maintain response times as follows: (a) Investigate complaints relating to operations and facilities within 12 hours (b) Remedy minor faults within 24 hours	No complaints or faults had been reported
<u>Parks and reserves are maintained to the required standards.</u>		
3. Compliance with NZS 5828 for safety of playground equipment	Maintain 100% compliance with safety standard	The Waitangi playground is still to be completed, however the already established playground equipment is 100% compliant with the NZS5828 safety standard for playground equipment
<u>Council buildings are managed effectively and with a view to future requirements.</u>		
4. Council identifies and evaluates the needs of the Community for Council buildings and facilities	Prepare a report on Council buildings by June 2007	The report is still to be prepared. A Council buildings maintenance survey was prepared in May 2004 covering the period 2004 to 2014.
<u>Council housing is managed effectively and with a view to future requirements.</u>		
5. Occupancy rates of Council housing	Maintain occupancy rates at greater than 95% per annum	98% of Council Housing was occupied
6. Council acts as an advocate for the standard of public housing on the Chatham Islands	To continue to co-operate with Housing New Zealand with a view to establishing 6 new public houses by June 2007	Council facilitated the establishment of the Chatham Islands Housing Trust in November 2006. Through this Trust Council continues to co-operate with Housing New Zealand for the establishment of 6 new public houses, Essential (Health and Safety) repairs for existing homes and finance for first home buyers. During May 2007 proposals were sought for the establishment of a Community Housing Organisation to provide affordable housing on the Chatham Islands.

**Cost of services statement**

**COMMUNITY SERVICES**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	367,755	275,070	128,373
Grants	30,432	22,900	22,436
User Pays & Other Income	76,611	64,923	101,125
<b>Total Revenue</b>	<b>474,798</b>	<b>362,893</b>	<b>251,934</b>
<b>Operating Expenditure</b>	<b>363,606</b>	<b>374,018</b>	<b>310,604</b>
<b>Operating Surplus/(Deficit)</b>	<b>111,192</b>	<b>(11,125)</b>	<b>(58,670)</b>
<b>Capital Expenditure</b>	<b>29,684</b>	<b>-</b>	<b>19,967</b>

Transfers from/(to) Reserves	7,306	10,000	16,676
<b>Total funding required</b>	<b>74,202</b>	<b>(21,125)</b>	<b>(95,313)</b>

**Transferred (from)/to:**

General Reserve	74,202	(15,063)	(72,446)
Depreciation	-	(6,062)	(22,867)

**Variation from the LTCCP for 2006/07**

Cemetery and Mortuary costs were under budget due to less activity at the morgue & not attending conference this year. Additional funding was received from the Canterbury Community Trust.

**Operating Expenditure includes:**

Museum	10,419	11,178	6,186
Cemetery and Mortuary	19,591	28,249	45,184
Grants – External Organisations	10,878	22,900	10,713
Donations – Council funds	111,753	101,802	90,756
Forestry	2,853	4,511	3,475
Parks and Reserves	41,076	69,038	41,572
Housing	64,350	43,950	31,124
Community Buildings	72,414	86,328	58,727
Library	706	-	-
Depreciation	29,567	6,062	22,867
<b>Operating Expenditure</b>	<b>363,606</b>	<b>374,018</b>	<b>310,604</b>

**Capital Expenditure includes:**

**Renewals Capital Expenditure**

Community Housing	18,484	-	9,125
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**New Capital Expenditure**

Waitangi Children's Playground	4,500	-	10,842
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New Public Toilets	6,700	-	-
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<b>Total Capital Expenditure</b>	<b>29,684</b>	<b>-</b>	<b>19,967</b>
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**Transfers to Reserves includes:**

Burial Register	10,000	10,000	907
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Museum Collection Valuation	-	-	1,134
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Community Trust of Canterbury	(2,694)	-	4,808
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Chatham Community Trust	-	-	9,827
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<b>Transfers to Reserves</b>	<b>7,306</b>	<b>10,000</b>	<b>16,676</b>
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**LICENSING AND BUILDING**

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

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

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

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

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

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

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

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

**Contributions to Community Outcomes**

Consents and Compliance contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
A safe and secure community	One Liquor Licensing General Manger’s course and one District Licensing awareness workshop	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 development for its fishing, farming and tourism industries	One Liquor Licensing Course, one Food Safety Course	There is a benefit the social and economic 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**

Measure	Target	Actual
Licences and consents are issued in accordance with the relevant legislation		
1. Timeframes for processing regulatory licensing applications are met	Hold and decline in processing times	Adequately processed in the timeframes required in relation to the type or nature of a consent application or licensing matter
2. Responses to complaints of non-compliance with the requirements of the licence or consent	Resolve all complaints, or develop a resolution strategy, within 21 days of receipt	No complaints had been reported
Compliance with licences and consents is monitored and meets Community expectations.		
3. Compliance with public health standards	Carry out at least one inspection annually of all food premises, & premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders	One Health inspection had been carried out during November 2006 by Council's contractors. (Hawkes Bay District Health Board)
4. Reduction in the number of alcohol related incidents	The number of incidents reported to the District Licensing Agency will decline overtime	No alcohol related incidents had been reported to the District Licensing Agency
5. Pollution incidents, environmental noise and nuisances within the community	Respond to and investigate incidents that threaten public health within two working days	No incidents had been reported

Cost of services statement

**LICENSING & BUILDING**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	59,233	47,957	22,359
User Pays & Other Income	13,529	14,188	17,124
<b>Total Revenue</b>	<b>72,762</b>	<b>62,145</b>	<b>39,483</b>
<b>Operating Expenditure</b>	<b>54,853</b>	<b>64,085</b>	<b>49,701</b>
<b>Operating Surplus/(Deficit)</b>	<b>17,909</b>	<b>(1,940)</b>	<b>(10,218)</b>
<b>Total funding required</b>	<b>17,909</b>	<b>(1,940)</b>	<b>(10,218)</b>
<b>Transferred (from)/to:</b>			
General Reserve	17,909	(1,940)	(10,218)

**Variation from the LTCCP for 2006/07**

No significant variance from the 2006/07 LTCCP.

**Operating Expenditure includes:**

Bylaws	6,519	6,833	5,297
Liquor Licensing	24,144	30,599	24,562
Health Inspections	9,244	12,269	9,511
Building Control	14,946	14,384	10,331
<b>Operating Expenditure</b>	<b>54,853</b>	<b>64,085</b>	<b>49,701</b>

**DOG AND ANIMAL CONTROL**

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

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

**Contributions to Community Outcomes**

Dog and Animal Control contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Safe and secure community	No progress to date	No impact on well-being
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.

**Variations from the LTCCP for 2006/07**

There have been no variations from the LTCCP for 2006/07.

**How we check performance**

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
A safe and secure living environment for the Community.		
1. Response times	Maintain response times as follows: a) Attend to dog attacks and rushes which have just occurred within 1 hour  b) Attend to possible threats to public safety within 5 hours  c) Attend to complaints of general nuisance within 48 hours  d) Investigate all other complaints within two working	a) No dog attacks were reported  b) No possible threats were reported  c) Less than 10 general nuisance complaints were attended to within the 48 hour timeframe.  d) Less than 10 other complaints have been

	days	attended to within the two day timeframe
2. Inspections	Two island wide (including Pitt Island) inspections to be carried out per annum and reported to Council The inspections are carried out to make sure dogs are registered for the year and to check animal welfare	One inspection had been carried out. A report to Council had been prepared

To provide a service that meets the needs of the Community.

3. Survey demonstrates that the Community is satisfied with the service provided	Maintain 100% satisfaction with service	63% of respondents are satisfied with dog and animal control
4. Cost recovery rates	Recover all dog control costs through registration fees and fines annually	90% of dog control costs were recovered through fees and fines (last year 71%)

How we check performance

Measure	Target	Actual
4. Response times	Maintain response times as follows: a) Attend to dog attacks and rushes which have just occurred within 1 hour  b) Attend to possible threats to public safety within 5 hours  c) Attend to complaints of general nuisance within 48 hours  d) Investigate all other complaints within two working days	a) No dog attacks were reported  b) No possible threats were reported  c) Less than 10 general nuisance complaints were attended to within the 48 hour timeframe.  d) Less than 10 other complaints have been attended to within the two day timeframe
5. Inspections	Two island wide (including Pitt Island) inspections to be carried out per annum and reported to Council The inspections are carried out to make sure dogs are registered for the year and to check animal welfare	One inspection had been carried out. A report to Council had been prepared
6. Survey demonstrates that the Community is satisfied with the service provided	Maintain 100% satisfaction with service	63% of respondents are satisfied with dog and animal control
4. Cost recovery rates	Recover all dog control costs through registration fees and fines annually	90% of dog control costs were recovered through fees and fines (last year

71%)

**Cost of services statement**

**DOG AND ANIMAL CONTROL**

	Actual 2006/07 \$	LTCCP 2006/07	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	9,780	5,344	4,189
Dog Registration Fees	12,319	14,072	11,514
Other dog recoveries	103	1,175	1,431
Stock pound recoveries	3,097	772	-
<b>Total Revenue</b>	<b>25,299</b>	<b>21,363</b>	<b>17,134</b>
<b>Operating Expenditure</b>	<b>22,342</b>	<b>21,579</b>	<b>19,048</b>
<b>Operating Surplus/(Deficit)</b>	<b>2,957</b>	<b>(216)</b>	<b>(1,914)</b>
<b>Total funding required:</b>	<b>2,957</b>	<b>(216)</b>	<b>(1,914)</b>

**Transferred (from)/to:**

General Reserve	2,957	(216)	(1,914)
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**Variation from the LTCCP for 2006/07**

No significant variance from the 2006/07 LTCCP.

