



Chatham Islands Annual Report 2010/11



chatham islands council

From the Mayor and the General Manager

This document sets out the Council's performance in achieving our goals to the end of June 2011. It has been a year of establishing relationships and setting the foundations for larger developments ahead.

RELATIONSHIPS

During the year we made several visits to Wellington to meet decision-makers with influence over Chatham Islands affairs. This began in August 2010 when a delegation from the Chatham Islands Council and Chatham Islands Enterprise Trust (CIET) met with the Prime Minister Rt. Hon John Key. Regular meetings have followed with Hon. Chris Finlayson, Hon. Nathan Guy and others.

We also acknowledge the efforts of the Chatham Islands Federated Farmers who arranged for a group of Ministers to visit the Chatham Islands, which created an awareness of Chatham issues among a wider government audience.

We are also pleased with the support and assistance provided by CIET which has led to several achievements during the year.

It was also good to finally connect with the Pitt Island community and we intend making a visit to that community twice per year.

ACHIEVEMENTS

- The provision of a warm homes programme (with funding support from CIET), which provided Chatham Islands homeowners access to Government funding assistance for home insulation and heating appliances. The provision of a loan scheme with repayments made through rates over time made the scheme affordable for many.
- The Government's recognition of the need to repair or replace the wharf at Waitangi and to provide some protection (possibly a breakwater) to enable the port to become an all weather facility.
- The selection of a site for the proposed sanitary landfill became a contentious issue within the community with popular demand resulting in the selection of a site near Owenga. This is the cornerstone development within the Council's waste management strategy. There is now much to do over the next 24 months.
- The provision of new seal on the road through the Owenga village. This project will be completed in the new financial year.

Community Outcomes

A review of the Community Outcomes was undertaken during the year ended 30 June 2006.

These outcomes form the basis of the Council's 2009-19 Long Term Community Plan, which came into effect on 1 July 2009.

The Community Outcomes reflect the following local priorities:

- Social Well-being: a safe and healthy community;
- Economic well-being: an enterprising and innovative community;
- Environmental well-being: an environmentally conscious community; and
- Cultural well-being: a culturally enriched community.

FRUSTRATIONS

Having three water supply projects at Kaingaroa, Owenga and Waitangi ready to go but still waiting on funding decisions from the Ministry of Health.

The effort required to recover outstanding debts and the cash flow difficulties which these debts can cause. The dues owed by Black Robin Freighters and Black Robin Freighters in receivership are a major contributor to this frustration.

FINANCIAL RESULTS

This Annual Report details the financial results for the year, most of which can be described as satisfactory. Council has made a deficit of \$154,960. This deficit was caused by the loss on the disposal of assets. The loss on the disposal of assets had no impact on Council's cash position. One area that was, and still is, a test for Council is its cash flow. The tight cash position of Council has been caused by the slow and often erratic payment of Council Dues by shipping companies serving the Islands. Council has been reluctant to take actions against the companies as the community has, for the first time in a long while, enjoyed enough capacity to serve its transport needs. Council is a preferential creditor under the Chatham Islands Council Act 1995, a position which provides some comfort.

ACKNOWLEDGEMENTS

During the year the Council elections were held. We thank those Councillors who served pre-election and we welcome some new faces to the Council table. As a team we look forward to serving the community. We extend our appreciation to the Council Staff, Consultants and Contractors and look forward to a year of progress ahead.



Alfred W M Preece
Mayor



Owen Pickles JP
General Manager



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WELCOME TO THE 2010/11 ANNUAL REPORT

This document sets out the Council's performance in achieving our goals to the end of June 2011. It has been a year of establishing relationships and setting the foundations for some larger developments ahead.

