



## Annual Report Summary 2006/2007



chatham islands council



## Message from the Mayor

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 \$381,712 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

## Key Projects and Issues Chatham Islands Council has worked on during the year to 30 June 2007

### Democracy

This activity includes planning and support for the Council and its Committees, the provision of information regarding Council business, and the general oversight of the process that underpin representatives local government in the Chatham Islands Territory. As identified by the community were the community outcomes which form the basis of Council's long Term Community Plan 2006-2016. These outcomes consider the social, economic, environmental and cultural well-being of the community and reflect local priorities.

The Community Outcomes are the following:

- 'A safe and healthy community'
- 'An environmentally conscious community'
- 'An enterprising & innovative community'
- 'A culturally enriched community'

Measure	Target	Actual
Attendance by elected members	90% attendance by elected members is maintained in each year	Elected members attended 95% of Council meeting during the year
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 Council agendas made available to the public, 41 agendas are circulated locally

### Land Transport

Council is responsible for the maintenance of all roads on the Chatham Islands, sharing the costs with Land Transport New Zealand.

Measure	Target	Actual
Number of motor vehicle accidents	Fewer than three motor vehicle crashes involving injury per annum	There were 6 motor vehicle accidents reported involving minor injury (last year 5 accidents were reported)
Residents satisfaction with the roading network	Annual survey indicates satisfaction is maintained at 75%	57% of respondents were satisfied with the Roding network (last year 31%)
No noxious plants within the road reserve	Annual survey indicates no noxious plants in road reserve	60% of respondents considered dust to be a nuisance. First time surveyed

### Solid and Hazardous Waste Management

The Council operates refuse disposal sites at Te One, Kaingaroa and Owenga.

Measure	Target	Actual
Public disposal facilities (transfer station or landfill) are provided	Maintain facilities for 75% of the population within 20kms	Existing landfills are provided and maintained
Transfer stations are developed to meet the requirements of Council's Waste Management Plan	Kaingaroa 2007/2008 Owenga 2009/2010 Te One 2009/2010	Transfer stations not yet developed. Awaiting Government funding to implement Council's Waste Management Plan as adopted in 2005

### Water Supply

Council operates a public water supply to consumers in part of the Waitangi township.

Measure	Target	Actual
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 of supply b) Restore any lost of supply within 8 hours of the fault	No incidents of service interruption in the township of Waitangi were reported. 7 minor water incidents were reported and attended to by Council contractors
Customer satisfaction	Maintain customer satisfaction at 80% per annual survey	62% of consumers were satisfied with the water supply in the Waitangi township

### Stormwater

Council's main role with stormwater drainage is to control the level of Te Whanga, this is necessary to protect productive land around the shores of Te Whanga. The Council also provides piped stormwater drainage in Wilson Place in Waitangi.

Measure	Target	Actual
Te Whanga (lagoon) outlet will be managed to eliminate instances of flooding	Te Whanga will be opened at a minimum once every two years or as required	Te Whanga outlet was opened during November 2006, as required



### Wastewater

Council operates a public wastewater scheme that serves all of Waitangi.

Measure	Target	Actual
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

### Community Services

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

During the year Council continued the work on the children's playground in Waitangi and the housing project has commenced with the Housing Trust being formalised whose purpose is to address the housing issues on the Island being the establishment of 6 public houses, essential repairs on existing houses and programmes to assist people with home ownership. A Home Ownership workshop was held.

Extra funding had been received by the Community Trust of Canterbury

Measure	Target	Actual
Compliance with NZS5828 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
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 sort for the establishment of a Community Housing Organisation to provide affordable housing on the Chatham islands

### Dog & Animal Control

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

Measure	Target	Actual
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 had been prepared for Council
Survey demonstrate that the community is satisfied with the service provided	Maintain 100% satisfaction with service	63% of respondents are satisfied with dog and animal control

### Licensing & Buildings

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 and seabed, the erection of 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.

Measure	Target	Actual
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)

## Resource Management

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.

Measure	Target	Actual
Compliance with resource consents conditions	Maintain a database for monitoring of resource consent conditions based on annual inspections to ensure that consents 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 had been met

## Animal and Plant Pest Control – Biosecurity

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.

Measure	Target	Actual
Pest Management Strategy (PMS) is reviewed, Operational plans are prepared and property plans are produced as required	PMS review notified by November 2006 Operational 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

## Emergency Management

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. Two training exercises were undertaken in October 2006 and April 2007. One involved the Response Team and the other for the Emergency Operations Centre (EOC).

The Council is also a Rural Fire Authority under the Forest and Rural Fires 1977.