**Operating Expenditure includes:**

Dog Control and treatment	11,142	8,951	9,339
Dog Pound Costs	42	803	15
Stock Pound	1,380	3,481	1,749
Administration	9,778	8,344	7,945
<b>Operating Expenditure</b>	<b>22,342</b>	<b>21,579</b>	<b>19,048</b>

**COST OF SERVICE STATEMENT – COMMUNITY & REGULATORY GROUP OF ACTIVITIES**

**TOTAL COMMUNITY & REGULATORY**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	436,768	328,371	154,921
Grants	30,432	22,900	22,436
User Pays & Other Income	105,659	95,130	131,194
<b>Total Revenue</b>	<b>572,859</b>	<b>446,401</b>	<b>308,551</b>
<b>Operating Expenditure</b>	<b>440,801</b>	<b>459,682</b>	<b>379,353</b>
<b>Operating Surplus/(Deficit)</b>	<b>132,058</b>	<b>(13,281)</b>	<b>(70,802)</b>
<b>Less Capital Expenditure</b>	<b>29,684</b>	<b>-</b>	<b>19,967</b>
<b>Transfer to/(from) Reserves</b>	<b>7,306</b>	<b>10,000</b>	<b>16,676</b>
<b>Total funding required:</b>	<b>95,068</b>	<b>(23,281)</b>	<b>(107,445)</b>
<b>Transferred (from)/to:</b>			
General Reserve	95,068	(17,219)	(84,578)
Depreciation	-	(6,062)	(22,867)

## ENVIRONMENTAL SERVICES

### RESOURCE MANAGEMENT

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

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

#### **Monitoring Activities**

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

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

#### **Air**

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

#### **Water**

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

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

#### **Land**

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

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

#### **Coastal resources**

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

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

**Contributions to Community Outcomes**

Environment contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

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 maintains 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 that it maintains 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 environment particularly Te Whanga (lagoon) to be reaffirmed in so far as its valuable food resource and cultural associations</p>

**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**

Measure	Target	Actual
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Licences and consents are issued in accordance with the relevant legislation.

1. Timeframes for processing consent applications are met	Consents are processed within statutory timeframes	Consents were processed within the required timeframes. Four consents were issued this year, of which one was for an extension to an existing consent
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Compliance with licences and consents is monitored and meets Community expectations.

2. Compliance with resource consent conditions	Maintain a database for monitoring of resource consent conditions based on annual inspections to ensure that consent conditions are being met	No data base for monitoring resource consent conditions has been established as there is only one consent that is monitored and inspected that being Council’s Sewerage Treatment plant. Consent conditions have been met
3. Responsiveness to complaints of non-compliance with Resource Management Act requirements	Resolve all complaints, or develop a resolution strategy, within 21 days of receipt	No complaints had been reported
4. Pollution incidents, environmental pollution and nuisances within the community	Respond to and investigate incidents within two working days	No incidents had been reported

Cost of services statement

**Resource Management**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	81,560	49,187	31,295
Grants	163,000	163,000	134,083
User Pays & Other Income	2,044	-	7,420
<b>Total Revenue</b>	<b>246,604</b>	<b>212,187</b>	<b>172,798</b>
<b>Operating Expenditure</b>	<b>221,944</b>	<b>214,176</b>	<b>187,100</b>
<b>Operating Surplus/(Deficit)</b>	<b>24,660</b>	<b>(1,989)</b>	<b>(14,302)</b>
<b>Transfer to RMA Document Fund</b>	<b>32,440</b>	<b>28,500</b>	<b>30,310</b>
<b>Total funding required</b>	<b>(7,780)</b>	<b>(30,489)</b>	<b>(44,612)</b>

**Transferred (from)/to:**

General Reserve	(7,780)	(30,489)	(44,612)
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**Variation from the LTCCP for 2006/07**

There has been no variation from the LTCCP for 2006/07.

**Operating Expenditure includes:**

Operational Costs Regional	25,098	49,176	20,394
Operational Costs District	34,013	5,000	32,623
Coastal Planning Regional	88,833	85,000	49,000
Monitoring Regional	44,000	45,000	55,083
Education Regional	6,000	6,000	6,000
Consent Management Regional	24,000	24,000	24,000
<b>Operating Expenditure</b>	<b>221,944</b>	<b>214,176</b>	<b>187,100</b>

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

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

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

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

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

**Contributions to Community Outcomes**

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

Community Outcome	Progress made	Impact on Well-being
A community that protects, sustains and enriches the environment for future generations	Council maintains a contract with Environment Canterbury to oversee Council's environmental responsibilities The Chatham Islands Pest Management Strategy is under review and 11 Property Plans with landowners have been formulated	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.

**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 heavily on people and information.

**How we check performance**

Measure	Target	Actual
Pest management activities are planned for the long term and the delivery of pest management services is managed effectively.		
1. Pest Management Strategy (PMS) is reviewed, Operational Plans are prepared and Property Plans are produced as required	PMS review notified by November 2006 Operation Plan produced by November 2008 Property Plans produced for 25 significant properties (>1,000ha) by June 2007	The PMS was notified on 23 November 2006. On track for Operation Plan by November 2008. 18 properties were inspected. A Draft Pest Control Plan was prepared in partnership with landowners for 11 properties.
Continuity and reliability of pest management services including the capacity to detect and/or eradicate pests new to the Chatham Islands is developed and maintained.		
2. Partnerships with the Community, Iwi, DOC, Biosecurity New Zealand, Federated Farmers and the Ministry of Fisheries are developed	Meetings to establish partnerships are held by June 2007 Established partnerships will continue to meet annually	One meeting had been held with the Pitt Island community and one with Iwi. Regular meetings had been held with DOC, Federated Farmers and Biosecurity NZ
3. Quarantine procedures are developed as required by the PMS	PMS review includes consideration of the need for quarantine facilities – November 2006	No quarantine procedures had been developed as the proposed RPMS is still under review. However during the initial consultation process an internal border was established as a first step towards establishing quarantine procedures
Existing plant and animal pest levels and compliance with operational and property plans are monitored.		
4. Long Term (5year+) trends in contamination/control of Plant pests	No new infestations outside known areas	As at November 2006 no new infestations of containment control plant pests were recorded outside planted areas
5. Long Term (5year+) trends in contamination/control of pests	Measurable decline over time	As at November 2006 under the containment programme no kiore, cat, Norway rat, ship rat or possum had been recorded on the off shore islands, and no Norway rat, ship rat or possum had been recorded on Pitt Island. Anecdotal evidence suggests that feral goat had increased to about 600 on

		Chatham Island and decreased to below 5 on Pitt Island
6. Land occupier	100% compliance where contamination/control is required under the Council's Pest Management Strategy by 2016	As at November 2006 no requirement in the PMS (2001) for land owners to undertake control. This is expected to change when the new Strategy becomes operative in 2008

**Cost of services statement**

<b>ANIMAL &amp; PLANT PEST CONTROL (BIOSECURITY)</b>	<b>Actual 2006/07</b>	<b>LTCCP 2006/07</b>	<b>Actual 2005/06</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
General Funds	1,926	-	275
Grant	112,000	112,000	120,167
<b>Total Revenue</b>	<b>113,926</b>	<b>112,000</b>	<b>120,442</b>
<b>Operating Expenditure</b>	<b>113,344</b>	<b>112,000</b>	<b>120,567</b>
<b>Operating Surplus/(Deficit)</b>	<b>582</b>	<b>-</b>	<b>(125)</b>
<b>Total funding required:</b>	<b>582</b>	<b>-</b>	<b>(125)</b>

**Transferred (from)/to:**

General Reserve	582	-	(125)
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**Variation from the LTCCP for 2006/07**

There has been no variation from the LTCCP for 2006/07.

**Operating Expenditure includes:**

Operational Expenses	520	-	400
Border Control	70,000	70,000	70,000
National Policy Application	-	3,300	-
Pest Management Strategy	42,824	38,700	50,167
<b>Operating Expenditure</b>	<b>113,344</b>	<b>112,000</b>	<b>120,567</b>

**Financial Commentary**

The Pest Management Strategy for the Chathams Islands went out for public consultation and individual action plans have been agreed with a number of residents.

**COST OF SERVICES STATEMENT – ENVIRONMENTAL SERVICES GROUP OF ACTIVITIES**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	83,486	49,187	31,569
<b>Grants</b>	275,000	275,000	254,250
<b>User Pays &amp; Other Income</b>	2,044	-	7,420
<b>Total Revenue</b>	<b>360,530</b>	<b>324,187</b>	<b>293,239</b>
<b>Operating Expenditure</b>	<b>335,288</b>	<b>326,176</b>	<b>307,667</b>
<b>Operating Surplus/(Deficit)</b>	<b>25,242</b>	<b>(1,989)</b>	<b>(14,428)</b>
<b>Transfer to RMA Document Fund</b>	<b>32,440</b>	<b>28,500</b>	<b>30,310</b>
<b>Total funding required:</b>	<b>(7,198)</b>	<b>(30,489)</b>	<b>(44,738)</b>
<b>Transferred (from)/to:</b>			
General Reserve	(7,198)	(30,489)	(44,738)

**EMERGENCY MANAGEMENT**

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

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

Amongst other requirements the plan describes:

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

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

**Contributions to Community Outcomes**

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

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Safe and secure community	Two emergency management training course were undertaken during the year. A pandemic plan has been formulated.  Maintaining a sound relationship with the Ministry of Civil Defence and Emergency Management	There is a benefit to social, economic, environmental and cultural well-being by enhancing community preparedness through education and planning thereby reducing the impact of a disaster on a small isolated community
A community that values the Chatham Island 'way of life' and traditions	As above	As above
A community that protects, sustains and enriches the environment for future generations	As above	As above
A community that promotes economic development for its fishing, farming and tourism industries	As above	As above

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

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

**Assets**

**Description**

Provision of facilities for use as an Emergency Management Operations Centre during emergencies. The Council holds marine oil spill response equipment, which is on loan to the Council from the Maritime Safety Authority.

