

**Chatham Islands Council
2011/12 Annual Plan**

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2011/12 Annual Plan

This is the 2011/12 Annual Plan, which includes:

- a description of the levels of service and funding for 2011/12
- an explanation of variations since the 2009-2019 Chatham Islands Long Term Council Community Plan (LTCCP)
- fees and charges under the Local Government Act 2002 and the Resource Management Act 1991.

How does this document relate to the 2009-19 Chatham Islands LTCCP?

In the second and third year of the LTCCP, the Council is required to prepare an annual plan setting out the levels of service and levels of funding relating to the annual plan year and explaining any variations to the LTCCP. In the first year of the LTCCP, the LTCCP is itself the annual plan. This document is the Annual Plan for 2011/12, year three of the 2009-19 LTCCP.

For a copy of the 2009-19 LTCCP contact the Council on 03 305 0033 or visit the Council website at www.cic.govt.nz

Mayor and General Manager's Introduction

It is our pleasure to present this Annual Plan for the year from 1 July 2011 to 30 June 2012. The annual plan follows the programme and budgets that were approved through the 2009-19 Long Term Council Community Plan process. This Annual Plan proposes council dues to continue at current levels and other fees and charges keep pace with inflation.

The year ahead includes effort on several large projects. These include:

- The solid waste management strategy progressing with consents being obtained for a new sanitary landfill
- The completion of the Chatham Islands Resource Management Document review
- The review of the Navigation and Harbour Safety Bylaw.

Subject to funding being obtained, water supply scheme improvements for Waitangi and Kaingaroa and a new scheme at Owenga will begin.

In cooperation with the Chatham Islands Enterprise Trust work will continue with Central Government on reducing the infrastructural deficit that there is around the Waitangi Port, Airport, and electricity generation. We will also continue the Warm Homes project

2011/12 will see the production of a new Long Term Plan and Transport Strategy which will form the basis of our conversation with the Government for the renewal of funding support. This is a major piece of work involving extensive community consultation.

In concluding we wish to acknowledge the efforts that have gone into the preparation of this annual plan. Many people have been involved and we thank them sincerely for their work.

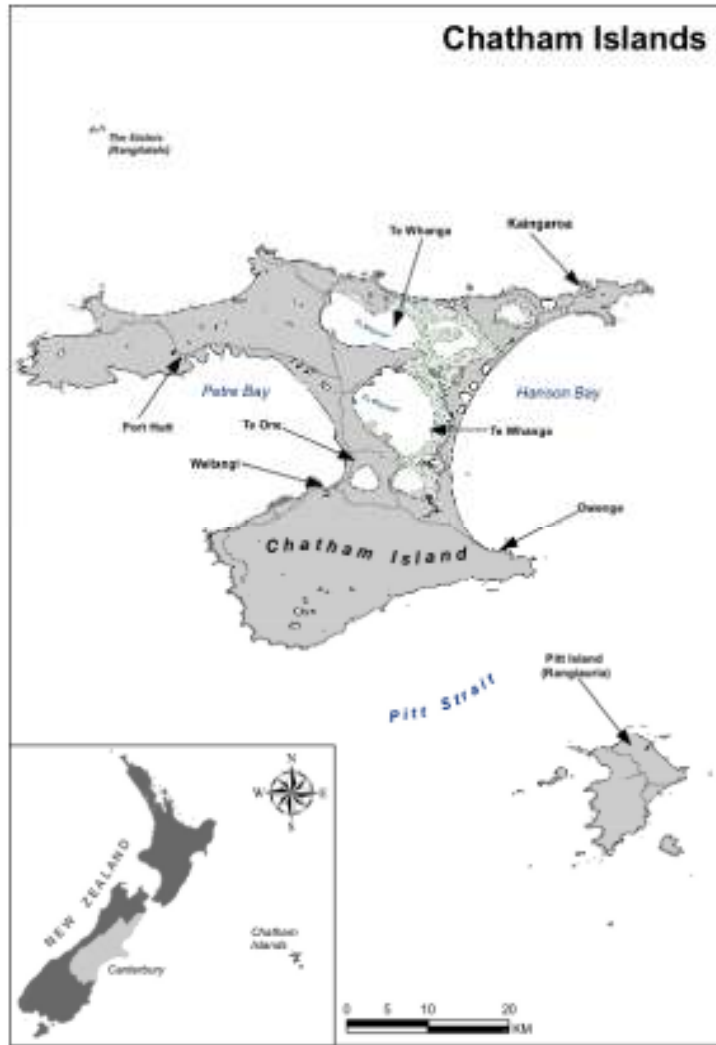


Alfred W M Preece
Mayor



Owen Pickles JP
General Manager

Profile of the Chatham Islands



The Chatham Islands and its people are a unique community, isolated by 800 kilometres from mainland New Zealand. The Chatham Islands consist of two main inhabited islands, Chatham Island and Pitt Island. Pitt Island lies 23km south east of Chatham Island and both islands are surrounded by a number of smaller islands, all within a radius of approximately 50km. The main island, Chatham, has an area of 90,000 hectares and Pitt an area of 6,300 hectares.

The islands were formed by a volcanic upthrust; the land surface is predominantly flat with a number of peaks, the largest peak rising to 188 metres. A significant landmark on the Chatham Islands is 'Te Whanga' which is a large lagoon that covers approximately 20,000 hectares, or about one fifth of the island's size. There are five settlement areas on the main island - Waitangi, Te One, Owenga, Port Hutt and Kaingaroa.

The 'livelihood' for a majority of islanders is dependent on fishing and farming. There is also a growing focus on tourism.

The Chatham Islands Council is the smallest local authority in New Zealand. It has both district and regional council responsibilities. Council income is derived from rates, council dues, user charges and government assistance.

Population	612 usually resident population 369 people identify as being of Maori or Moriori descent 345 males, 267 females <i>Statistics NZ Demographic Trends 2007</i>
Area	963 sq km
Sealed Road	10.929 km
Ratable properties	547
Non ratable properties	103
Gross Capital Valuations	\$132,323,100

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 good standard of living
- ◆ A community that has employment opportunities.



Well done Te One Community!

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 Islands 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 Islands '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.

What are the Chatham Islands community outcomes and why are they important?

Community outcomes describe what our community thinks is important, now and in the future. They are the aspirations of our community.

They are important because they provide the opportunity for our community to talk about and describe a vision for the future. Achieving these aspirations will improve and ensure the well-being of our community now and in the future.

Community outcomes also inform and guide the plans of council, central government agencies and other organisations that work with the community, and make sure that these groups know what is important to the community they are serving. They act as a focal point for promoting closer working relationships, to ensure resources are used more effectively and in a co-ordinated manner.

The purpose of the community outcome process

Community outcome processes ensure the community's voice is heard when it comes to planning future direction and encourages greater participation of our community in the decisions that affect them. Through a process of consultation with our community, community outcomes are identified.

The key purposes of identifying the community outcomes are:

1. To provide opportunities for communities to discuss their desired outcomes in terms of the present and future social, economic, environmental and cultural well-being of the community.
2. To allow communities to discuss the relative importance and priorities of the identified outcomes.
3. To provide scope to measure progress towards the achievement of community outcomes.
4. To promote better co-ordination and application of community resources.
5. To inform and guide the setting of priorities in relation to the LTCCP.

How the community outcomes were identified and prioritised

The community outcomes contained in this plan are drawn from the visions and aspirations of the community with reference to significant documents, namely the Chatham Islands Economic Review 2002, the Chatham Islands Resource Management Document 2001 and the Council's Long Term Community Plan 2004. These visions and aspirations formed the basis of the 2006-2016 community outcomes and are considered by the community as still important.

As a part of the LTCCP 2009-19 process, through consultation in the form of a community questionnaire, the community was given an opportunity to revisit the existing community outcomes with a focus on establishing priorities. The top four (4) community outcomes identified by the community are as follows:

Social well-being – a Safe and Secure Community

A community that has access to employment opportunities.

Economic well-being – an Enterprising and Innovative Community

A community that promotes economic development for its fishing, farming and tourism industries.

Environmental well-being – an Environmentally Conscious Community

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

Cultural well-being – a Culturally Enriched Community

A community that values the "Chatham Islands" way of life and traditions.



Lifeline – the air link

Monitoring and reporting community outcomes

In November 2010, Council adopted the Report on Community Outcomes. However, s52 of the Local Government Amendment Act 2002 implies that Councils are no longer required to either review or report on progress made towards achieving these outcomes.

The Chatham Islands Council is of the view that it will continue to monitor and review community outcomes as a fundamental part of promoting and maintaining good community relationships.

Council's contribution towards community outcomes

The Chatham Islands Council contribution to promoting the community outcomes is described in the LTCCP 2009-19. It is a requirement of all LTCCPs to describe which community outcomes council contributes to.

Please refer to Appendix Six of the LTCCP 2009-19, 'Council's Contribution to Community Outcomes' for a full analysis.

Working together to achieve the community outcomes

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

A collaborative approach to achieving community outcomes is significant in promoting the social, economic, environmental and cultural well-being of the Chatham Islands and the community.

One of the key relationships that underpin achieving the community outcomes is the relationship between council, the Chatham Islands Enterprise Trust, Maori and Moriori, and central Government which over the past few years has strengthened as work towards a sustainable future develops.