Measure	Target	Actual
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
Facility Quality	Emergency management equipment, control facilities and communication systems are well maintained and upgraded as required	Existing equipment and control facility had been maintained. A VHF radio system had been installed in April 2007

## Coasts, Harbours & Navigation

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. Navigation safety is overseen by the Navigation Safety Bylaw 2006.

During the year Council undertook engineering investigations and funding options for the Owenga Wharf upgrade. A funding application has been submitted to Land Transport New Zealand. Council is awaiting an outcome as to the approval of funding sort for the Owenga Wharf upgrade.

Measure	Target	Actual
Condition of Owenga Wharf	Report from MWH on remedial work due before June 2006 Wharf repairs/replacement will be actioned based on the port before June 2007 There will be ongoing annual maintenance inspections of the Owenga wharf	The report from MWH for remedial work had been received by Council 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 The Wharf continues to undergo maintenance inspections by Council's contractors MWH

## FINANCIAL OVERVIEW

Grants and Subsidies are higher than the LTCCP due to DIA funding received for the GST arising on government grants for this year and the previous two years \$512,250 (2005/06 (\$350,500)) and this is reflected in higher total current assets and current liabilities from the LTCCP. Total assets are lower than the LTCCP due to a revaluation in 2006/7.

## SUMMARY STATEMENT OF FINANCIAL PERFORMANCE & MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 June 2007

	Actual 2006/7 \$000	LTCCP 2006/07 \$000	Actual 2005/06 \$000
<b>Revenue</b>			
Grants and Subsidies	4,113	3,614	2,848
Other Revenue	792	749	876
<b>Operating Expenditure</b>	4,035	4,268	4,108
<b>Surplus (deficit)</b>	870	95	(384)
Decrease in Revaluation Reserve	-	-	(7,771)
Total Recognised Revenue and Expenses	870	95	(8,155)
Equity at the beginning of the year	31,081	39,595	39,236
Equity at the end of the year	31,951	39,690	31,081

## SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 June 2007

EQUITY	31,951	39,690	31,081
<b>Represented by:</b>			
Total Current Assets	1,265	608	624
Total Infrastructural Assets	31,022	40,397	30,274
Total Non Current Assets	1,537		1,689
Total Assets	33,824	41,005	32,587
<b>Less</b>			
Total Current Liabilities	1,510	855	1,138
Total Non Current Liabilities	363	460	368
Total Liabilities	1,873	1,315	1,506
Net Assets	31,951	39,690	31,081

## SUMMARY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 June 2007

Net Cash Flows from Operating Activities	1,696	1,201	799
Net Cashflows from Investing Activities	(2,062)	(2,072)	(838)
Net Cashflows from Financing Activities	(4)	266	(4)
Net Cashflow for the Year	(370)	(605)	(43)
Opening cash Balance	164	842	274
Closing Cash Balance	(206)	237	231

### Notes to the Summary Financial Statements for the Year Ended 30 June 2007

The Council has prepared the Summary Annual Report in order to provide the users with an overview of Council Performance. Part 6 s98 (b) of the Local Government Act 2002 requires the Council to make available a summary of the information contained in its Annual Report. The disclosures included in the summary financial report have been extracted from the full financial report adopted by Council on 28th September 2007. The full annual report received an unqualified audit opinion. The summary financial report cannot be expected to provide as complete an understanding as the full financial report. The full financial report is available from the Council on request by phoning (03) 305 0033 or can be accessed via the Council website [www.cic.govt.nz](http://www.cic.govt.nz).

The summary Financial Report was authorised for issue by the General Manager on 16th October 2007.

### Accounting Policies

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZIFRS and other applicable reporting standards, as appropriate for public benefit entities. These accounts are presented in NZ dollars and are rounded to the nearest 1000's. The council is a public benefit entity.

The accounting policies 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. These are the Council's first financial statements applying New Zealand International Financial Reporting Standards (NZ IFRS) and NZIFRS 1 has been applied. Chatham Islands Council prepared its opening NZIFRS balance sheet at that date. The reporting date for these statements is 30 June 2007. The Chatham Islands adoption date is 1 July 2006. The full explanation of the transition to NZIFRS can be found in page 64 of the Annual Report. The main impact of the transition is in additional disclosures provided in the Annual Report.

## AUDIT REPORT

### TO THE READERS OF CHATHAM ISLANDS COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2007

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

We have audited the summary annual report.

#### Unqualified Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 28th September 2007, on;

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

#### Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Chatham Islands Council.