**How we check performance**

Measure	Target	Actual
Work closely with providers and community groups to ensure integrated analysis, Planning and provision of services to provide a safe and secure community.		
1. Identification of hazards	Newly identified hazards are planned for within one year	One newly identified hazard. A pandemic Plan has been formulated and awaiting adoption by the CDEM Group
2. Staff Competencies	All staff and volunteers are appropriately trained and resourced	2 on-Island training events were undertaken in October 2006 and April 2007
3. Facility Quality	Emergency management equipment, control facilities and communication systems are well maintained and upgraded as required	AVHF communication system was installed
Work closely with providers and community groups to ensure integrated analysis, Planning and provision of services to provide a safe and secure community.		
4. Response to Events	Emergency events are responded to efficiently within 1 hour of notification	No emergency events have been reported
Provide support, and assistance for the regeneration of the social, emotional, economic and physical well being of individuals and communities.		
5. Recovery from Events	a) Immediate welfare needs of those affected have been met	No emergency events have been reported. A Welfare Emergency Plan is in place
	b) Systems have been established or re-established to assist individual and community self-sufficiency	A Recovery Plan is in place
	c) Essential services have been restored to minimum operating levels	A Recovery Plan is in place
Work closely with providers and community groups to ensure integrated analysis, Planning and provision of services to provide a safe and secure community.		
6. Number of Training exercises	At least one water equipment deployment exercise conducted annually	1 deployment exercise was undertaken
7. Time to respond	Oil spill reports evaluated within one hour of notification	No oil spill incidents have been reported

**Cost of services statements**

CIVIL DEFENCE	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
Revenue			

General Funds	46,366	18,845	20,468
Grants	12,029	15,200	22,467
<b>Total Revenue</b>	<b>58,395</b>	<b>34,045</b>	<b>42,935</b>
<b>Operating Expenditure – Personnel &amp; Training</b>	<b>44,376</b>	<b>34,807</b>	<b>52,290</b>
<b>Operating Surplus/(Deficit)</b>	<b>14,019</b>	<b>(762)</b>	<b>(9,355)</b>
<b>Total funding required</b>	<b>14,019</b>	<b>(762)</b>	<b>(9,355)</b>

**Transferred (from)/to:**

General Reserve	14,019	(762)	(9,355)
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**RURAL FIRE**

Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
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**Revenue**

General Funds	45,460	32,304	20,705
Grants	3,836	5,000	5,760
<b>Total Revenue</b>	<b>49,296</b>	<b>37,304</b>	<b>26,465</b>
<b>Operating Expenditure – Personnel &amp; Training</b>	<b>35,551</b>	<b>38,611</b>	<b>35,928</b>
<b>Operating Surplus/(Deficit)</b>	<b>13,745</b>	<b>(1,307)</b>	<b>(9,463)</b>
<b>Total funding required</b>	<b>13,745</b>	<b>(1,307)</b>	<b>(9,463)</b>

**Transferred (from)/to:**

General Reserve	13,745	(1,307)	(9,463)
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**MARINE OIL SPILL**

Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
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**Revenue**

General Funds	32,198	-	13,303
Grants	-	24,556	-
<b>Total Revenue</b>	<b>32,198</b>	<b>24,556</b>	<b>13,303</b>
<b>Operating Expenditure – Personnel &amp; Training</b>	<b>22,463</b>	<b>24,556</b>	<b>19,383</b>
<b>Operating Surplus/(Deficit)</b>	<b>9,735</b>	<b>-</b>	<b>(6,080)</b>
<b>Total funding required</b>	<b>9,735</b>	<b>-</b>	<b>(6,080)</b>

**Transferred (from)/to:**

General Reserve	9,735	-	(6,080)
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**COST OF SERVICES STATEMENT – EMERGENCY MANAGEMENT GROUP OF ACTIVITIES**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	124,024	51,149	54,476
Grant - Regional Council Support	8,000	24,556	11,500
Grant - Civil Defence	4,029	15,200	10,967
Grant - Rural Fire	3,836	5,000	5,760
<b>Total Revenue</b>	<b>139,889</b>	<b>95,905</b>	<b>82,704</b>
<b>Operating Expenditure</b>	<b>102,390</b>	<b>97,974</b>	<b>107,601</b>
<b>Operating Surplus/(Deficit)</b>	<b>37,499</b>	<b>(2,069)</b>	<b>(24,897)</b>
<b>Total funding required</b>	<b>37,499</b>	<b>(2,069)</b>	<b>(24,897)</b>
<b>Transferred (from)/to:</b>			
General Reserve	37,499	(2,069)	(24,897)
<b>Operating Expenditure includes:</b>			
Civil Defence	44,376	36,797	52,290
Rural Fire	35,551	36,611	35,928
Maritime Safety	22,463	24,566	19,383
<b>Operating Expenditure</b>	<b>102,390</b>	<b>97,974</b>	<b>107,601</b>

**Variation from the LTCCP 2006/07**

Grant income was not received to the levels expected.

**COASTS, HARBOURS AND NAVIGATION**

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

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

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

**Contributions to Community Outcomes**

Harbour Control contributes to the following community outcomes:

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

In the table below details progress made toward achieving these outcomes and identifying the effects that the activities have had on social, economic, environmental and cultural well beings.

<b>Community Outcome</b>	<b>Progress made</b>	<b>Impact on Well-being</b>
Access to quality infrastructure services	Council had improved safety at the Owenga Wharf by the replacement of running boards. In April 2007 Council had submitted a funding application to LTNZ for the wharf upgrade	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**

**Description**

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

How we check performance

Measure	Target	Actual
<hr/> The Community receives a service which meets its needs for safety. <hr/>		
1. Public satisfaction with administration of bylaws	Establish an upward trend	41% of respondents are satisfied with Council’s administration of the Navigation Bylaw. (First time surveyed)
2. Formally respond to incidents and deal with complaints within 7 days	85% response to incidents within specified timeframes	No incidents had been reported
<hr/> Navigational aids are maintained in proper working order. <hr/>		
3. Condition of navigational aid network	a) Leading lights are inspected quarterly	All leading lights were inspected monthly by Council contractors, Chatham Islands Electricity Ltd
	b) Outages are replaced within 24 hours	2 outages had been reported and attended to by Council’s contractors, Chatham Islands Electricity Ltd
<hr/> Owenga wharf is a community facility maintained in a condition suitable for use by the Community. <hr/>		
4. Condition of Owenga Wharf	Report from MWH Ltd on the remedial work was due before June 2006.	The Report on the remedial work was received by Council in January 2007.
	Wharf repairs/replacement will be actioned based on the report before June 2007	Council had improved safety at the Owenga Wharf by the replacement of running boards. In April 2007 Council had submitted a funding application to LTNZ for the wharf upgrade
	There will be ongoing annual maintenance inspections of the wharf	The wharf continues to undergo maintenance inspections through Council’s contractors, MWH

**COST OF SERVICES STATEMENT – COASTS, HARBOURS & NAVIGATION GROUP OF ACTIVITIES**

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>			
General Funds	172,725	65,284	73,452
Grant – Regional Council Support	19,709	35,300	40,750
Other Income	29,167	13,905	3,934
<b>Total Revenue</b>	<b>221,601</b>	<b>114,489</b>	<b>118,136</b>
<b>Operating Expenditure</b>	<b>169,377</b>	<b>117,129</b>	<b>151,705</b>
<b>Operating Surplus/(Deficit)</b>	<b>52,224</b>	<b>(2,640)</b>	<b>(33,569)</b>
<b>Capital Expenditure</b>	<b>-</b>	<b>(266,000)</b>	<b>-</b>
<b>Total funding required</b>	<b>52,224</b>	<b>(268,640)</b>	<b>(33,569)</b>
<b>Transferred (from)/to:</b>			
General Reserve	52,224	(2,640)	(33,569)
Loan Funding	-	(266,000)	-

**Variation from the LTCCP for 2006/07**

The Owenga Wharf upgrade has been delayed until funding is confirmed.

**Operating Expenditure includes:**

Undaria Monitoring	533	10,300	12,890
Regional Council Support	29,167	25,000	-
Maritime Safety	14,118	-	53,569
Marine Radio	17,172	10,300	9,535
Waitangi Harbour	11,734	2,575	16,306
Owenga Harbour	34,957	18,133	35,206
Kaiangaroa Harbour	11,734	12,830	9,535
Depreciation	49,962	37,991	14,664
<b>Operating Expenditure</b>	<b>169,377</b>	<b>117,129</b>	<b>151,705</b>

**Capital Expenditure includes:**

Owenga Warf Upgrade	-	266,000	-
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**Financial Commentary**

The Owenga Wharf upgrade has been delayed pending the outcome of a funding application to LTNZ. Some temporary repairs were successfully carried out this year. Depreciation on the wharf is higher this year due to a revision of the useful life at 10 years rather than 25 years due to Toredon worm infestation in the piles.