A significant development since the 2006 LTCCP is the approval of funding from central Government to address some of the Islands' sustainability issues as detailed in the Chatham Islands Economic Review 2008. This has been a result of the recognition of the importance of a collaborative approach to securing a future for the Chatham Islands and the community. This collaborative relationship is likely to be maintained and sustained as issues become more aligned, over time, to effectively deliver on the community outcomes.

Also, it is likely that there will be collaboration with other organisations and agencies that will contribute to the community outcomes.

Adopting a sustainable approach

The Local Government Act 2002 states that one of the purposes of local government is to promote the social, economic, environmental and cultural well-being of communities, in the present and for the future. This sustainable development approach is expanded in section 14 of the Local Government Act 2002 which states that in taking a sustainable development approach, a local authority should take into account:

1. The social, economic, environmental and cultural well-being of communities;
2. The need to maintain and enhance the quality of the environment; and
3. The reasonably foreseeable needs of future generations.

The concept of sustainable development has no single meaning. Like the concepts of democracy, liberty or justice, the significance of sustainability may be more appreciated when some aspect of sustainability that the community values the most is being eroded or has been lost completely.

The most common definition of sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. A further definition adds additional meaning – sustainable development is about reconciling development (the meeting of human needs) with limited natural resources and the capacity of the environment to absorb the effects.

The principle of intergenerational equity is also applicable – that the current generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations. This involves taking an integrated approach with both the short and long-term decision making of the social, economic, environmental and cultural aspects of sustainable development.

The Local Government Act 2002 provides principles and requirements for local authorities that are intended to facilitate participation by Maori and Moriori in local government decision-making processes. This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Maori and Moriori to contribute to local government decision-making processes.

These principles and requirements are set out in the Local Government Act 2002 in Part 2 & Part 6 and are outlined as follows:

- 1 Opportunities for Maori and Moriori – a local authority should provide opportunities for Maori and Moriori to contribute to its decision-making processes.
- 2 Local authority decision making – where, in the course of the decision-making process a significant decision relates to land or a body of water, the local authority must take into account the relationship of Maori and Moriori and their culture and traditions with their ancestral land, water, sites, wahi tapu (sacred places), valued flora and fauna, and other taonga (treasures).
- 3 Contributions from Maori and Moriori – a local authority must ensure that it has in place processes to provide opportunities for Maori and Moriori to contribute to the decision-making processes of the local authority and also consider ways to foster the development of Maori and Moriori capacity.
- 4 Consultation with Maori and Moriori – a local authority must ensure that it has in place processes for consulting with Maori and Moriori which are in accordance with the principles of consultation as set out in section 82 of the Local Government Act.
- 5 Working with Maori and Moriori – the Long Term Council Community Plan must outline how the local authority will work with Maori and Moriori to further community outcomes.

Working with tchakat henu, tangata whenua

While the Local Government Act sets out provisions relating to Maori and Moriori it is recognised that within the Chatham Islands territory Moriori are recognised as 'tchakat henu' and Maori are recognised as 'tangata whenua', both identities being the people of the land. They have special status in terms of the Chatham Islands Council resource management activities, and are not just another interest

group. These activities can directly affect the interests of tangata whenua, particularly those relating to land and water. In addition to the Local Government Act obligations, the Resource Management Act 1991 gives the council specific obligations regarding 'kaitiakitanga', the principles of the Treaty of Waitangi and the relationship between Moriori/Maori and their culture and their traditions with their ancestral lands, water, sites, wahi tapu and other taonga.

To give effect to the obligations under the Local Government Act and related obligations under the Resource Management Act, the council must continue to develop its relationship with imi/iwi. This is essential for achieving the sustainable management of the natural resources within the Chatham Islands territory.

Recognition of tikanāe Moriori and tikanga Maori

Council recognises that differences may arise in the values, beliefs and traditions between Maori and Moriori, or tikanāe Moriori and tikanga Maori. When working with Maori or Moriori consideration of such differences will be acknowledged.

Consultation and providing information

The Local Government Act 2002 states the obligations for local authorities in relation to the involvement of Maori in the decision-making process, or in this instance Maori and Moriori as separate identities. For the purpose of this policy, 'Maori and Moriori' means all individuals or groups who identify themselves as such. Council will endeavour to identify and consult with as many Maori or Moriori as practical. Council will work towards establishing a schedule of individuals and groups. This schedule will provide the basis for the dissemination of information in so far as encouraging and providing opportunities for Maori and Moriori to participate in the decision-making process. Council recognises the importance of 'kanohi kanohi' (face to face) as a means of effective consultation with Maori and Moriori.

Strategic planning documents

The Chatham Islands Resource Management Document 2001 is a key document that 'tangata whenua' have had some significant contribution towards in terms of specifying matters of resource management significance to tangata whenua. These contributions have helped frame the council's response for addressing these resource management matters. The Chatham Islands Long Term Council Community Plan is also a key strategic document in which, through the identification of community outcomes, council acknowledges and values the importance of tangata whenua and tchakat henu as an integral part of the community.

Memorandum of Understanding

It is envisaged that council, in partnership with Maori and Moriori, will seek to promote closer working relationships.

Building capacity

The Chatham Islands Council will work with Maori and Moriori and others to investigate how council may foster development of Maori and Moriori capacity to contribute to the decision-making processes of the Chatham Islands Council. Related to this process is the need for council to gain a clear understanding, through hui and ongoing relationships, of Maori and Moriori expectations and to agree to, and to commit to practicable steps to building Maori and Moriori capacity. More formal arrangements, such as memoranda of understanding and consultative processes under the Local Government Act will also need to be agreed upon.

Education and promotion

The Chatham Islands Council recognises the need to resource education programmes for elected members and staff to provide for the development of Maori and Moriori values and traditions and gain an appreciation of these needs and expectations in relation to the Local Government Act and Resource Management Act.

Groups of Activities

This Annual Plan sets out the levels of service, forecast financial statements and levels of funding for 2011/12 for the following groups of activities.

1. Democracy
2. Infrastructure Services
3. Community and Regulatory
4. Environmental Services
5. Emergency Management
6. Coasts, Harbours and Navigation

What has changed since the 2009-19 LTCCP?

Since adopting the 2009-19 LTCCP there have been some significant changes to Council's intentions associated with the applications for funding to upgrade the Owenga, Kaingaroa and Waitangi water schemes, build four community houses, and build a new emergency management headquarters. These intentions are not yet progressed in sufficient detail to enable them to be included in budgets at this time. Once further details are known and funding identified amendments will be made to the LTCCP, and that process will involve a review by Audit NZ and community consultation. This may be part way through the financial year.

Other minor changes are explained for each activity under the heading "What's changed since the 2009-19 LTCCP?" No changes to actual services are being introduced, and no existing service is ceasing.

Key assumptions for 2011/12

1. Government Funding

In 2004 the Minister of Local Government approved a financial support package for the Chatham Islands Council. The funding was approved for an initial four year period with a review in 2011/12.

This Annual Plan is written on the assumption that the financial support from the Government will continue.

2. Capacity

The population of the Chatham Islands declined by 15% in the 2006 census, falling from 717 to 612, having been relatively static for the previous ten years, and no increase is anticipated in the near future.

Tourism may result in increased demand for certain services, but these increases are expected to be accommodated within the existing framework.

Most capital expenditure is for renewal of assets.

3. Price Adjustments

Price level adjustments were derived from those recommended to Local Government from Business and Economic Research Limited (BERL). An average price level adjustment of 5.1% has been applied except for energy costs where a price level adjustment of 7.6% has been applied. These increases reflect the anticipated impact of the ETS scheme

Rationale for Selection of Sources of Funding by Group of Activity

The rationale for funding Council's activities is set out in the Funding & Financial Policies contained in the 2009-19 LTCCP.

What are the key activities?

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 processes that underpin representative local government in the Chatham Islands Territory, including elections and consultation with the community.

What we want to achieve

The promotion of social, economic, environmental and cultural well-being of the people and the Islands through achieving the community outcomes.

Rationale

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

The Chatham Islands Council has district and most regional council functions 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 Imi/Iwi and acknowledges the specific responsibilities it has to Maori and Moriori under the Local Government Act and under the Resource Management Act.

Uncertainty

The ability for the council to sustain viability and compliance is dependent on future Government decisions. There is uncertainty concerning future governance of the islands, which is currently under review.

Activity: **Democracy**

What's happening in 2011/12?

The Council will continue to develop a closer working relationship with the Chatham Islands Enterprise Trust with a view to rationalizing current arrangements as recommended by Hugh Rennie QC's and Basil Morrison's review.

Council will continue to contract the project management of regional council services to Environment Canterbury (ECan).

Council will continue to improve working relationships with imi and iwi with a view to fostering partnership and understanding of issues important to Moriori and Maori such as environment and historic/sacred places.

Council acknowledges and continues to strive for good governance.

Assumptions

The council will continue to operate now and in the future.

Significant negative effects

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

Assets

The assets are the elected Mayor and councillors, assisted by the knowledge and experience of staff, coupled with organisations, information, systems and processes which include informational and computer systems.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided.