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



Julian Tan, Audit New Zealand

On behalf of the Auditor-General  
Christchurch, New Zealand

16th October 2007

#### MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE SUMMARY ANNUAL REPORT

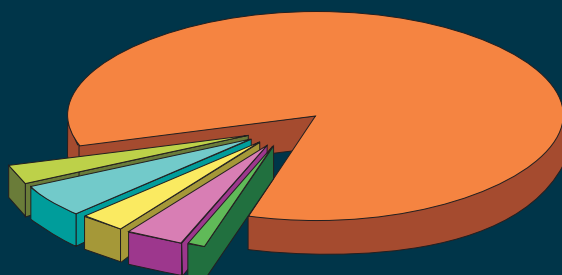
This audit report relates to the summary annual report of Chatham Islands Council (the Council) for the year ended 30 June 2007 included on the Council's web site. The Council is responsible for the maintenance and integrity of its web site. We have not been engaged to report on the integrity of the web site. We accept no responsibility for any changes that may have occurred to the summary annual report since it was initially presented on the web site.

The audit report refers only to the summary audit report named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary annual report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary annual report and the related audit report dated 16 October 2007 to confirm the information included in the summary annual report presented on this web site.

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

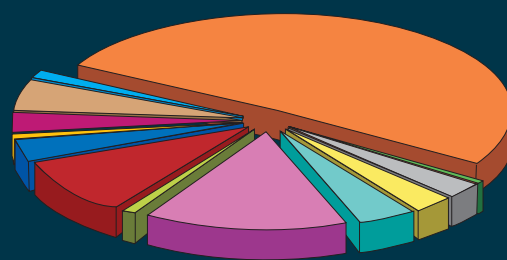
### Sources of Revenue (000)

General Rates	\$185	4%
Targeted Rates	\$154	3%
Council Dues	\$249	5%
Other Income	\$145	3%
Grants	\$4,113	84%
Interest	\$58	1%



### Use of Funds (000)

Democracy	\$582	14%
Waste	\$46	1%
Community Services	\$36	9%
Water	\$141	4%
Stormwater	\$209	1%
Sewer	\$137	3%
Environment	\$222	5%
Consents	\$55	1%
Land Transport	\$2,059	51%
Dog & Animal Control	\$22	1%
Biosecurity	\$113	3%
Emergency Management	\$102	3%
Harbour Control	\$169	4%



## Council Directory

### Location

Tuku Road, Waitangi  
CHATHAM ISLANDS

### Postal Address

Chatham Islands Council  
PO Box 24  
CHATHAM ISLANDS

Telephone: 03 305 0033

Facsimile: 03 305 0044

### General Manager

Owen Pickles  
Email: owen@cic.govt.nz

### Finance Manager

Deborah Goomes  
Email: deborah@cic.govt.nz

### Emergency Response

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

## Council Financial Statistics

	Actual 2006/07	Actual 2005/06
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

## The Chatham Islands - General Statistics

The Chatham Islands consist of a group of 10 islands of which only two are inhabited. The total population is 612 people (SNZ Demographic Trends 2007). The main settlements are Waitangi, Kaingaroa, Te One, Port Hutt and Pitt Island.

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

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

Area:	963 sq km
Rateable Assessments:	517
Government Valuations	
Gross Land Value	\$50,720,800
Gross Capital Value	\$107,692,950
Net Land Value	\$46,641,300
Net Capital Value	\$97,407,800

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## 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
Total Income		3,724	-	3,724
Total Expenditure	a.	4,106	2	4,108
Surplus/(Deficit)		(382)	(2)	(384)

Reconciliation of Surplus - Notes about the transition to NZ IFRS

a. Employee Benefits are separately disclosed and sick leave liability is recognized in respect of estimated uptake over and above annual entitlement.

### 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
Current Assets	a.	872	-	872	626	-	626
Non Current Assets	b.	39,577	-	39,577	31,963	-	31,963
Total Assets		40,449	-	40,449	32,589	-	32,589
Current Liabilities	c.d.	836	-	836	1,138	2	1,140
Non Current Liabilities		377	-	377	368	-	368
Total Liabilities		1,213	-	1,213	1,506	2	1,508
Net Assets		39,236	-	39,236	31,083	-	31,081
Total Equity	e.	39,236	-	39,236	31,083	(2)	31,081

Reconciliation of Equity - Notes about the transition to NZ IFRS

a. Term deposits have been separately disclosed.

b. Intangible assets have been separately disclosed.

c. Trade & Other Payables have been adjusted to separately disclose employee entitlements.

d. Employee Benefit Liabilities have been reclassified as above an additional provision for sick leave above the annual entitlement has been recognised.

e. Equity has been reduced by recognition of the sick leave liability .

NOTE THIS IS A SINGLE-SIDED B&W PRINT INSERTED INTO THE SUMMARY DOCUMENT.