*Financial Statements*  
*For the year ended*  
*30 June 2007*

## Statement of Compliance & Responsibility

### Compliance

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

These are the Council's first financial statements applying New Zealand International Financial Reporting Standards (NZ IFRS) and NZIFRS 1 has been applied. Comparatives for the year ended 30 June 2006 have been restated to NZ IFRS. Reconciliations of Equity and net surplus/(deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements have been included in the Notes to the Accounts.

### 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 2007 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**

**AUDIT NEW ZEALAND**

Māori: Arotake Aotearoa

**AUDIT REPORT**  
**TO THE READERS OF**  
**CHATHAM ISLANDS COUNCIL'S**  
**FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2007**

The Auditor-General is the auditor of the 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 the 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 2007, including the financial statements.

**Unqualified Opinion**

In our opinion:

- The financial statements of the Council on pages 56 to 77:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Council financial position as at 30 June 2007; and
    - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the Council on pages 4 to 50 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 28 September 2007, 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. Those financial statements must fairly reflect the financial position of the Council as at 30 June 2007. 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, we have no relationship with or interests in the Council.



Julian Tan  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

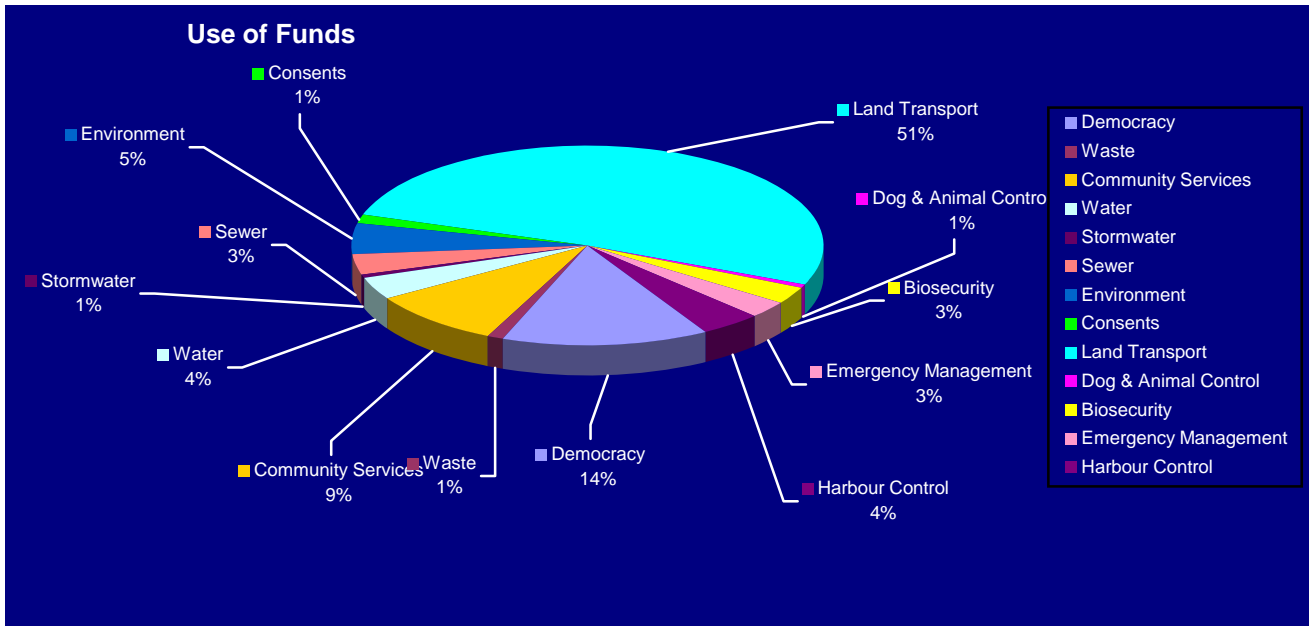
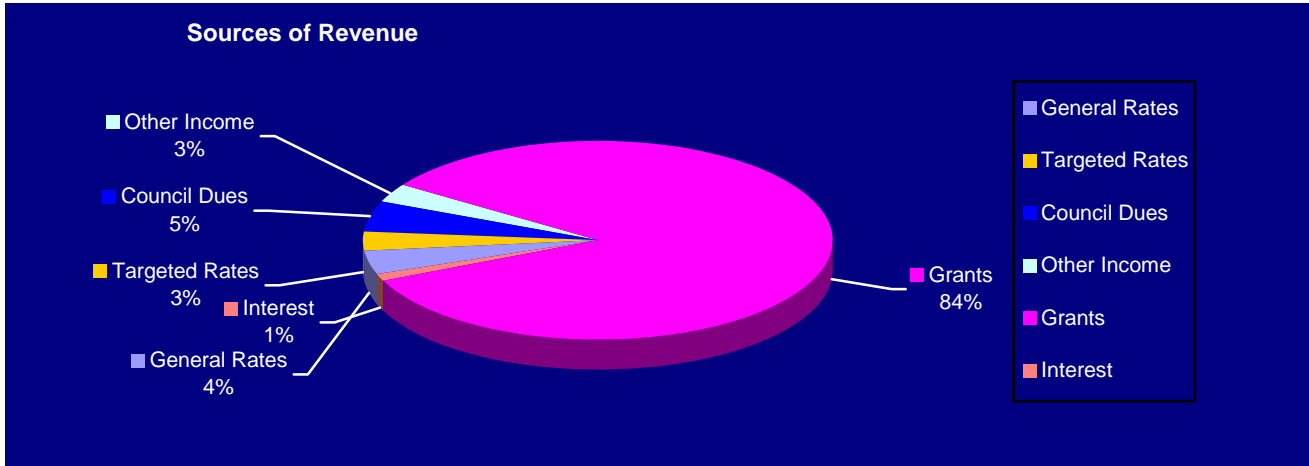
### **Matters relating to the electronic presentation of the audited financial statements, performance information and the other requirements**

This audit report relates to the financial statements, performance information and the other requirements of Chatham Islands Council for the year ended 30 June 2007 included on Chatham Islands Council's web-site. Chatham Islands 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 financial statements, performance information and the other requirements since they were initially presented on the web site.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 28 September 2007 to confirm the information included in the audited financial statements, performance information and the other requirements 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**



<b>Council Financial Statistics</b>	<b>Actual 2006/07</b>	<b>Actual 2005/06</b>
Proportion of Rates Revenue to Total Revenue	7.5%	8.4%
Proportion of Dues Revenue to Total Revenue	5.5%	6.5%
Net Public Debt (as a percentage of Total Assets)	0.65%	0.7%
Public Debt (per rateable property)	\$399	\$417
Public Debt (per head of population)	\$337	\$343

**STATEMENT OF FINANCIAL PERFORMANCE  
For the Year Ended 30 June 2007**

	Note	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue</b>				
Rates	2	339,581	331,642	341,632
Grants & Subsidies	2	4,112,686	3,613,798	2,847,841
County Dues		248,513	265,000	266,197
User Pays, Fees & Charges		127,413	120,355	142,548
Interest		59,111	32,367	57,865
Other Revenue		17,955	-	68,594
<b>Total Revenue</b>	1	<b>4,905,259</b>	<b>4,363,162</b>	<b>3,724,677</b>
<b>Expenditure</b>				
Depreciation and Amortisation	3	1,386,681	1,610,479	650,032
Employee Benefits	3	371,366	310,300	330,884
Financing Cost		19,276	19,800	19,798
Other Expenditure		2,257,430	2,327,835	3,107,675
<b>Total Expenditure</b>	1	<b>4,034,753</b>	<b>4,268,412</b>	<b>4,108,389</b>
<b>Operating Surplus/(Deficit)</b>		<b>870,506</b>	<b>94,750</b>	<b>(383,712)</b>

**STATEMENT OF CHANGES IN EQUITY  
For the Year Ended 30 June 2007**

	Note	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Equity at the start of the year</b>	11	31,080,531	39,595,571	39,235,449
Net Surplus/(Deficit) for the year		870,506	94,750	(383,712)
Decrease in Revaluation Reserve	11	-	-	(7,771,206)
Total Recognised Revenue & Expenses		870,506	94,750	(8,154,918)
<b>Equity at the end of the year</b>	11	<b>31,951,037</b>	<b>39,690,321</b>	<b>31,080,531</b>

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

**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2007

	Notes	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Current Assets</b>				
Cash & Cash Equivalents		820	236,572	163,797
Other Financial Assets		152,105	-	67,239
Trade and Other Receivables	4	1,112,784	371,830	394,931
		<u>1,265,709</u>	<u>608,402</u>	<u>625,967</u>
<b>Non Current Assets</b>				
Property, Plant & Equipment	5	32,558,271	40,397,319	31,960,129
Intangible Assets	6	-	-	2,618
		<u>32,558,271</u>	<u>40,397,319</u>	<u>31,962,747</u>
<b>Total Assets</b>		<b><u>33,823,980</u></b>	<b><u>41,005,721</u></b>	<b><u>32,588,714</u></b>
<b>Current Liabilities</b>				
Cash and Cash Equivalents		206,685	-	-
Trade and Other Payables	7	1,277,415	854,900	1,121,307
Employee Benefit Liabilities	8	20,537	-	14,030
Current Portion of Term Liabilities	10	4,963	-	4,540
		<u>1,509,600</u>	<u>854,900</u>	<u>1,139,877</u>
<b>Non Current Liabilities</b>				
Provision for landfill closure costs	9	157,000	18,500	157,000
Term Liabilities	10	206,343	442,000	211,306
		<u>363,343</u>	<u>460,500</u>	<u>368,306</u>
<b>Total Liabilities</b>		<b><u>1,872,943</u></b>	<b><u>1,315,400</u></b>	<b><u>1,508,183</u></b>
<b>Net Assets</b>		<b><u>31,951,037</u></b>	<b><u>39,690,321</u></b>	<b><u>31,080,531</u></b>
<b>Public Equity</b>				
Accumulated Funds & Reserves	11	31,951,037	39,690,321	31,080,531
<b>Total Public Equity</b>		<b><u>31,951,037</u></b>	<b><u>39,690,321</u></b>	<b><u>31,080,531</u></b>