Levels of Service

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

Measure	Targets for 2011/12
The percentage of residents who feel confident that Council decisions are made in the best interests of the community.	85% of residents are confident or very confident (measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident).
The percentage of residents who are satisfied with the advocacy by the mayor and councillors on behalf of the community.	85% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).
Voter turnout.	> 60%.

2. Meeting legislative requirements for governance, planning and reporting.

Measure	Targets for 2011/12
The percentage of official meetings of elected representatives conducted in compliance with the Local Government Official Information and Meeting Act 1987 and Council Standing Orders.	100%.
LTCCP/Annual Plan and Annual Report compliance with the Local Government Act 2002.	Audited without qualification.
The Council's governance statement.	Kept up to date with legal requirements.

Democracy Group of Activities

Financial Summary – Democracy Group of Activities	Annual Report 2009/10 \$	Annual Plan 2010/11 \$	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
Operating Revenue:				
General Funds	230,782	258,164	224,086	193,732
Grants	351,490	351,490	363,855	363,855
User Pays & Other Income	-	3,843	-	-
Total Operating Revenue	582,272	613,497	587,941	557,587
Total Operating Expenditure	706,383	634,399	672,603	737,411
Operating Surplus/(Deficit)	(124,111)	(20,902)	(84,662)	(179,824)
Capital and Reserves Funding Requirements:				
Operating Deficit	124,111	20,902	84,662	179,824
Capital Expenditure	9,763	12,295	12,295	4,826
Total Funding Required	133,874	33,197	96,957	184,650
Funded by:				
Transfers from General and Special Reserves	133,874	33,197	96,957	184,650
Total Funding Applied	133,874	33,197	96,957	184,650

Financial variance from the 2009-19 LTCCP

General funds now include income in advance in the cost of service statements meaning general funds are higher than the LTCCP budget.

Infrastructure Services

What are the key activities?

1. Land Transport (Roading)
2. Solid and Hazardous Waste Management
3. Water Supply
4. Stormwater
5. Wastewater (Sewerage).

What we want to achieve

A safe and efficient infrastructural system that maximises economic, social and environmental benefits, and meets the immediate and future needs of the Chatham Islands community.

Rationale

1. Land Transport (Roading)

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, kerbing, street lighting and signs.

2. Solid and Hazardous Waste Management

Council provides waste management services for public health reasons and to protect the environment.

3. Water Supply

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

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

4. Stormwater

The Council's involvement in these activities contributes to:

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

Council's main role is controlling 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.

5. Wastewater (Sewerage)

Collection, treatment and disposal of wastewater contribute to:

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



Waitangi storage

Activity 1: Land Transport (Roading)

What's happening in 2011/12?

Services will continue at current levels. Under the Council's regional procurement strategy that is consistent with the National Land Transport Authority a new contract was recently negotiated with Downers Ltd to continue their presence on the Island.

What's changed since the 2009-19 LTCCP?

Roading expenditure will continue at the level budgeted in the LTCCP in spite of

a Government announcement of a zero inflation increase in funding whereas roading cost inflation on the Chatham's was budgeted at 2.6%.

Council understands from NZTA that unspent funds from 2011/12 can be carried forward to offset this reduction. This will be achieved by deferring some projects e.g. some sealing and rehabilitation work and pavement strategy. Also, escalation has been less than budgeted in 2011/12. Therefore budgets have remained at LTCCP levels. There will be no appreciable change to the level of service in 2011/12.

Uncertainty

There is uncertainty over the level of grants for roading as to allowable carry forward.

Level of Service

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

Measure	Targets for 2011/12
The percentage of maintenance work identified in the annual work plan undertaken.	100%.
Number of motor vehicle crashes causing injury.	< three injury crashes.
The percentage of projects identified in the annual minor improvements programme completed.	100%.
The number of infestations of plant pests within the road reserve found in quarterly inspections.	None.
The number of requests or complaints about the road network.	No more than 10 complaints a year.
The percentage of time the contractor responds to written requests or complaints within five days.	100% within five working days of notification.
The percentage of residents who are satisfied with the overall extent and safety of the urban and rural road network.	75% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).

Assets

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

Population Served	612
Length of:-	
a) Roads – Sealed (km)	11km
– Unsealed (km)	168km
Total (km)	179km
Total includes Pitt Island	15km
b) Footpaths (km)	0.95km
c) Bridges and Large Culverts (km)	0.23km
d) Street Lights (no.)	20

Significant negative effects associated with this activity

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.

Activity 2: Solid and Hazardous Waste Management

What's happening in 2011/12?

Progress towards the establishment of a new landfill will continue with a view to securing a suitable landfill site and obtaining Resource Management Consent.

Level of Service

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

Measure	Targets for 2011/12
The percentage of the population within 20 km of a transfer station or landfill.	75%.
The number of complaints about facilities.	No more than two complaints a year.
The time to respond to written requests or complaints.	100% within 5 working days of notification.

What's changed since the 2009-19 LTCCP?

There are no changes to the budgets in the 2009-19 LTCCP.

Significant negative effects associated with this activity

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 (e.g. current practices of disposing of dead stock and septic tank waste on individual properties potentially having a negative environmental effect).

Assets

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

Activity 3: **Water Supply**

What's happening in 2011/12?

Operation of the Waitangi village public water supply will continue. We will continue to work towards meeting the NZ Drinking Water Standards. Applications for CAP funding have been resubmitted. These applications related to a new scheme in the Owenga township, an upgrade of the

Kaingaroa water scheme and to protect the Waitangi water supply.

What's changed since the 2009-19 LTCCP?

A new water rate for Kaiangaroa water scheme users had been struck at the same level as Waitangi users. This will cover ongoing running costs.

Level of Service

3. Providing a safe and reliable water supply for Waitangi, Kaingaroa and Owenga.

Measure	Targets for 2011/12
Compliance of monthly water quality testing in Waitangi with New Zealand Drinking Water Standards.	100% compliance.
The percentage of customers who are satisfied with the Waitangi, Kaingaroa and Owenga water supply schemes.	80% of customers are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, and very dissatisfied).
The number of complaints about the water supply.	No more than 5 complaints a year.
The time to respond to complaints and to restore lost supply.	95% of complaints are responded to within two hours and lost supply restored within 8 hours of notification.

Assets

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

Factor	System
Population served	128
Length of reticulation (km)	5,790
Pump stations (no.)	1
Fire hydrants (no.)	9
Depreciated replacement value (\$000s)	999
No. of connections	93
How water sourced	Aquifer
Annual total volume of water produced	12,775m ³

Significant negative effects associated with this activity

No significant negative effects have been identified for this activity.

Activity 4: **Stormwater**

What's happening in 2011/12?

The Te Whanga inlet was opened in October 2010 so will require opening in 2011/12. There is a small amount of urban stormwater reticulation within the Waitangi village that will be maintained.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided.

Level of Service

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

Measure	Targets for 2011/12
The frequency of opening Te Whanga outlet to avoid flooding.	Te Whanga outlet will be opened a minimum of once every two years or more frequently as required.

Significant negative effects associated with this activity

No significant negative effects have been identified for this activity.

Assets

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

Activity 5: **Wastewater (Sewerage)**

What's happening in 2011/12?

The reticulated system at Waitangi will be maintained.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided.

Level of Service

5. Providing a reliable, environmentally friendly sewerage system.

Measure	Targets for 2011/12
Compliance with resource consent conditions (monthly monitoring of the system and an annual soil test).	100% compliance, other than minor non-compliance with nil or minor short-term adverse environmental effects.
The number of complaints about odours or any other nuisances.	No more than two complaints a year.
The time to respond to complaints of loss of service and to restore lost service.	95% of complaints are responded to within 2 hours and investigated within 12 hours and minor faults remedied within 24 hours of notification.

Significant negative effects associated with this group of activities

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

Assets

A sewage system that serves Waitangi Village.

Factor	System
Population served	128
Length of reticulation (metres)	950
Manholes (no.)	50
Pump stations (no.)	1
No of connections – pans	103
Annual discharge volume (m ³ per day)	123
Discharge volume per connection (m ³ per year)	44,900

Infrastructure Services Group of Activities

Financial Summary – Infrastructure Services Group of Activities	Annual Report 2009/10 \$	Annual Plan 2010/11	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
Operating Revenue:				
General Funds	437,083	601,173	504,759	853,410
Targeted Rates	178,424	197,428	191,041	211,298
NZTA Subsidy	3,577,076	3,298,045	3,579,716	2,995,125
Capital Grants	-	1,451,000	319,000	425,000
User Pays & Other Income	19,451	1,020	1,020	2,370
Total Operating Revenue	4,212,034	5,548,666	4,595,536	4,487,203
Total Operating Expenditure	3,103,012	3,260,245	3,623,568	3,481,119
Operating Surplus/(Deficit)	1,109,022	2,288,421	971,968	1,006,084
Capital & Reserves Funding Requirements:				
Capital Expenditure	3,147,614	4,261,638	3,190,533	3,064,340
Te Whanga Opening Reserve	-	-	5,000	-
Total Funding Required	3,147,614	4,261,638	3,195,533	3,064,340
Funded by:				
Operating Surplus	1,109,022	2,288,421	971,968	1,006,084
Depreciation	1,788,147	1,937,308	2,105,924	1,752,449
Te Whanga Opening Reserve	-	5,000	-	-
Transfers from General Reserves	250,445	30,909	117,641	305,807
Total Funding Applied	3,147,614	4,261,638	3,195,533	3,064,340

Financial Variance to 2009-19 LTCCP

A targeted water rate will be raised for users of the Kaingaroa water scheme.