Relationships

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Achievements

- The provision of a warm homes programme (with funding support from CIET), which provided Chatham Islands homeowners access to Government funding assistance for home insulation and heating appliances. The provision of a loan scheme with repayments made through rates over time made the scheme affordable for many.
- The Governments recognition of the need to repair or replace the wharf at Waitangi and to provide some protection (possibly a breakwater) to enable the port to become an all weather facility.
- The selection of a site for the proposed sanitary landfill became a contentious issue within the community with popular demand resulting in the selection of a site near Owenga. This is the cornerstone development within the Council's waste management strategy. There is now much to do over the next 24 months.
- The provision of new seal on the road through the Owenga Village. This project will be completed in the new financial year.

Frustrations

- Having three water supply projects Kaingaroa, Owenga and Waitangi ready to go but still waiting on funding decisions from the Ministry of Health.
- The effort required to recover outstanding debts and the cash flow difficulties which these debts can cause. The dues owed by Black Robin Freighters and Black Robin Freighters in receivership are a major contributor to this frustration.

Financial Results

This Annual Report details the financial results for the year, most of which can be described as satisfactory. Council has made a deficit of \$111,099. This deficit was caused by the loss on the disposal of roading assets associated with the Owenga Wharf, although the loss had no impact on Council's cash position. One area that was, and still is, a test for Council is its cash flow. The tight cash position of Council has been caused by the slow and often erratic payment of Council Dues by shipping companies serving the Islands. Council has been reluctant to take actions against the companies as the community has, for the first time in a long while, enjoyed enough capacity to serve its transport needs. Council is a preferential creditor under the Chatham Islands Council Act 1995, a position which provides some comfort.

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Alfred Preece

Mayor

Owen Pickles

General Manager

INTRODUCTION

The Chatham Islands Council is required by law every year to prepare and adopt its annual report.

The purposes of the annual report are –

- (a) To compare the actual activities and the actual performance of the Council with the planned level of performance, as set out in the LTCCP 2009-19, for the year in question.
- (b) To promote the local authority's accountability to the Chatham Islands community for decisions made during the year.

Each annual report must be completed and adopted, by resolution, within 4 months of the end of the financial year. It must be made publically available one month after adoption.

The Chatham Islands Council has identified six Groups of Activities in its LTCCP, against which results will be reported. These are:

- Democracy Services
- Infrastructural Services
- Community and Regulatory Services
- Environmental Services
- Emergency Management
- Coasts, Harbours and Navigation.

The annual report must:

- a) identify the activities within the group of activities;
- b) identify the community outcomes to which the group of activities primarily contributes;
- c) report the results of any measurement of progress towards community outcomes;
- d) describe any identified effects of the activity on community well-being;
- e) include an audited statement-
 - i) setting out a comparison between actual levels of service provision and intended levels of service provision as a set out in the LTCCP;
 - ii) giving reasons for any significant variance;
- f) include an audited statement-
 - i) describing any significant acquisitions or replacement of assets;
 - ii) the reasons for the acquisition or replacement;
 - iii) giving the reasons for the difference between actual replacements and acquisitions and those projected in the LTCCP.

One of the key methods for establishing the performance of the Council is the annual public satisfaction survey sent to all residents in mid June. This year 50 responses were received out of a total of 280 surveys with 70% of respondents confident overall that Council decisions are made in the best interests of the community. This year's result is less than the target of 85% set in Councils 10 year plan but is a significant improvement on the 57% reporting in 2009/10.

COMMUNITY OUTCOMES

A review of the Community Outcomes was undertaken during the year ended 30 June 2006. These outcomes form the basis of the Council's Long Term Community Plan 2009-2019 which came into effect on 1st July 2009.

The community outcomes contained in the Long Term Council Community Plan 2009-2019 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 and 2006. These visions and aspirations formed the basis of the 2009-2019 community outcomes and were considered by the community as still important. These visions provide a holistic view of where the people of the Chatham Islands want to be in the next 10 years and how the Council might play a role in working towards realising these visions.

Through the 'special' consultation process of the Draft Long Term Community Plan 2009-2019, the community revisited these visions to decide whether they were reflected within the community outcomes. The Long Term Community Plan was adopted on 30 June 2009.

The Community Outcomes

Social well-being: A Safe and Healthy Community

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

- ◆ Access to affordable, quality housing
- ◆ Access to and service 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.