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

**STATEMENT OF CASH FLOWS**  
For the Year Ended 30 June 2007

	Notes	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Cash Flow from Operating Activities</b>				
Rates		340,889	320,812	327,691
Council Dues		320,555	265,000	235,183
LTNZ Rooding Assistance		1,785,307	3,624,098	2,149,054
Central Government Assistance		1,636,161	-	908,897
Capital Grants		24,744	-	-
Interest		55,333	32,367	57,865
Other Receipts		(25,237)	110,055	226,254
Goods & Services Tax (net)		212,179	-	329,103
<b>Cash is Provided from:</b>		<b>4,349,931</b>	<b>4,352,332</b>	<b>4,234,047</b>
Employees & Councillors		459,364	310,300	420,966
Interest		19,276	19,800	19,798
Supplies and Services		2,336,593	2,821,791	2,994,228
<b>Cash is applied to:</b>		<b>2,815,233</b>	<b>3,151,891</b>	<b>3,434,992</b>
<b>Net Cash Flow from Operating Activities</b>	13	<b>1,534,698</b>	<b>1,200,441</b>	<b>799,055</b>
<b>Cash Flow from Investing Activities</b>				
<i>Cash is applied to:</i>				
Purchase of Assets		1,820,703	2,072,197	837,811
Purchase of Intangible Assets		-	-	656
Purchase of Other Assets		79,117	-	33,203
<b>Net Cash Flow from Investing Activities</b>		<b>(1,900,519)</b>	<b>(2,072,197)</b>	<b>(871,670)</b>
<b>Cash Flow from Financing Activities</b>				
Loans Raised		-	266,000	-
<b>Cash is provided from:</b>		<b>-</b>	<b>266,000</b>	<b>-</b>
Repayment of Loans		4,540	-	4,154
<b>Cash is applied to:</b>		<b>4,540</b>	<b>-</b>	<b>4,154</b>
<b>Net Cash Flow from Financing Activities</b>		<b>(4,540)</b>	<b>266,000</b>	<b>(4,154)</b>
<b>Increase/(Decrease) in Cash Held</b>		<b>(369,662)</b>	<b>(605,756)</b>	<b>(76,769)</b>
<b>Opening Cash Balance</b>		<b>163,797</b>	<b>842,328</b>	<b>240,566</b>
<b>Closing Cash Balance</b>		<b>(205,865)</b>	<b>236,572</b>	<b>163,797</b>
<b>Made up of:</b>				
<b>Cash on Hand (Petty Cash)</b>		<b>121</b>	<b>-</b>	<b>121</b>
<b>ANZ &amp; Call Accounts</b>		<b>(205,744)</b>	<b>236,572</b>	<b>163,676</b>
		<b>(205,865)</b>	<b>236,572</b>	<b>163,797</b>

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.

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

## STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

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

The financial statements are prepared in accordance with the requirements of section 98 and 111 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice (GAAP).

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 2007. The financial statements were authorised for issue on 28<sup>th</sup> September 2007.

### 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

These are the Council's first financial statements applying New Zealand International Financial Reporting Standards (NZ IFRS) and NZIFRS 1 has been applied. Comparatives for the year ended 30 June 2006 have been restated to NZ IFRS. Reconciliations of Equity and net surplus/(deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are disclosed in Note 19.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of the transition to NZIFRS.

There are no standard, Interpretations and amendments that have been issued but are not effective, that Chatham Islands Council has not yet applied.

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

Chatham Islands Council receives government grants from Land Transport New Zealand, 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.

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 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) and NZIFRS 1 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.

## Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, 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 & 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 is categorised in the following classes, 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 1 July 2005. Subsequent additions are included at cost.

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 1 June 2001.

The valuation provided is depreciated replacement cost. Subsequent additions are included at cost.

For the purposes of IFRS the book value of the assets as at 1.7.05 have been taken as deemed cost.

#### Water

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

Subsequent additions are included at cost. For the purposes of IFRS the book value of the assets as at 1.7.05 have been taken as deemed cost.

### **Impairment of non-financial assets**

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:

	Years
Motor Vehicles	5
Furniture/Fittings	5-10
Buildings	25-50
Office Equipment	5
Roading:	
Top surface (seal)	10 years
Pavement (basecourse) sealed	66 years

unsealed Pavement	Not depreciated 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	60 years

**Leases**

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

**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.

### **Explanation of transition to IFRS**

Chatham Islands Council’s financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. NZ IFRS 1 has been applied in preparing these financial statements. Chatham Islands Council’s transition date is 1 July 2005. Chatham Islands Council prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2007. The Chatham Islands Council NZ IFRS adoption date is 1 July 2006. In preparing these consolidated financial statements in accordance with NZ IFRS 1, Chatham Islands Council has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS. Chatham Islands Council has elected to apply the following optional exemptions from full retrospective application:

Chatham Islands Council is required to make the following mandatory exception from retrospective application: Estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2007**

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

	Actual 2006/07 \$	LTCCP 2006/07 \$	Actual 2005/06 \$
<b>Revenue by Activity:</b>			
Democracy	713,917	533,056	631,456
Land Transport (Roothing)	2,461,864	2,259,942	2,052,003
Solid & Hazardous Waste Management	52,277	304,303	33,079
Water Supply	185,856	133,909	112,562
Stormwater	29,938	3,667	4,428
Wastewater (Sewerage)	166,528	147,304	88,519
Community Services	474,798	362,893	251,934
Licensing & Building	72,762	62,145	39,483
Dog & Animal Control	25,299	21,363	17,134
Resource Management	246,604	212,187	172,798
Biosecurity (Animal & Plant Pest Control)	113,926	112,000	120,442
Civil Defence	58,395	34,045	42,935
Rural Fire	49,296	37,304	26,465
Marine Oil Spill	32,198	24,556	13,303
Coasts, Harbours & Navigation	221,601	114,489	118,136
<b>Total Revenue</b>	4,905,259	4,363,162	3,724,677
<b>Expenditure by Activity:</b>			
Democracy	582,272	543,857	768,745
Land Transport (Roothing)	2,059,223	2,268,130	2,098,255
Solid & Hazardous Waste Management	46,686	162,464	25,838
Water Supply	140,699	137,743	145,350
Stormwater	20,886	3,815	6,451
Wastewater (Sewerage)	137,130	151,442	117,424
Community Services	363,606	374,018	310,604
Licensing & Building	54,853	64,085	49,701
Dog & Animal Control	22,342	21,579	19,048
Resource Management	221,944	214,176	187,100
Biosecurity (Animal & Plant Pest Control)	113,344	112,000	120,567
Civil Defence	44,376	34,807	52,290
Rural Fire	35,551	38,611	35,928
Marine Oil Spill	22,463	24,556	19,383
Coasts, Harbours & Navigation	169,377	117,129	151,705
<b>Total Expenditure</b>	4,034,753	4,268,412	4,108,389
<b>Net Surplus/(Deficit)</b>	870,506	94,750	(383,712)

**Note 2: Revenue**

<b>Rates Revenue</b>	<b>Actual 2006/07 \$</b>	<b>LTCCP 2006/07 \$</b>	<b>Actual 2005/06 \$</b>
<b>Rates Consist of:</b>			
General Rates	169,799	163,813	189,253
<b>Targeted Rates allocated to activities:</b>			
Roading	39,539	39,112	41,586
Refuse	44,554	45,000	33,079
Water	33,785	34,783	40,821
Sewerage	36,504	38,934	25,274
Total Targeted Rates	154,382	157,829	140,760
Rates Penalties	15,400	10,000	11,619
<b>Total Rates</b>	<b>339,581</b>	<b>331,642</b>	<b>341,632</b>

Rates Remissions for the year were \$648.70 (2006 \$482.98) excl gst and were granted in accordance with the Council Rates Remissions Policy.