Community and Regulatory

What are the key activities?

1. Community Services including:
 1. Arts and Heritage (includes Museum & Library)
 2. Morgue and Cemeteries
 3. Parks and Reserves
 4. Housing
 5. Community Buildings
2. Licensing and Building
3. Dog and Animal Control.

What we want to achieve

Community development through recreation, arts and cultural heritage. Enhanced health and safety through effective and reliable administration of relative legislation. Provision of cost-effective and sustainable services.

Rationale

1. Community Services

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.

2. Licensing and Building

The Building Act 2004 charges Council with the responsibility of receiving, processing and issuing building consents to ensure compliance with the New Zealand Building Code. The Council will rely on Christchurch City Council for the delivery of this service.

Council also has responsibility to ensure compliance with the Health Act 1956 and the Food Hygiene Regulations 1974, Sale of Liquor Act 1989, Local Government Act

2002 and Hazardous Substances and New Organisms Act 1996 and Council bylaws.

3. Dog and Animal Control

Council carries out animal control functions in accordance with the Dog Control Act 1996, the Impounding Act 1995 and animal control bylaw.

Uncertainty

The Council is reluctant to continue to operate the morgue and will seek alternatives.

Assumptions

The Chatham Islands Housing Trust remains independent of the council. For the purposes of the Plan it is assumed that the council will continue to operate the morgue. Library services will be provided with assistance from the Wellington City Council.

Significant negative effects associated with the activity

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

Many activities are highly dependent upon the contributions made by volunteers. The 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

The Council owns three rental houses and three community flats. Other assets supporting these activities are the Town Hall, the Museum and its collections, parks and reserves, memorials and cemeteries.

Activity 1: **Community Services**

What's happening in 2011/12?

Council will continue to maintain parks, council buildings and cemeteries, and provide grants and donations for social and community development groups and assist them to access funds from other (non-Council) sources. The library service will continue with the support of Wellington City Library. Alternatives to the Council providing the morgue service will continue to be sought.

Dog License fees will increase in line with costs.

The condition of the Council building including the Museum and Town Hall will be assessed by an engineer.

Work on repairing the Norman Kirk memorial building and grandstand will commence during July 2011.

What's changed since the 2009-19 LTCCP?

Warm Homes

The EECA Warm Homes project will commence during 2011/12 with assessment being undertaken prior to 30 June 2011. Government funding for home owners is as follows:

All eligible houses built before 2000	1/3 of the total cost of insulation up to \$1300 (incl GST)	\$500 (incl GST) for clean heat appliances
CSC* holders	60% of the total cost of insulation	\$1200 (incl GST) for clean heat appliances
Landlords with CSC holding tenants	60% of the total cost of insulation	\$500 (incl GST) for clean heat appliances

*CSC = Community Services Card.

With funding support from the Chatham Islands Enterprise Trust, it is intended to offer property owners a loan scheme, with loan repayments being made through the rates system as a separated rate. This will make funding the property owners share affordable. It is intended that the scheme will be self funding with Council borrowing funds from the Enterprise Trust and lending them to ratepayers to be repaid over 10 years.

The amendment to the LTCCP for the introduction of a targeted rate was adopted by Council in April 2011.



EECA Warm Homes assistance is coming

Levels of Service

1. Providing community services.

Measure	Targets for 2011/12
The percentage of residents who are satisfied with community services.	85% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).
The number of complaints about community services.	None.
Time to respond to complaints about operations and facilities and to remedy faults.	100% are investigated within 12 hours and minor faults remedied within 24 hours of notification.
Compliance with NZS 5828 for safety of playground equipment.	100% compliance.
The occupancy rate for Council housing.	Greater than 95%.
The increase in the number of social houses on the Chatham Islands, in collaboration with Housing New Zealand and the Chatham Islands Housing Trust.	Two new houses.

2. Provision of a local library service

Measure	Targets for 2011/12
Community satisfaction with the existing Library service.	100%.
Renewal of library books.	Books renewed every six weeks.

Activity 2: **Licensing and Buildings**

What's happening in 2011/12?

Services will continue at current levels. As an accredited building authority Christchurch City Council will carry out building consent work.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided.

Levels of Service

1. Processing liquor licences.

Measure	Targets for 2011/12
The percentage of applications processed within statutory timeframes.	95%.

2. Monitoring and enforcing compliance with liquor licence and food consent conditions.

Measure	Targets for 2011/12
The frequency of inspections of food premises, and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders to assess compliance with public health standards.	At least one inspection annually.
The number of complaints about non-compliance with consent conditions.	No more than five complaints a year.
Time to respond to complaints about non-compliance with consent conditions.	100% are resolved or have a resolution strategy in place within 21 days of notification.

Activity 3: **Dog and Animal Control**

What's happening in 2011/12?

Services will continue at current levels.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided.

Level of Service

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

Measure	Targets for 2011/12
The number of complaints about dog and animal control.	No more than five complaints a year.
The time to respond to complaints.	100% are responded to as follows: a. Dog attacks and rushes attended to within one hour of notification. b. Possible threats to public safety attended to within five hours. c. Complaints of general nuisance attended to within 48 hours. d. All other complaints investigated within two working days.
The number of island-wide inspections (including Pitt Island) carried out each year to make sure dogs are registered and to check animal welfare.	Two.
The percentage of residents who are satisfied with dog and animal control services.	100% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, and very dissatisfied).
The level of cost recovery achieved through registration fees and fines.	100%.

Community and Regulatory Group of Activities

Financial Summary –Community and Regulatory Group of Activities	Annual Report 2009/10 \$	Annual Plan 2010/11 \$	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
Operating Revenue:				
General Funds	248,228	358,770	389,682	318,855
Grants Regional Functions	40,486	22,900	22,900	22,900
User Pays & Other Income	92,612	113,179	354,756	348,718
Total Operating Revenue	381,326	494,849	767,338	690,473
Total Operating Expenditure	496,730	540,982	655,720	786,388
Provision for Pitt Island Barge Society Refund of Dues	48,000	-	-	-
Operating Surplus/(Deficit)	(163,404)	(46,134)	111,618	(95,915)
Capital & Reserve Funding Requirements				
Operating Deficit	163,404	46,134	-	90,915
Capital Expenditure	14,182	-	-	-
Loan Repayments	-	16,118	20,873	-
Transfers to General and Special Reserves	-	-	190,088	164,288
Total Funding Required	177,586	62,252	210,961	255,203
Funded by:				
Operating Surplus	-	-	111,618	-
Depreciation	34,275	41,046	99,343	100,036
Clean Heat Reserve				75,000
Loan Funding	73,313	-	-	80,167
Transfers from General and Special Reserves	69,998	21,206	-	-
Total Funding Applied	177,586	62,252	210,961	255,203

Financial Variance to 2009-19 LTCCP

Income and expenditure on building control are higher due to the addition of estimates for building consent work which will be performed by Christchurch City Council. These increases have been partially offset by lower dogs income and lower accommodation costs for Council buildings.

Environmental Services

What are the key activities?

- 1 Resource Management
- 2 Biosecurity (Animal and Plant Pest Control).

What we want to achieve

- Sustainable use and development of natural resources.
- Protection of the environment from threats that could be detrimental to the social, economic, environmental and cultural needs of the community now and in the future.

Rationale

1. Resource Management

This activity is carried out under the Resource Management Act 1991 (RMA).

This requires monitoring and reporting on the state of the Chatham Islands environment – its land, air, water and coastal resources; and reviewing policy for managing the natural and physical resources of the Chatham Islands. Ensuring the ongoing involvement of the community in defining issues and developing policy through to implementing best practice methods to manage issues are an important part of the function.

2. Biosecurity (Animal and Plant Pest Control)

This activity is carried out under the Biosecurity Act 1993 to ensure the economic and ecological sustainability of the Territory. The Council carries 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, the Biosecurity Act 1993 and Resource Management Act 1991.



Californian Thistles

Activity 1: Resource Management

What's happening in 2011/12?

Work will begin on a review of the Chatham Islands Resource Management Document. Imi/iwi liaison will be a key part of this process, as will consultation with the wider Chatham Islands community and DOC.

Work on regional resource management policy is carried out for the Chatham Islands by Environment Canterbury and funded by the Central Government.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided.

Uncertainty

The extent of the Resource Management Document review is uncertain.

Levels of Service

1. Authorising the use of natural and physical resources.

Measure	Targets for 2011/12
The percentage of applications processed within statutory timeframes.	100%.

2. Responding to breaches of the Resource Management Act.

Measure	Targets for 2011/12
The time to respond to and initiate investigations for: <ul style="list-style-type: none"> Breaches of the Resource Management Act; Breaches of consent conditions. 	100% within two working days.
The time taken to develop a plan to resolve individual breaches.	80% within one week and 100% within one month.

3. Keeping the Resource Management Document compliant and up-to-date.

Measure	Targets for 2011/12
Efficiency and effectiveness review of the Chatham Islands Resource Management Document.	Nil (Review completed 2009/10 will be repeated in 2014/15).
Full review of the document.	2011/12.