Economic well-being: An Enterprising and Innovative Community

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

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

Environmental well-being: An Environmentally Conscious Community

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

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

Cultural well-being: A Culturally Enriched Community

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

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

The Chatham Islands Council will work with local and regional organisations, Maori and Moriori, central government, non-governmental organisations and the private sector to further the community outcomes. The Chatham Islands Council will monitor and, at least every three years, report on the community's progress towards achieving the community outcomes.

Maori and Moriori participation in the decision-making process

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

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

Council recognises the obligation to '*actively promote*' Maori and Moriori participation in the decision-making process. The key goals of Council in actively promoting participation and progressing relationships with Iwi/Imi are:

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

This is conveyed in the Long Term Council Community Plan 2009-2019 community outcome, "A community that acknowledges and values the importance of tangata whenua as an integral part of our community". Council also recognises an obligation to the Chatham Islands community under the LTCCP in enhancing this outcome and acknowledges the importance of tangata whenua / tchakat henu in collectively striving towards a sustainable future for our people and our islands.

The policy on Maori, Moriori and the Chatham Islands Council was adopted in February 2009.

Groups of Activities

DEMOCRACY

What we do and why we do it

Democracy includes the planning and support for the Council and its Committees, the provision of information regarding Council business, and the general oversight of the processes that underpin representative local government in the Chatham Islands territory, including elections. Carrying out this activity enables the interests of Chatham Islands residents and ratepayers to be represented in a fair and equitable manner and provides opportunities for the community to participate in the decision-making processes.

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

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

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

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

Contribution to Community Outcomes

Democracy contributes to the following community outcomes:

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

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

Community Outcome	Progress this year	Impact on well-being
A community that promotes economic development for its fishing, farming and tourism industries.	The major theme of this year's Council activity has been to make progress on governance as the key to securing much needed Government support for key infra structure projects such as the Waitangi Wharf replacement, breakwater airport runway extension, and Pitt Island Wharf.	There is a benefit to economic well-being through collective participation and the bringing together of skills, experiences and knowledge in finding solutions to economic sustainability for the Chatham Islands.
A community that promotes partnerships with leading organisations.	Maintained a sound relationship with the Department of Internal Affairs in relation to Government assistance. Government assistance continues. Quarterly reports were sent to the Department of Internal affairs outlining activities generally, and activities under the contract with Environment Canterbury for assistance with regional and corporate service functions. Council has been developing its relationship with software providers, as its financial system ACS is coming to the end of its supported life.	There is a benefit to social, economic, environmental and cultural well-being by maintaining and sustaining a viable and compliant Council.
A community that acknowledges and values the importance of 'tangata whenua' as an integral part of our community.	Council has been working with the Hokotehi Moriori Trust as part of the Chatham Island Waste Management Strategy in relation to the Kaingaroa land fill site.	There is a benefit to environmental and cultural well-being by reducing adverse reactions that may arise during the decision-making process through a lack of effective consultation, participation and poor working relationships.

Significant negative effects associated with this group of activities

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

Assets

Democracy assets comprise office equipment and computer software.

How we check performance

Levels of service

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

Measure	Targets for 2010/11	Actual
The percentage of residents who feel confident that council decisions are made in the best interests of the community.	85% of residents are confident or very confident (measured by annual survey, on a scale of very confident, confident, unconfident, very unconfident).	Overall, 70% of respondents were confident or very confident , 16% not confident or not very confident and 14% had no opinion that Council decisions are made in the best interests of the community. This year's result is less than the target of 85% set in the LTCCP, but a significant improvement on that reported in 2009/10 of 57%.
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).	Overall, 70% of respondents were satisfied or very satisfied , 14% dissatisfied or very dissatisfied and 16% had no opinion. Again, this year's result is lower than the 85% set in the LTCCP. Satisfaction is 5% lower than reported in the 2009/10.
Voter turnout.	In top quartile of New Zealand Territorial Authorities greater than 60%	Achieved. A 69.4% voter turnout for the 2010 Local Authority Elections.