<b>Grant Revenue</b>	<b>Actual 2006/07 \$</b>	<b>LTCCP 2006/07 \$</b>	<b>Actual 2005/06 \$</b>
<b>Grants &amp; Subsidies Consist of:</b>			
Grants – Territorial Authority Functions	1,054,594	693,092	681,000
Grants – Regional Council Functions	579,647	574,000	574,891
Grants – Capital Expenditure	24,744	-	-
Grants – LTNZ Rooding Subsidy	2,415,405	2,018,550	1,903,287
Grants – Other	38,297	328,156	39,163
GST on Government Grants	Note13	-	(350,500)
<b>Total Grants &amp; Subsidies</b>	<b>4,112,687</b>	<b>3,613,798</b>	<b>2,847,841</b>

**Note 3: Expenditure**

	<b>Actual 2006/07 \$</b>	<b>Actual 2005/06 \$</b>
Audit Fees – 2007 Annual Report	53,500	-
Audit Fees – 2006 Annual Report	22,156	30,500
Audit Fees- IFRS 2007	10,000	-
Audit Fees – 2007-16 LTCCP	-	24,517
Donations	55,707	11,099
Interest Expense	19,276	19,798
Loss on Disposal of Assets	-	31,726
Change in Doubtful Debts Provision	-	8,000

**Note 3: Expenditure (continued)**

	Actual 2006/07 \$	Actual 2005/06 \$
<b>Employee Benefits:</b>		
Total Pay	371,672	334,579
Increase/(decrease) in annual leave provisions	(862)	(5,646)
Increase/(decrease) in sick leave provisions	556	1,951
<b>Total Employee Benefit Expenses</b>	<b>371,366</b>	<b>330,884</b>
<b>Depreciation on:</b>		
Buildings	26,642	26,050
Furniture & Fittings	4,687	3,108
Office Equipment	16,477	10,831
Vehicles	3,701	3,709
Parks & Reserves	3,707	2,510
Harbour	49,962	14,664
Roading	1,218,878	524,665
Refuse	270	279
Stormwater	314	314
Sewer	35,096	35,096
Water Supply	24,329	24,326
<b>Total Depreciation</b>	<b>1,384,063</b>	<b>645,552</b>
<b>Amortisation on:</b>		
Computer Software	2,618	4,480

**Note 4: Trade and Other Receivables**

	Actual 2006/07 \$	Actual 2005/06 \$
Rates	55,688	57,514
Sundry Debtors	63,059	169,046
GST Refund	-	-
LTNZ Assistance	492,787	179,371
DIA Debtor	512,250	-
	1,123,784	405,931
Less Provision for Doubtful Debts	(11,000)	(11,000)
	<b>1,112,784</b>	<b>394,931</b>

**Note 5: Property Plant & Equipment**

2007	Book Value	Depreciation	Revaluation	Additions	Disposals	Book Value
	1 July 06	2007	2007	2007	2007	30-Jun-07
<b>Total Land – at cost</b>	<b>148,379</b>	-	-	<b>32,252</b>	-	<b>180,631</b>
Buildings – at cost	1,332,269	-	-	-	-	1,332,269
Less accumulated depreciation	(407,879)	(26,642)	-	-	-	(434,524)
<b>Total Buildings</b>	<b>924,390</b>	<b>(26,642)</b>	-	-	-	<b>897,745</b>
Furniture & Fittings – at cost	39,756	-	-	18,484	-	58,241
Less accumulated depreciation	(15,735)	(4,687)	-	-	-	(20,422)
<b>Total Furniture &amp; Fittings</b>	<b>24,021</b>	<b>(4,687)</b>	-	<b>18,484</b>	-	<b>37,819</b>
Plant & Office Equipment – at cost	192,203	-	-	2,224	-	194,427
Less accumulated depreciation	(140,405)	(16,477)	-	-	-	(156,882)
<b>Total Plant &amp; Office Equipment</b>	<b>51,798</b>	<b>(16,477)</b>	-	<b>2,224</b>	-	<b>37,545</b>
Vehicles – at cost	34,739	-	-	-	-	34,739
Less accumulated depreciation	(21,186)	(3,701)	-	-	-	(24,887)
<b>Total Vehicles</b>	<b>13,553</b>	<b>(3,701)</b>	-	-	-	<b>9,852</b>
Parks & Reserves – at cost	87,912	-	-	11,200	-	99,112
Less accumulated depreciation	(25,402)	(3,707)	-	-	-	(29,109)
<b>Total Parks &amp; Reserves</b>	<b>62,510</b>	<b>(3,707)</b>	-	<b>11,200</b>	-	<b>70,003</b>
Harbour – at cost	851,192	-	-	-	-	851,192
Less accumulated depreciation	(498,698)	(49,962)	-	-	-	(548,660)
<b>Total Harbour</b>	<b>352,494</b>	<b>(49,962)</b>	-	-	-	<b>302,532</b>
<b>Total Operational Assets</b>	<b>1,577,143</b>	<b>(105,176)</b>	-	<b>64,160</b>	-	<b>1,536,127</b>
Roading – at valuation	45,180,652	-	-	1,906,283	-	47,086,935
Less accumulated depreciation	(17,007,674)	(1,218,878)	-	-	-	(18,226,552)
<b>Total Roothing</b>	<b>28,172,978</b>	<b>(1,218,878)</b>	-	-	-	<b>28,860,383</b>
<b>Land Under Roads – at cost</b>	<b>108,758</b>	-	-	-	-	<b>108,758</b>
Refuse – Solid Waste - at cost	6,739	-	-	-	-	6,739
Less accumulated depreciation	(2,149)	(270)	-	-	-	(2,419)
<b>Total Solid Waste</b>	<b>4,590</b>	<b>(270)</b>	-	-	-	<b>4,320</b>
Stormwater - at cost	12,540	-	-	-	-	12,540
Less accumulated depreciation	(6,377)	(314)	-	-	-	(6,691)
<b>Total Stormwater</b>	<b>6,163</b>	<b>(314)</b>	-	-	-	<b>5,849</b>
Sewerage – at cost	1,211,779	-	-	-	-	1,211,779
Less accumulated depreciation	(215,957)	(35,096)	-	-	-	(251,053)
<b>Total Sewerage</b>	<b>995,822</b>	<b>(35,096)</b>	-	-	-	<b>960,726</b>
Water - at cost	1,307,945	-	-	11,762	-	1,319,707
Less accumulated depreciation	(213,270)	(24,329)	-	-	-	(237,599)
<b>Total Water</b>	<b>1,094,675</b>	<b>(24,329)</b>	-	<b>11,762</b>	-	<b>1,082,108</b>
<b>Total Infrastructural Assets</b>	<b>30,382,986</b>	<b>(1,278,887)</b>	-	<b>1,918,045</b>	-	<b>31,022,144</b>
<b>Property Plant &amp; Equipment</b>	<b>31,960,129</b>	<b>(1,384,063)</b>	-	<b>1,982,205</b>	-	<b>32,558,271</b>

**Heritage Assets**

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

**Note 5: Property Plant & Equipment (continued)**

2006	Book Value	Depreciation	Revaluation	Additions	Disposals	Book Value
	1-July-05	2006	2006	2006	2006	30-Jun-06
<b>Total Land – at cost</b>	<b>148,379</b>	-	-	-	-	<b>148,379</b>
Buildings – at cost	1,332,269	-	-	-	-	1,332,269
Less accumulated depreciation	(381,087)	(26,795)	-	-	-	(407,882)
<b>Total Buildings</b>	<b>951,182</b>	<b>(26,795)</b>	-	-	-	<b>924,387</b>
Furniture & Fittings – at cost	29,970	-	-	9,787	-	39,757
Less accumulated depreciation	(12,627)	(3,108)	-	-	-	(15,735)
<b>Total Furniture &amp; Fittings</b>	<b>17,343</b>	<b>(3,108)</b>	-	<b>9,787</b>	-	<b>24,022</b>
Plant & Office Equipment – at cost	167,814	-	-	26,565	(2,176)	192,203
Less accumulated depreciation	(129,574)	(10,831)	-	-	-	(140,405)
<b>Total Plant &amp; Office Equipment</b>	<b>38,240</b>	<b>(10,831)</b>	-	<b>26,565</b>	-	<b>51,798</b>
Vehicles – at cost	34,732	-	-	7	-	34,739
Less accumulated depreciation	(17,477)	(3,709)	-	-	-	(21,186)
<b>Total Vehicles</b>	<b>17,255</b>	<b>(3,709)</b>	-	<b>7</b>	-	<b>13,553</b>
Parks & Reserves – at cost	77,070	-	-	10,842	-	87,912
Less accumulated depreciation	(22,892)	(2,510)	-	-	-	(25,402)
<b>Total Parks &amp; Reserves</b>	<b>54,178</b>	<b>(2,510)</b>	-	<b>10,842</b>	-	<b>62,510</b>
Harbour – at cost	851,192	-	-	-	-	851,192
Less accumulated depreciation	(484,034)	(14,664)	-	-	-	(498,698)
<b>Total Harbour</b>	<b>367,158</b>	<b>(14,664)</b>	-	-	-	<b>352,494</b>
<b>Total Operational Assets</b>	<b>1,593,735</b>	<b>(61,617)</b>		<b>47,201</b>	<b>(2,176)</b>	<b>1,577,143</b>
Roading – at valuation	52,214,751	-	(7,771,206)	767,856	(30,726)	45,180,675
Less accumulated depreciation	(16,483,009)	(524,665)	-	-	-	(17,007,674)
<b>Total Roading</b>	<b>35,731,742</b>	<b>(524,665)</b>	<b>(7,771,206)</b>	<b>767,856</b>		<b>28,172,978</b>
<b>Land Under Roads – at cost</b>	<b>108,758</b>	-	-	-	-	<b>108,758</b>
Refuse – Solid Waste - at cost	6,739	-	-	-	-	6,739
Less accumulated depreciation	(1,870)	(279)	-	-	-	(2,149)
<b>Total Solid Waste</b>	<b>4,869</b>	<b>(279)</b>	-	-	-	<b>4,590</b>
Stormwater - at cost	12,540	-	-	-	-	12,540
Less accumulated depreciation	(6,063)	(314)	-	-	-	(6,377)
<b>Total Stormwater</b>	<b>6,477</b>	<b>(314)</b>	-	-	-	<b>6,163</b>
Sewerage – at cost	1,211,779	-	-	-	-	1,211,779
Less accumulated depreciation	(180,861)	(35,096)	-	-	-	(215,957)
<b>Total Sewerage</b>	<b>1,030,918</b>	<b>(35,096)</b>	-	-	-	<b>995,822</b>
Water - at cost	1,283,548	-	-	24,384	-	1,307,932
Less accumulated depreciation	(188,954)	(24,326)	-	-	-	(213,280)
<b>Total Water</b>	<b>1,094,594</b>	<b>(24,326)</b>	-	<b>24,384</b>	-	<b>1,094,855</b>
<b>Total Infrastructural Assets</b>	<b>37,977,358</b>	<b>(584,680)</b>	<b>(7,771,206)</b>	<b>792,240</b>	<b>(30,726)</b>	<b>30,382,986</b>
<b>Property, Plant &amp; Equipment</b>	<b>39,571,093</b>	<b>(646,297)</b>	<b>(7,771,206)</b>	<b>839,441</b>	<b>(32,902)</b>	<b>31,960,129</b>