4. Maintaining the water quality of Chatham Islands streams and rivers.

Measure	Targets for 2011/12
Nutrient concentrations.	Annual median nitrogen concentrations (DIN) are maintained or reduced.

5. Maintaining the water quality of Chatham Island lakes.

Measure	Targets for 2011/12
The trophic state of lakes - as measured by the Trophic Level Index (TLI).	The TLI of lakes is not increasing.

6. Maintaining the water quality of Te Whanga.

Measure	Targets for 2011/12
The percentage of times a year when chlorophyll concentrations at a site are less than 4 milligrams per litre (ANZECC 2000 trigger value)	The percentage is increasing.

Activity 2: **Biosecurity (Animal and Plant Pest Control)**

What's happening in 2011/12?

Environment Canterbury is responsible to the Council for implementing Year 3 of the Pest Management Strategy, funded by central government. In addition to control and monitoring activities and public awareness, a process to improve internal border security with the mainland and with Pitt Island is planned to stop the spread of pests. Work will continue with landowners on

their property plans. The annual programme of gorse eradication will be implemented, and work will occur to control feral goats.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided.

Levels of Service

1. Preventing the arrival and establishment of new pests.

Measure	Targets for 2011/12
Results of inspection of at risk sites.	Improving trends.
Maintaining an internal border between Chatham Island, Pitt Island and New Zealand.	Training provided to freight handlers at major ports supplying the Chatham Islands. Establishing a partnership with Biosecurity NZ to develop a marine biosecurity plan as a part of the internal border.
Public awareness.	Regular media coverage of pests.

2. Monitoring and enforcing operational and property plans.

Measure	Targets for 2011/12
Results of enforcement action to ensure landowners and occupiers do not introduce, sell, propagate or distribute pest species.	80% of plans implemented.

Environmental Services Group of Activities

Financial Summary –Environmental Services Group of Activities	Annual Report 2009/10	Annual Plan 2010/11	LTCCP 2011/12	Annual Plan 2011/12
	\$	\$	\$	\$
Operating Revenue:				
General Funds	41,023	49,019	70,334	55,038
Grants Regional Functions	679,832	679,832	705,638	705,638
User Pays & Other Income	2,952	5,600	5,259	5,259
Total Operating Revenue	723,807	734,451	781,231	765,935
Total Operating Expenditure	748,286	740,754	774,045	783,262
Operating Surplus/(Deficit)	(24,479)	(6,303)	7,186	(17,327)
Capital and Reserves Funding Requirements				
Operating Deficit	24,479	6,303	-	17,327
Transfer to RMA Reserve	7,814	-	-	-
Transfers to General Reserves	-	-	7,186	-
Total Funding Required	32,293	6,303	7,186	17,327
Funded by:				
Operating Surplus	-	-	7,186	-
Special Reserves	-	-	-	-
Transfers from General Reserves	32,293	6,303	-	17,327
Total Funding Applied	32,293	6,303	7,186	17,327

Financial Variance to 2009-19 LTCCP

There is no change to the 2009-19 LTCCP except general funds have decreased. This is because in the LTCCP general funds were allocated to fund a contribution to the RMA reserve that later proved unnecessary.

Emergency Management



No fire danger today. Rana Solomon on duty.

What are the key activities?

1. Civil Defence
2. Rural Fire
3. Marine Oil Spills.

What we want to achieve

An efficient and effective system of emergency management that minimises the potential effect of all hazards on the community and the environment.

Rationale

1. Civil Defence

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. 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.

2. Rural Fire

The Council has delegated its Rural Fire Authority powers and responsibilities under the Forest and Rural Fires Act 1977 for the prevention, detection and suppression of rural fires to the Civil Defence Emergency Management Group.

3. Marine Oil Spill Response

The Maritime Transport Act 1994 requires Council to prepare, maintain and review Regional Marine Oil Spill Contingency Plans.

Uncertainty

The ability to secure resources for the implementation of plans.

Assumptions

There will be events that will require the council's involvement through its Civil Defence and Emergency Management Group.

Assets

There is an emergency vehicle and fire and Civil Defence equipment.

Activity 1: Civil Defence

What's happening in 2011/12?

The LTCCP commitment to work with Rural Fire, Ambulance, DOC, Maritime NZ and Downers Ltd on establishing a common headquarters is being investigated. A detailed plan will be drawn up and funding options explored ready to go as soon as they can be agreed with other service providers.

What's changed since the 2009-19 LTCCP?

There will not be a change to the levels of service provided until progress is made on a common headquarters.

Levels of Service

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

Measure	Targets for 2011/12
The state of readiness of the Emergency Operations Centre, including staff and volunteers, emergency management equipment, control facilities and communication systems.	<ul style="list-style-type: none"> a. 100% readiness, 24-hours/7 days. b. 100% of staff and volunteers are appropriately trained and resourced.
The percentage of members of the multi-agency response team who have completed basic specialist emergency services training.	80%.
The percentage of residents who consider they are prepared and know what to do in an emergency.	<ul style="list-style-type: none"> a. 20% have a home civil defence kit. b. 60% know where to go in an emergency.

2. Encouraging lifelines utilities¹ to increase resilience.

Measure	Targets for 2011/12
The percentage of lifelines utilities that have identified the hazards with potential to affect their infrastructure.	100%.

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

Measure	Targets for 2011/12
The effectiveness of recovery assistance after emergencies.	Subject to the scale of the emergency and the level of demand: <ul style="list-style-type: none"> a. Immediate welfare needs of those affected have been met b. Systems have been established or re-established to assist individual and community self-sufficiency c. Essential services have been restored to minimum operating levels.

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

Activity 2: **Rural Fire**

What's happening in 2011/12?

A trained Rural Fire Response Team is in place. Rural Fire services will continue at current levels, through an arrangement with the Department of Conservation.

What's changed since the 2009-19 LTCCP?

There has been no change to the levels of service provided. However, the capacity of the response team has increased and available resources have been coordinated in readiness for an event.

Level of Service

4. **Providing an effective rural fire prevention and response capability.**

Measure	Targets for 2011/12
The time to respond to fire events.	100% within one hour of notification.

Activity 3. **Marine Oil Spill Response**

What's happening in 2011/12?

Services will continue at current levels.

What's changed since the 2009-19 LTCCP?

There has been no change to the actual levels of service provided.

Level of Service

5. **Providing an effective marine oil spill emergency response capability.**

Measure	Targets for 2011/12
The number of training exercises undertaken.	At least one water equipment deployment exercise.
The time to evaluate reports of oil spills.	Oil spill reports evaluated within one hour of notification.

Emergency Management Group of Activities

Financial Summary – Emergency Management Group of Activities	Annual Report 2009/10	Annual Plan 2010/11	LTCCP 2011/12	Annual Plan 2011/12
	\$	\$	\$	\$
Operating Revenue:				
General Funds	81,288	125,179	83,903	65,120
Other Grants	39,071	21,659	36,154	36,224
User Pays & Other Income	1,010	13,610	-	-
Total Operating Revenue	121,369	160,448	120,057	101,344
Total Operating Expenditure	168,523	176,545	151,756	161,788
Operating Surplus/(Deficit)	(47,254)	(16,097)	(31,699)	(60,444)
Capital and Reserves Funding Requirements				
Operating Deficit	47,254	16,097	31,699	60,444
Capital Expenditure	27,850	-	-	-
Total Funding Required	75,104	16,097	31,699	60,444
Funded by:				
Loans	-	-	-	-
Depreciation	72,722	5,310	5,310	-
Transfers from General Reserves	2,382	10,787	26,389	60,444
Total Funding Applied	75,104	16,097	31,699	60,444

Financial variance to LTCCP 2009-19

The full cost of one staff member is now fully allocated to this activity.

Coasts, Harbours and Navigation

What are the key activities?

Coasts, Harbours and Navigation.

What we want to achieve

A safe environment for both commercial and recreational maritime activities.

Rationale

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.

Uncertainty

Future demand and the continual availability of fisheries.

Future demand and the continual market for fisheries.

Assumptions

Those resources from the sea continue to be a major part of the Chatham Islands economy.

Assets

The Council owns Owenga wharf and the leading lights.



New Owenga Wharf

Activity 1: Coasts, Harbours and Navigation

What's happening in 2011/12?

The Owenga Wharf will continue to be maintained.

Investigations into the appropriate structure of ownership for the Waitangi Wharf continue between Council and the Chatham Islands Enterprise Trust with a view to securing funding for an upgrade in order to meet the current and future needs of the community.

What's changed since the 2009-19 LTCCP?

There is no change to the planned level of service.

Levels of Service

1. The community receives a service which meets its needs for safety

Measure	Targets for 2011/12
Public satisfaction with the administration of navigation safety bylaws.	85% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, and very dissatisfied).
Formally respond to incidents and deal with complaints.	85% responded to within seven days.

2. Navigational aids are maintained in proper working order.

Measure	Targets for 2011/12
The frequency of inspections of leading lights.	Quarterly.
The time to replace outages.	Within 24 hours of notification.
Number of complaints about navigation aids.	No more than five a year.

3. Provide lifeline access between Chatham and Pitt Islands.

Measure	Targets for 2011/12
The availability of the Owenga Wharf for safe and efficient movement of people, stock and goods.	At all times.

Coasts, Harbours and Navigation Group of Activities

Financial Summary – Coasts, Harbours and Navigation Group of Activities	Annual Report 2009/10 \$	Annual Plan 2010/11	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
Operating Revenue:				
General Funds	194,479	94,424	63,724	14,758
NZTA Subsidy	1,282,204	-	-	-
Grants Regional Functions	21,020	21,020	21,818	21,818
User Pays & Other Income	10,023	22,852	22,921	22,998
Total Operating Revenue	1,510,726	138,296	108,463	59,574
Total Operating Expenditure	370,769	150,438	188,872	80,212
Operating Surplus/(Deficit)	1,139,957	(12,142)	(80,409)	(20,638)
Capital & Reserve Funding Requirements				
Operating Deficit	-	12,142	80,409	20,638
Capital – Owenga Wharf	1,298,298	-	-	-
Transfers to General Reserves	-	20,420	-	34,695
Total Funding Required	1,298,298	32,562	80,409	55,333
Funded by:				
Operating Surplus	1,139,957	-	-	-
Depreciation	43,787	32,562	56,333	55,333
Transfers from General Reserves	114,554	-	24,076	-
Total Funding Applied	1,298,298	32,562	80,409	55,333

Financial Variance to 2009-19 LTCCP

Expenditure is less than the LTCCP as the useful life of the wharf was budgeted at 30 years, but engineers have estimated that 50 years is more appropriate.

Groups of Activities - Financial Overview

Financial Overview

Forecasts contained in this Annual Plan are developed on a group of activity basis incorporating the major assumptions as detailed in the groups of activities.

In general the forecasts contained in the individual group of activity summaries and in the financial statements indicate the following:

1. Operating expenditure will increase, largely due to the effects of inflation, and will be funded from a combination of general rate, targeted rate, user pays, grants, and loans.
2. Any deficits will be funded from existing reserves only to the extent that the Council's ability to meet its long-term commitments to maintain infrastructural assets and to reasonably provide for contingencies is not compromised.
3. Borrowing will be required to fund some assets and will be in accordance with the Liability Management Policy as set out in the LTCCP 2009-19.

The rates figures shown in all financial summaries are net of estimated remissions granted. Remissions granted in past years have not been significant. See the Funding Impact Statement for more detail on general and targeted rates.

Balanced budget

The current year's programme will result in a balanced budget. As shown in the LTCCP 2009-19, in subsequent years there are both surpluses and deficits. Where

there are cash deficits in the statement of financial position and the statement of cash flows, these reflect proposed capital expenditure levels, which are higher than the funds available. Where these deficits occur, Council resolved, in accordance with Section 100(2) of the Local Government Act 2002, that it is financially prudent not to balance its operating budget but to utilise reserve funds available to reduce the level of rates that in the absence of the reserve usage would otherwise be required having regard to:

1. The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the LTCCP 2009-19, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
2. The projected revenue available to fund the estimated expenses associated with maintaining the service capability and integrity of assets throughout their useful life; and
3. The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.

The Minister of Local Government has advised that the Government is to continue to provide funding assistance for the Council. The Council is to receive \$1.914m (exclusive of GST) in 2011/12 and in outlying years.

All Groups of Activities

Financial Summary –All Groups of Activities	Annual Report 2009/10 \$	Annual Plan 2010/11 \$	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
Operating Revenue				
General Funds	1,235,882	1,486,729	1,505,790	1,500,893
Targeted Rates	178,424	197,428	191,041	211,298
NZTA Subsidy	4,859,280	3,298,046	3,579,715	2,995,125
Grants Capital	-	1,451,000	319,000	425,000
Grants Regional Functions	1,074,000	1,074,000	1,113,791	1,114,211
Grants Other	57,899	36,510	36,573	36,244
User Pays & Other Income	126,049	163,195	383,834	402,245
Total Operating Revenue	7,531,534	7,706,908	7,129,744	6,685,016
Total Operating Expenditure	5,641,703	5,503,361	6,066,563	6,030,180
Operating Surplus/(Deficit)	1,889,831	2,203,547	1,063,181	654,836
Capital & Reserve Funding Requirements:				
Te Whanga Opening Reserve	-	-	5,000	-
RMA Document Reserve	7,814	-	-	-
Loan Repayments	21,687	-	20,873	-
Capital Expenditure	4,497,707	4,273,934	3,202,828	3,069,166
Transfers to Reserves	-	-	134,786	-
Total Funding Required	4,527,208	4,273,934	3,363,487	3,069,166
Funded by:				
Operating Surplus	1,889,831	2,203,547	1,063,181	654,836
Depreciation	1,886,888	2,049,233	2,300,306	1,907,818
Loan Funding	95,000	16,118	-	-
Te Whanga Opening Reserve	-	5,000	-	80,167
RMA Document Reserve	-	-	-	-
Transfers from Reserves	645,489	36	-	426,345
Total Funding Applied	4,527,208	4,273,934	3,363,487	3,069,166

Financial Variance to the 2009-19 LTCCP

Budgeted operating revenue is lower than the LTCCP. This is due to less interest revenue resulting from the DIA paying the Government Grant quarterly instead of annually. Budgeted operating expenditure is close to the 2009-19 LTCCP budget. Overall, instead of adding \$134,786 to general reserve, the general reserve will decrease by \$426,345.

Assumptions and Uncertainties

Financial Assumptions

The financial information contained in this Annual Plan is a forecast based on assumptions which the Council reasonably expects to occur. Actual results achieved are likely to vary from the information presented and these variations may be material.

Significant assumptions

In addition to any assumptions noted for each group of activities, the financial projections in this Annual Plan are based on the following assumptions:

- Central government grant and subsidy levels for NZTA and for assistance with local and regional council functions have been shown at contracted amounts where available. Where contracts for future years are not available the grants are shown at the estimated value to be received based on the best information available.
- Price level adjustments for inflation have been allowed.
- Population on the Chatham Islands has been stable for the last ten years and growth in the population base is not expected to be significant in the short term, hence no effect on capacity has been provided in this Annual Plan. However, growth beyond the short term is less predictable in terms of cause and effect, accordingly no provision for further growth has been factored in.
- Council will continue to perform its existing range of activities in accordance with current Council policies.
- Investments will earn interest at an average of 4% per annum.
- The term of loans raised is between 10–30 years. The rate level has been set to ensure there is sufficient cash to repay the loan over this term. The interest rates range between 6% and 9%.
- The Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is reflected in the Statement of Accounting Policies. The useful lives are consistent with the Council's experience with respect to replacement.
- Revaluations of fixed and infrastructural assets, carried out three yearly.
- Future asset renewals and replacements will be funded from reserves and/or loans where available. Where funding is not available from these sources, additional funding will be sought from central government. Most capital expenditure is for renewal of assets except in the following areas:
 - Solid waste activity where new landfill and transfer stations will improve levels of service as per the LTCCP.
 - New water scheme at Owenga, upgrade of Kaingaroa water scheme, protection of Waitangi water scheme - grant funding is being sought.
 - Four new community houses – funding options under discussion.
 - New Emergency Management Headquarters – working on detailed plans.
- There are no commitments or contingencies that the Council is aware of that have not been included in the Annual Plan except for Council's commitment to the Solid Waste Strategy.
- Other than as previously outlined in relation to government funding beyond 2011/12, the Council is not aware of any information that indicates a high degree of uncertainty surrounding the above assumptions.

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 prospective financial statements are prepared in accordance with the requirements of section 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). All available reporting exemptions allowed under the framework for public benefit entities have been adopted.

The prospective financial statements of the Chatham Islands Council are for the period 1 July 2011 to 30 June 2012. The purpose of the statements is for use by residents of the Chatham's in reviewing expenditure and funding of the council. They may not be appropriate for other purposes.

Basis of Preparation

This forecast information has been prepared and complies with section 111 of the Local Government Act 2002, Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the pronouncements of the New Zealand Institute of Chartered Accountants.

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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and the difference may be significant.

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.

Financial assumptions

The financial information contained in this Annual Plan is a forecast based on assumptions which the council reasonably expects to occur. Actual results achieved are likely to vary from the information presented and these variations may be material.

Significant risks considered when preparing the LTCCP

There are a number of risks that have been considered in the preparation of the Annual Plan. They are outlined in the assumptions on page 42.

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

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

Interest income is recognised using the effective interest method.

Expenditure

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.

LTCCP Figures

Budget 2011/12 figures are those approved by the Council for Year 3 of the LTCCP 2009-19.

GST

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

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

Commitments and contingencies are disclosed exclusive of GST.

Debtors and Other Receivables

Trade and other receivables are 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 surplus/deficit.

Chatham Islands Council classifies its short-term deposits as 'loans and receivables' as required by 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 surplus/deficit. Loans and receivables are classified as "other financial assets" in the statement of financial position.

Cash and Cash Equivalents

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

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

Property Plant and Equipment

Expenditure is recognised 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 and Equipment is shown at cost or valuation, less accumulated depreciation and impairment losses and is categorised in the following classes:

- operational assets
- 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 the surplus/deficit. 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 surplus/deficit.