**Note 6: Intangible Assets**

	Actual 2006/07 \$	Actual 2005/06 \$
<b>Intangible Assets</b>		
Computer Software at cost	41,426	40,770
Less Accumulated Amortisation and Impairment Losses	(38,808)	(34,328)
Less Current Year Amortisation	(2,618)	(4,480)
Plus Additions	-	656
<b>Total Intangible Assets – book value</b>	<b>-</b>	<b>2,618</b>

**Note 7: Trade and Other Payables**

	Actual 2006/07 \$	Actual 2005/06 \$
Creditors & Accruals	400,597	412,388
GST Payable	521,026	308,847
Income in Advance Rates	4,891	5,409
Income in Advance	348,580	323,061
Deposits	1,838	71,602
Other	483	-
	<b>1,277,415</b>	<b>1,121,307</b>

**Note 8: Employee Benefit Liabilities**

	Actual 2006/07 \$	Actual 2005/06 \$
<b>Employee Entitlements:</b>		
Accrued pay	6,813	-
Annual leave	11,216	12,080
Sick Leave	2,507	1,950
<b>Total Employee Benefit Liabilities</b>	<b>20,537</b>	<b>14,030</b>

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

Chatham Islands Council recognises provisions 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 expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as an expense.

A provision of \$157,000 has been recognised for landfill closure costs, which are expected to be incurred in 2008. MWH estimated the provision using the Ministry for Environment Guide to the Management of Closing and Closed Landfills in New Zealand. The provision has been valued at current estimated costs.

No costs have been incurred for the year ended 30 June 2007 in relation to landfill closure. Council will continue to operate its three existing landfills until site selection and funding for a new landfill is approved.

**Note 10: Term Liabilities**

	<b>Actual 2006/07</b>	<b>Actual 2005/06</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July	215,846	220,000
Plus loans raised during the year	-	-
Less repayments during the year	(4,540)	(4,154)
Balance at 30 June	<u>211,306</u>	<u>215,846</u>
The loan is repayable over the following periods:		
Current portion < 1 year	4,963	4,540
Non-Current 1-2 years	5,425	4,963
Non-Current 2-5 years	200,918	206,343
Total Non-Current Portion	<u>206,343</u>	<u>211,306</u>

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 11: 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.

**Qualitative Information**

- I. The capital of the Chatham Islands Council consists of ratepayer equity, loans, and day-to-day working capital.
- II. 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).
- III. 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.
- IV.

**Quantitative Information**

- I. Council’s interest to operating revenue ratio is 0.5%, and operating revenue to net public debt ratio is 17.
- II. Council therefore meets externally imposed capital requirements.

**Note 11: Public Equity (continued)**

	Actual 2006/07 \$	Actual 2005/06 \$
<b>General Funds</b>		
Opening Balance	3,231,439	3,665,029
Plus Net Surplus for the year	870,506	(383,712)
Less Transfers to Other Reserves	(34,603)	(49,878)
Closing Balance	4,067,342	3,231,439
<b>Te Whanga Opening Reserve</b>		
Opening Balance	8,429	5,537
Plus Transfer (to)/from General Reserve	(5,143)	2,892
Closing Balance	3,286	8,429
<b>RMA Document Fund Reserve</b>		
Opening Balance	58,810	28,500
Plus Transfer from General Reserve	32,440	30,310
Closing Balance	91,250	58,810
<b>Burial Register Reserve</b>		
Opening Balance	20,907	20,000
Plus Transfer from General Reserve	10,000	907
Closing Balance	30,907	20,907
<b>Museum Displays Valuation Reserve</b>		
Opening Balance	26,134	25,000
Plus Transfer from General Reserve	-	1,134
Closing Balance	26,134	26,134
<b>Community Trust of Canterbury Reserve</b>		
Opening Balance	10,661	5,854
Plus Receipt from Community Trust	-	15,466
Less Expenditure during the Year	-	(10,659)
Closing Balance	10,661	10,661
<b>Chatham Community Trust Reserve</b>		
Opening Balance	9,828	-
Plus Transfer from General Reserve	-	9,828
Less Expenditure during the Year	(2,694)	-
Closing Balance	7,134	9,828
<b>Asset Revaluation Reserve</b>		
Opening Balance	27,714,323	35,485,529
Decrease in Rooding Revaluation	-	(7,771,206)
Closing Balance	27,714,323	27,714,323
<b>TOTAL EQUITY AT END OF YEAR</b>	<b>31,951,037</b>	<b>31,080,531</b>

**Note 12: Financial Instruments**

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 \$11,000 has been made.

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

The Council’s policy on investments can be found on page 90 LTCCP 2006-16.

		<b>2006/07</b>	<b>2005/06</b>
		<b>\$</b>	<b>\$</b>
Loans and receivables	4 months -1 year maturity	91,250	67,239
Maturity date		20 December 2007	20 December 2006
Interest rate		7.67%	7.25%

**Note 13: Cash Flow Reconciliation**

	<b>Actual</b>	<b>Actual</b>
	<b>2006/07</b>	<b>2005/06</b>
	<b>\$</b>	<b>\$</b>
Reported Surplus/(Deficit) for the year	870,506	(383,712)
<b>Add back Non Cash Items:</b>		
Depreciation	1,384,063	645,552
Amortisation	2,618	4,480
Loss on Disposal of Assets	-	31,726
<b>Movement in Working Capital Items:</b>		
(Increase)/Decrease in Debtors	(717,853)	181,770
(Increase)/Decrease in GST	212,179	329,103
Increase/(Decrease) in Creditors	(243,948)	13,672
Increase/(Decrease) in Grants in Advance	20,626	(17,890)
Increase/(Decrease) in Employee Entitlements	6,507	(5,646)
<b>Net Cash flow from Operating Activities</b>	<b>1,534,698</b>	<b>799,055</b>

**Note 14: Remuneration of Elected Members & General Manager**

**Council Remuneration**

The following people held office as elected members of the Council’s governing body during the reporting period. The total remuneration paid to the Mayor and eight Councillors during the year totalled \$87,999(last year \$86,299)

		<b>Actual 2006/07</b>	<b>Actual 2005/06</b>
		\$	\$
Patrick Smith	Mayor	38,100	37,600
Alfred Preece	Deputy Mayor	11,000	10,787
Monique Braid		5,557	5,416
Donna Gregory - Hunt		5,557	5,416
Toni Day		5,557	5,416
Nigel Ryan		5,557	5,416
Nathaniel Whaitiri		5,557	5,416
Bruce Mills		5,557	5,416
Eva-Cherie Tuck		5,557	5,416

**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 \$129,203 (last year \$127,116).

**Severance Payments**

For the year ended 30 June 2007 the Council made no severance payments (2006 \$nil).

**Note 15: 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 which Councillors had ownership interests:

	<b>Councillor</b>	<b>Description</b>	<b>Actual 2006/07</b>	<b>Actual 2005/06</b>
			\$	\$
AMW & R Preece	A Preece	Plant Hire & Refuse Site Lease	22,263	6,080
V Mills	B Mills	Cleaning Services	12,990	8,138
Waitangi Hardware	M Braid	Hardware & fuel	3,752	1,896
Black Robin Freighters	M Braid	Shipping services	7,295	1,105
N Ryan	N Ryan	Oil Spill Maintenance		990
P Preece	E Tuck	Carpet Laying	1,332	-

During the year the following payments were made to key management personnel (being the General Manager & the Finance Manager) or their spouses, children or dependants.

	<b>Actual 2006/07</b>	<b>Actual 2005/06</b>
	\$	\$
Total compensation of key management personnel, spouses, or dependants	223,530	213,941
Short term employee benefits	223,530	213,941

**Note 16: Statement of Contingencies**

**Contingent Assets**

As at 30 June 2007 the Council is not aware of any contingent assets that would affect the financial statements (2006 \$350,500).

**Contingent Liabilities**

As at 30 June 2007 Council is not aware of any contingent liability, which would significantly affect the financial statements (2006 \$nil).

**Note 17: Statement of Commitments**

As at 30 June 2007 the Council has no capital or operating lease commitments (2006 \$nil).

Contract Commitments	Not later than 1 Year \$	Later than 1 Year and not later than 5 Years \$
Road Maintenance Services Contract	429,505	-
Regional Council Services Contract	569,000	158,832
Water and Sewerage Operations and maintenance contract.	143,063	11,921
MWH Annual Professional Services Contract	4,500	-

In June 2004 the Council awarded a contract for road maintenance services to Works Infrastructure Ltd for the period July 2005 to June 2007. This had a one year right of renewal which the Council has exercised. In February 2005 a contract for assistance with Regional Council Services for the period February 2005 to January 2010 was awarded to Environment Canterbury. The Council has a contract with Works Infrastructure for 150 weeks from August 2005. The Council has a contract with MWH for professional services.