Roading

Roading assets (excluding land under roads) were revalued by MWH Ltd (Registered Engineers) at depreciated replacement cost* as at 30 June 2008. 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 MWH Ltd (Registered Engineers) as at 30 June 2008. The valuation provided is depreciated replacement cost. Subsequent additions are included at cost.

Water

The reticulation systems were valued by MWH Ltd at depreciated replacement cost as at 30 June 2008. Subsequent additions are included at 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 asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its 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 surplus/deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/deficit.

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 the surplus/deficit, a reversal of the impairment loss is also recognised in the surplus/deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus/deficit.

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. The Chatham Islands Council recognised 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 asset's cost or valuation less estimated residual value over their estimated useful life, in the table which follows.

Depreciation Rates

Asset Category	Years
Motor Vehicles	5
Furniture/Fittings	5-10
Buildings	25-50
Office Equipment	5
Roading:	
Top surface (seal)	10 years
Pavement (base course)	
sealed	66 years
unsealed	Not depreciated
Pavement	5 Years
unsealed (wearing course)	
Formation	Not depreciated
Culverts	75-100 years
Footpaths	60 years
Kerbs	60 years
Signs	25 years
Street lights	50 years
Retaining walls	50 years
Bridges	30-50 years
Water Reticulation:	
Pipes	25 years
Valves, hydrants	25 years
Pump stations	5-25 years
Tanks	80 years
Sewerage Reticulation:	
Pipes	80 years
Manholes	60 years
Sand Filter	26 years
Stormwater System:	
Pipes	40-60 years
Owenga Wharf	50 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 MWH Ltd as at 30 June 2003. Provision has been made for the refund of dues to the Pitt Island Barge Society. This provision is payable on the presentation of audited accounts.

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 recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the surplus/deficit. 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 the 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 the Chatham Islands Council. Restricted reserves are those subject to specific conditions accepted as binding by the Chatham Islands Council and which may not be revised by the 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.

Prospective Financial Statements

Prospective Statement of Comprehensive Income

	Annual Report 2009/10 \$	Annual Plan 2010/11 \$	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
General Rates	226,086	236,550	248,400	243,647
Targeted Rates	178,424	197,428	191,041	211,298
Grants & Subsidies	6,699,358	6,832,734	6,018,468	5,539,926
Council Dues	282,114	265,000	265,000	265,000
User Pays & Other Income	131,549	163,196	383,957	402,245
Interest	14,003	12,000	22,879	22,900
Total Revenue	7,531,534	7,706,908	7,129,744	6,685,016
Depreciation and Amortisation	1,886,888	2,049,233	2,300,306	1,907,818
Employee Benefits	518,484	473,278	516,811	592,654
Interest Expense	30,325	32,373	38,658	108,603
Other Operating Expenditure	3,206,006	2,948,477	3,210,788	3,421,105
Total Operating Expenditure	5,641,703	5,503,361	6,066,563	6,030,180
Operating Surplus/(Deficit)	1,889,831	2,203,547	1,063,181	654,836
Other Comprehensive Income				
Increase/ (Decrease) in the Revaluation Reserve	247,846	7,500,000	-	-
Total Comprehensive Income	2,137,677	9,703,547	1,063,181	654,836

Prospective Statement of Movements in Equity

Equity at the Start of the Year	41,722,364	45,304,074	55,372,641	46,304,804
Total Comprehensive Income	2,137,677	9,703,547	1,063,181	654,836
Equity at the End of the Year	43,860,041	55,007,621	56,435,822	46,959,640

Prospective Statement of Financial Position

	Annual Report 2009/10 \$	Annual Plan 2010/11 \$	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
Total Public Equity	43,860,041	55,007,621	56,435,822	46,959,640
Represented by:				
Current Assets				
Cash, Bank & Investments	173,530	-	-	-
Debtors and Accruals	847,554	558,790	519,297	519,297
Total Current Assets	1,021,084	558,790	519,297	519,297
Non Current Assets				
Property, Plant and Equipment and Intangible Assets	45,255,399	56,457,959	57,773,801	48,650,728
Total Non Current Assets	45,255,399	56,457,959	57,773,801	48,650,728
Total Assets	46,276,483	57,016,749	58,293,098	49,170,025
Current Liabilities				
Bank Overdraft	356,964	637,779	622,172	312,143
Creditors and Accruals	1,295,432	694,103	591,101	1,091,100
Total Current Liabilities	1,652,396	1,331,882	1,213,273	1,403,243
Non Current Liabilities				
Provisions – Landfill Closure	119,500	-	-	107,500
Term Loans	644,546	677,246	644,003	699,642
Total Non Current Liabilities	764,046	677,246	644,003	807,142
Net Assets	43,860,041	55,007,621	56,435,822	46,959,640

Prospective Statement of Cash Flows

	Annual Report 2009/10 \$	Annual Plan 2010/11 \$	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
Cash Flow from Operating Activities:				
Rates	442,553	433,978	439,440	454,945
Council Dues	110,656	265,000	265,000	265,000
Grants and Subsidies	7,061,764	6,663,555	5,849,288	5,370,768
Interest Received	13,848	12,000	22,879	22,879
Other Income	216,966	163,197	383,958	402,245
Cash provided from Operating Activities:	7,845,787	7,537,730	6,960,565	6,515,837
Employees	(525,607)	(516,121)	(523,425)	(581,561)
Interest Paid	(20,325)	(32,373)	(38,658)	(108,603)
Supplies & Services	(3,140,967)	(2,905,634)	(3,204,174)	(2,932,197)
Cash required for Operating Activities:	(3,696,899)	(3,454,128)	(3,766,257)	(3,622,361)
Net Cash Flow from Operating Activities	4,148,888	4,083,602	3,194,308	2,893,476
Cash Flow from Investing Activities				
Purchase of fixed assets	(5,211,643)	(4,269,655)	(3,207,828)	(3,069,166)
Sale/ (purchase) of other assets	15,190	-	-	-
Net Cash from Investing Activities	(5,196,453)	(4,269,655)	(3,207,828)	(3,069,166)
Cash Flow from Financing Activities				
Loans raised less repayment of loans	73,425	16,118	(20,873)	80,167
Net Cash from Financing Activities	73,425	16,118	(20,873)	80,167
Net Increase(Decrease) in Cash Held	(974,140)	(169,935)	(34,393)	(95,523)
Opening Cash Balance	617,176	(467,844)	(587,779)	(216,620)
Closing Cash Balance	(356,964)	(637,779)	(622,179)	(312,143)

Funding Impact Statement

Policies on Revenue, Funding and Rating are set out in the Long Term Council Community Plan 2009-2019.

The Local Government Act 2002 requires Council to adopt a Funding Impact Statement. The funding impact statement provides the following:

1. A breakdown of how the operating and capital expenditure is to be funded for 2011/12.
2. Detailed explanation of the types of rates to be set and on what basis they are calculated.
3. Indicative rates figures for 2011/12.

The revenue and financing policy contains Council's policies with respect to which funding mechanisms are to be used to finance the operating and capital expenditure.

General Rates

Rates are shown GST-exclusive.

General Rates

Council proposes to set a general rate based on the capital value of each rating unit in the Territory. The general rate will be set on a differential basis based on land use. The categories are:

- ◆ Infrastructure will be charged 4.9% of the General Rate
- ◆ Industrial will be charged 14.3% of the General Rate
- ◆ Commercial will be charged 11% of the General Rate
- ◆ Rural and Residential will be charged 69.8% of the General Rate.

Land Use	Rate Fraction (GST Inclusive)	Total Rate (GST Inclusive)
Infrastructure	0.0030181	\$13,729
Industrial	0.0056682	\$40,068
Commercial	0.0035605	\$30,821
Rural and Residential	0.0020206	\$195,576
TOTAL GENERAL RATE		\$280,194

A Warm Homes Rate will be applied to participating properties.

Targeted Rates

Council proposes to set targeted rates based on rating bases as follows:

Water Supply

Council proposes to set a targeted rate for the public water supply serving the Waitangi and Kaiangaroa townships. Rating units not connected to this scheme are not liable for this rate. The estimated rates for the 2011/12 year are:

\$550.92 excluding GST per connection, which will collect \$60,050 (excluding GST)

Sewerage Disposal

Council proposes to set a targeted rate for sewerage disposal based on each pan connected to the public service in the Waitangi township. Rating units that are not connected to the scheme are not liable for this rate. The estimated rates for the 2011/12 year are:

\$580.33 excluding GST per pan, which will collect \$58,613 (excluding GST)

Sanitation

Council proposes to set a targeted rate for sanitation (waste management) activities. This rate will be charged to all rating units on Chatham Island. The Council will, in accordance with its Rates Remission Policy, remit the rates on rating units that do not contain a residence or other building. The estimated rates for the 2011/12 year are:

\$133.82 excluding GST per unit, which will collect \$46,303 (excluding GST)

Roading

Council proposes to set a targeted rate on all rating units to lessen the effect of the capital value rate as it relates to roading. The estimated rates for the 2011/12 year are:

\$107.25 excluding GST per unit, which will collect \$46,332 (excluding GST)

Fish Rate

Council proposes to set a targeted rate on fishing businesses for the disposal of fish waste. The estimated rates for the 2011/12 year are:

**\$.000826 excluding GST per unit, which will collect \$2,002.00
(excluding GST)
This rate applies to rating units 388, 399, 508, and 635 only.**

Rates by Instalments

The Council proposes to collect the rates in three instalments, due on:

- 01 September 2011
- 01 January 2012
- 01 May 2012.