**Note 18: Subsequent Events**

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

Note 19. Reconciliation of changes to NZ IFRS

Reconciliation of Surplus for the year ended 30 June 2006

	Note	Previous NZ GAAP 30 June 2006	Effect on Transition to NZ IFRS 30 June 2006	NZ IFRS 30 June 2006
<b>Total Income</b>		<b>3,724,677</b>	<b>-</b>	<b>3,724,677</b>
<b>Expenditure</b>				
Employee Benefits	a.	-	330,884	330,884
Depreciation & Amortisation		650,032	-	650,032
Other Expenses	b.	3,456,407	(328,934)	3,127,473
<b>Total Expenditure</b>		<b>4,106,439</b>	<b>1,950</b>	<b>4,108,389</b>
<b>Surplus/(Deficit) before taxation</b>		<b>(381,762)</b>	<b>(1,950)</b>	<b>(383,712)</b>
Tax expense/(benefit)		-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(381,762)</b>	<b>(1,950)</b>	<b>(383,712)</b>

**Reconciliation of Surplus - Notes about the transition to NZ IFRS**

- a. Employee Benefits of \$323,184 are separately disclosed and sick leave liability of \$1,950 is recognized in respect of estimated uptake over and above annual entitlement.
- b. Other Expenses are reduced by the amount of employee benefits disclosed separately per a.

Reconciliation of Equity-Chatham Islands Council

	Note	Previous NZ GAAP 1 July 2005	Effect on Transition to NZ IFRS 1 July 2005	NZ IFRS 1 July 2005	Previous NZ GAAP 30 June 2006	Effect on Transition to NZ IFRS 30 June 2006	NZ IFRS 30 June 2006
Cash & Cash Equivalents	a.	274,602	(34,036)	240,566	231,036	(67,239)	163,797
Term Deposits	a.	-	34,036	34,036	-	67,239	67,239
Trade & Other Receivables		596,957	-	596,957	394,931	-	394,931
<b>Current Assets</b>		<b>871,559</b>	<b>-</b>	<b>871,559</b>	<b>625,967</b>	<b>-</b>	<b>625,967</b>
Property Plant & Equipment	b.	39,577,243	(6,150)	39,571,093	31,962,747	(2,618)	31,960,129
Intangible Assets	b.	-	6,150	6,150	-	2,618	2,618
<b>Non Current Assets</b>		<b>39,577,243</b>	<b>-</b>	<b>39,577,243</b>	<b>31,962,747</b>	<b>-</b>	<b>31,962,747</b>
<b>Total Assets</b>		<b>40,448,802</b>	<b>-</b>	<b>40,448,802</b>	<b>32,588,714</b>	<b>-</b>	<b>32,588,714</b>
Trade & Other Payables	c.	836,353	-17,725	818,628	1,133,387	(12,080)	1,121,307
Employee benefit liabilities	d.	-	17,725	17,725	-	14,030	14,030
Borrowings		-	-	-	4,540	-	4,540
<b>Current Liabilities</b>		<b>836,353</b>	<b>-</b>	<b>836,353</b>	<b>1,137,927</b>	<b>1,950</b>	<b>1,139,877</b>
Provisions		157,000	-	157,000	157,000	-	157,000
Borrowings		220,000	-	220,000	211,306	-	211,306
<b>Non Current Liabilities</b>		<b>377,000</b>	<b>-</b>	<b>377,000</b>	<b>368,306</b>	<b>-</b>	<b>368,306</b>
<b>Total Liabilities</b>		<b>1,213,353</b>	<b>-</b>	<b>1,213,353</b>	<b>1,506,233</b>	<b>1,950</b>	<b>1,508,183</b>
<b>Net Assets</b>		<b>39,235,449</b>	<b>-</b>	<b>39,235,449</b>	<b>31,082,481</b>	<b>-</b>	<b>31,080,531</b>
Retained Earnings	e.	2,316,595	-	2,316,595	3,233,389	(1,950)	3,231,439
Other Reserves		36,918,854	-	36,918,854	27,849,092	-	27,849,092
<b>Total Equity</b>		<b>39,235,449</b>	<b>-</b>	<b>39,235,449</b>	<b>31,082,481</b>	<b>(1,950)</b>	<b>31,080,531</b>

**Note 19. Reconciliation of changes to NZ IFRS (continued)**

**Reconciliation of Equity - Notes about the transition to NZ IFRS**

- a. Term deposits of \$67,239 (2005 \$34,036) have been separately disclosed.
- b. Intangible assets of \$2,618 (2005 \$6,150) have been separately disclosed.
- c. Trade & Other Payables have been adjusted to separately disclose employee entitlements of \$6,330 (2005 \$17,725).
- d. Employee Benefit Liabilities have been reclassified as above an additional provision for sick leave \$1,950 (2005 \$0) above the annual entitlement has been recognised.
- e. Equity has been adjusted for the additional sick leave provision per d. above.

**Reconciliation of Statement of Cash flows For the Year Ending 30 June 2006**

	<i>Note</i>	<i>Previous NZ GAAP 30 June 2006</i>	<i>Effect on Transition to NZ IFRS 30 June 2006</i>	<i>NZ IFRS 30 June 2006</i>
Revenue	a.	4,234,047	(329,103)	3,904,944
Goods & Services Tax (net)	a.	-	329,103	329,103
<b>Cash is Provided from:</b>		<b>4,234,047</b>	<b>-</b>	<b>4,234,047</b>
Employees & Councillors		420,966	-	420,966
Supplies and Services	b.	3,014,026	(19,798)	2,994,228
Interest	b.	-	19,798	19,798
<b>Cash is applied to:</b>		<b>3,434,992</b>	<b>-</b>	<b>3,434,992</b>
<b>Net Cash Flow from Operating Activities</b>		<b>799,055</b>	<b>-</b>	<b>799,055</b>
Purchase of Assets	c.	838,467	(626)	837,841
Purchase of Term Deposit	c. & d.	-	33,203	33,203
Purchase of Intangible assets	c.	-	626	626
<b>Net Cash Flow from Investing Activities</b>		<b>(838,467)</b>	<b>33,203</b>	<b>(871,670)</b>
Repayment of Loans		4,154	-	4,154
<b>Net Cash Flow from Financing Activities</b>		<b>(4,154)</b>	<b>-</b>	<b>(4,154)</b>
<b>Increase/(Decrease) in Cash Held</b>	c.	<b>(43,566)</b>	<b>33,203</b>	<b>(76,769)</b>
<b>Opening Cash Balance</b>	d.	<b>274,602</b>	<b>34,036</b>	<b>240,566</b>
<b>Closing Cash Balance</b>	d.	<b>231,036</b>	<b>(67,239)</b>	<b>163,797</b>
<b>Made up of:</b>				
<b>Cash on hand</b>		<b>121</b>	<b>-</b>	<b>121</b>
<b>ANZ &amp; Call Accounts</b>		<b>230,915</b>	<b>(67,239)</b>	<b>163,676</b>

**Reconciliation of Statement of Cash Flows - Notes about the transition to NZ IFRS**

- a. Net GST of \$329,103 separately disclosed.
- b. Interest of \$19,798 separately disclosed.
- c. Purchase of intangible assets separately disclosed.
- d. Investment in term deposit reclassified as investment instead of cash – movement in opening balance of 34,036, investment during the year \$33,203 and movement in closing balance \$67,239.

## *Council Information*

### **Mayor & Council Members**

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

### **Council Staff**

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

### **Council Directory**

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

**CHATHAM ISLAND STATISTICS**

	30 June 2007	30 June 2006
<b>Area and Population</b>		
Date of Constitution for Territory	1995	1995
Area - sq km	963	963
Population	612*	630
Note: Source of Population Statistics, SNZ Demographic Trends, published Jan 2007(*usually resident population)		
<b>Valuation</b>		
Rateable properties - no. of	529	517
Non-rateable properties - no. of	101	101
Gross capital value	107,692,950	74,630,250
Net Capital Value (ie capital value of rateable property)	97,407,800	66,821,250
Gross Land Value	50,720,800	28,550,500
Net Land Value (ie land value of rateable property)	46,641,300	26,025,650
Date of last revision	September 2006	September 2003
<b>Rates and Rating</b>		
Total rates struck (incl GST)	386,971	371,265
System of Rating	Capital Value	Capital Value
<b>Council Dues</b>		
Dues collected from Air		58,485
Dues collected from Sea		207,638
<b>Public Debt</b>		
Public Debt Outstanding		215,846
Unexercised loan authorities		250,000
<b>Building Consents</b>		
Value of consents for year		463,952
New Houses		2

## **APPENDIX ONE – GLOSSARY OF TERMS**

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

### **Activity**

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

### **Annual Plan**

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

### **Annual Report**

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

### **Asset**

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

### **Asset Management Plan**

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

### **Capital Costs**

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

### **Capital Value**

Value of land including improvements.

### **Community Outcomes**

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

### **Current Assets**

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

### **Current Liabilities**

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

### **Depreciation**

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

**Fixed Assets**

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

**Group of Activities**

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

**Infrastructure Assets**

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

**Iwi**

People or tribe.

**Land Value**

Value of land excluding improvements.

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

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

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

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

**Operating Expenditure**

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

**Operating Revenue**

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

**Operating Surplus (Deficit)**

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

**Partner**

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

**Performance Measures**

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

**Public Equity**

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

**Regulatory Role**

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

**Resources**

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

**Service Provider**

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

**Significance**

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

**Significance Policy**

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

**Statement of Cash Flows**

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

**Statement of Financial Performance**

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

**Statement of Financial Position**

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

**Sustainable Development**

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

**Well-being**

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