Penalties

The Council proposes to instruct its General Manager to apply the following penalties on unpaid rates:

1. A 10% penalty on any instalment No 1 charges which remain unpaid after 14 October 2011.
2. A 10% penalty on any Instalment No. 2 charges which remain unpaid after 14 February 2012.
3. A 10% penalty on any Instalment No. 3 charges which remain unpaid after 14 June 2012.

A further penalty of 10% will be applied to all amounts that remain unpaid on 30 June 2012.

Council Dues

The Chatham Islands Council's other income source is via the Council Dues. This takes the form of a tax on the import and export of goods to and from the Islands. The carrier of the goods is responsible for the collection of the Council Dues and paying them promptly to the Council. The Chatham Islands Council is the only Council with authority to charge a Council Due. No increases are proposed for the 2011/12 year. Estimated income from Council Dues is \$265,000.

FUNDING IMPACT STATEMENT	Annual Plan 2010/11 \$	LTCCP 2011/12 \$	Annual Plan 2011/12 \$
General Rates	236,550	248,400	243,647
Council Dues	265,000	265,000	265,000
Interest	12,000	22,879	22,900
Central Government Assistance	973,179	969,388	1,007,179
General Funds	1,486,729	1,505,667	1,538,726
Targeted Rates -	197,428	191,041	211,298
Grants NZTA	3,298,045	3,579,715	2,995,125
Grants Regional Functions	1,074,000	1,113,791	1,076,000
Grants Capital Works	1,451,000	319,000	425,000
Other Grants	36,510	36,573	36,622
User Pays & Other Income	163,196	383,833	402,245
Total Revenue	7,706,908	7,129,744	6,685,016
Total Operating Expenditure	5,503,361	6,066,563	6,030,180
Operating Surplus/(Deficit)	2,203,547	1,063,181	654,836
Capital Expenditure	4,273,934	3,202,828	3,069,166
Funded by:			
Operating Surplus	2,203,547	1,063,181	654,836
Depreciation	2,049,233	2,300,306	1,907,818
Net Loan Funding	16,118	20,873	80,167
Special Reserves	5,000	5,000	-
General Reserves	36	(186,532)	426,345

The Organisation – Council & Management

Mayor and Councillors

Mayor	Alfred W M Preece
Deputy Mayor	Jeffrey I Clarke
Councillors	Monique Croon
	Keri Day
	Gregory Horler
	Nigel Ryan
	Ron Tuuta
	Dale Whaitiri
	Nathaniel Whaitiri

Chatham Islands Council PO Box 24 Ph (03) 3050 033 Fax (03) 3050 044 info@cic.govt.nz Web www.cic.govt.nz
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Council Directory

Engineers	MWH New Zealand Ltd (Christchurch)
Contractors	Downer New Zealand Ltd
	Environment Canterbury (ECan)
Resource Management	Beca (Christchurch)
Solicitors	Macalister Mazengarb Simpson Grierson
Bankers	ANZ – (Waitangi - Chatham Islands)
Auditors	Audit New Zealand (on behalf of the Auditor General)

Council Staff

General Manager	Owen Pickles	owen@cic.govt.nz
Corporate Services Manager	Deborah Goomes	deborah@cic.govt.nz
Office Manager	Tania Whaitiri	tania@cic.govt.nz
Office Assistant	Liz Day	liz@cic.govt.nz
Office Assistant	Loraine Hambly	museum@cic.govt.nz
Council Secretary	Lynette Pickles	secretary@cic.govt.nz
Emergency Management Co-coordinator	Rana Solomon	rana@cic.govt.nz
ECan On-Island Support	Alison Turner	alison.turner@ecan.govt.nz

Appendix One – Statement of Fees and Charges 2011/12

FEES AND CHARGES WILL INCREASE IN LINE WITH INFLATION EXCEPT WHERE THEY ARE DETERMINED BY GOVERNMENT OR BYLAW

Increase in rate of GST

Figures are shown GST-inclusive. GST is currently levied at 15%.

Activity	Fee Type	Description	2011/12 Fee GST Inclusive
Building Consents	Building Consents Fees		Function transferred to Christchurch City Council. www.ccc.govt.nz
Administration Requests	Information Requests	Staff time	\$38 per half hour or part thereof
		Photocopying	20 cents per page copied after the first 20 pages
	Photocopying	With own paper	10 cents per copy
		With CIC paper	20 cents per copy
		With CIC coloured paper	50 cents per copy
		With CIC card	50 cents per copy
		Double sided photocopies	30 cents per copy
	Laminating	Per page	\$3
	Sale of laminating sleeves	Per sleeve	\$2.50
	Stationery	A4 paper per ream (white)	\$15
		A4 paper per ream (coloured)	\$18
		Envelopes – plain	60 cents per envelope
		Envelopes – plain with postage	\$1.20 per envelope
		Large envelopes	\$1.50 per envelope
		Large envelopes with postage	\$3 per envelope
Library	Book rentals	Per book	Free

Activity	Fee Type	Description	2011/12 Fee GST Inclusive
	DVD hire	Per night	\$4 per DVD
	DVD hire	Per week	\$5 per DVD
Resource Consents	Land Information Memorandums (LIM's)	Per memorandum	\$195
	Urgent LIM's	Per memorandum	\$280
Land Use Consents	Notified Consent		\$2,000 deposit Charge out rates Recovery of actual planner costs charged to Council An administration charge of \$100 per planner hour
	Non Notified Consents		\$390
	Controlled Activity Consents		\$590
Subdivision Consents	Non Notified – Boundary Adjustments		\$500
	Non Notified – 2 lots or less		\$560
	Non Notified – 3 to 5 lots		\$1,200
	Non Notified – 5 lots or more		\$1,700
	S 223 Certificate		\$260
	S 224 Certificate		\$260
	S 226 Certificate		\$340
	S 139 Certificate of Compliance		\$400
Liquor Licensing	Club License		\$793.24
	On Licence		\$793.24
	Off Licence		\$793.24
	Special Licence		\$64.40

Activity	Fee Type	Description	2011/12 Fee GST Inclusive
	Managers Certificate		\$134.93
	Temporary Authority		\$134.93
Health Inspection	Inspection Fee		\$230
Animal Control	Dog registration		\$48
	Dog registration – Early		\$32
	Fines under Dog Control Act 1996	Vary per offence, (Per Sch. 1 of the Dog Control Act)	From \$100 up to \$750
	Impounding Fees		\$70
	Sustenance Fees	Per day	\$8
Cemetery	Sale of Caskets		At cost plus 10%
	Sexton Fees		At cost plus 10%
	Sale of Plots		\$500
Community Housing	Rentals – 3 Bedroom	Per week	\$108 (effective from 1 January 2012)
	Rentals – 2 Bedroom	Per week	\$86 (effective from 1 January 2012)
Staff Housing	Rentals	Per week	\$137.50 (effective from 1 January 2012)
Council Buildings	Waitangi Hall Rental	Per hour	\$5
Coasts, Harbours & Navigation	Swing Mooring Fees – Registration and Transfer	Per year	\$76.77
	Port Charges		
	Waitangi	Per year	\$3,066.67
	Owenga	Per year	\$2,555.56

Activity	Fee Type	Description	2011/12 Fee GST Inclusive
	Kaingaroa	Per year	\$2,044.45
	Port Hutt	Per year	\$2,044.45
	Flower Pot	Per year	\$511.12
	Permission of Harbourmaster – Oil Tanker		\$102.22
	Application for Exemption		\$61.34
	Application for Suspension		\$255.57
	Application for Reservation		\$255.57
	Cruise ship fee	Per visit	\$575

COUNCIL DUES

No change to dues.

The current Special Order for the adoption of rates for Council Dues was ratified by the council to take effect from 25 November 1991.

	Quantity	2011/12 Fee GST Exclusive
CARRIAGE BY SEA		
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
Cooler goods (fruit, vegetables, etc.)	M3	\$5
General Cargo	M3/Tonne*	\$18
Diesel, Oil in bulk	1,000 litres	\$24
Petrol/Avgas in bulk tanks	1,000 litres	\$25
Petrol/Avgas in 200 litre drums	Drum	\$5
Hazardous Goods	M3/Tonne*	\$18
Vehicles (including boats, trailers, motorbikes, etc.)	M3	\$5
Timber	M3	\$12
Dry Bulk (cement, fertiliser, coal, animal feed)	M3/Tonne*	\$12

	Quantity	2011/12 Fee GST Exclusive
Wool and Moss	Bale	\$12
Animals, large (cattle and horses)	Each	\$5
Animals, small (sheep, pigs, dogs, fowls, goats)	Each	\$1
* M3/Tonne - whichever is the greatest		
CARRIAGE BY AIR		
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
General Cargo		6% of freight charged
Minimum Freight	0.1	

Appendix Two – Glossary of Terms

These definitions are intended to define terms in this Annual 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 recognise 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.

Imi/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.

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 NZTA subsidies, rental income, permits, fees and council dues.

Operating Surplus (Deficit)

The 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 Comprehensive Income

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 includes the notional profit or loss from asset revaluations, and impairment.

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.