2. Meeting legislative requirements for governance, planning and reporting

Measure	Targets for 2010/11	Actual
The percentage of official meetings of elected representatives conducted in compliance with the Local Government Official Information and Meeting Act 1987 and Council Standing Orders.	100%.	Achieved.
LTCCP/Annual Plan and Annual Report compliant with the Local Government Act 2002.	Audited without qualification.	Achieved. Audited without qualification.
The Council's governance statement is kept up to date.	Kept up to date with legal requirements.	Achieved. An up-to-date governance statement that meets legal requirements is in place.

Cost of services statement

DEMOCRACY	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue			
General Funds	393,375	258,164	230,782
Grants - Regional Council Support	351,490	351,490	351,490
User Pays and Other Income	15,426	3,843	-
Total Revenue	760,291	613,497	582,272
Operating Expenditure	859,026	634,399	706,383
Operating Surplus/(Deficit)	(98,735)	(20,902)	(124,111)
Capital and Reserves Funding Requirements			
Operating Deficit	98,735	20,902	124,111
Capital Expenditure	15,238	12,295	9,763
Total Funding Required	113,973	33,197	133,874
Funded by:			
Depreciation and Amortisation	41,085		
Transfers from (to) General Reserve	72,888	33,197	133,874
Total Funding Applied	113,973	33,197	133,874
Operating Expenditure includes:			
Elected members	126,985	109,281	108,349
Local Government NZ	35,370	31,600	24,318
Election Expenses	21,156	11,948	5,173
Servicing Costs	443,110	397,098	490,147
Economic Development	-	26,298	20,221
Iwi Liaison	6,515		
Regional Council Contract	225,890	58,174	58,175
Operating Expenditure	859,026	634,399	706,383

Financial commentary

Actual general funds are higher than the budget in the annual plan. This reflects a change in the allocation of general funds across the groups of activities. Operating expenditure was higher than the budget in the annual plan. This reflects a change in the allocation of regional contract expenditure and increased miscellaneous expenditure.

INFRASTRUCTURE SERVICES

ROADING

What we do and why we do it

Council is responsible for all public roads on the Chatham Islands (there are no State Highways). As owner of the roading network Council has a legal obligation to provide roads to a certain standard. In addition, Council is responsible for all roading related assets – footpaths, kerbs, street lighting and signs. This activity is carried out so that movement of people and goods within the territory can be convenient and safe. Roding transport is part of the essential infrastructure of the territory, vital to well-being and development.

Contribution to Community Outcomes

Roding contributes to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	<ul style="list-style-type: none"> • Adhered to the road maintenance programme including sealed and unsealed renewals • Completed the installation of the Fish Factory Road slab providing beach access. • Pedestrian beach access steps have been completed north of Nairn Bridge. • Owenga seal extension base course completed and one kilometre of sealing completed. 	There is a benefit to social economic and environmental well-being through accountability and transparency that enables quality infrastructure services to be delivered in accordance with NZTA standards.
A safe and secure community.	<ul style="list-style-type: none"> • New kerb, footpaths and a bus turning area outside Te One school. • Installed new kerb and footpaths north of Nairn Bridge on Waitangi Wharf to Owenga Road. • Final components of Whangatete realignment completed. • Waitangi Wharf safety barrier installed. 	There is a benefit to social and economic well-being by improving and maintaining infrastructure in accordance with safety standards. There is a benefit to environmental well-being by controlling and reducing the amount of pest plants on road side reserves and reducing obstructions for road users.

	<ul style="list-style-type: none"> • Formation and drainage improvements on the Grade 4 section of Tuku Raod. • Undertook safety inspections. • Extensive pavement marking completed. • Bridge repairs remain ensured that bridges in good serviceable condition. • Pitt islands roads have been graded. 	
A community that promotes economic development for its fishing, farming and tourism.	<ul style="list-style-type: none"> • Owenga seal extension base course completed and 1 kilometre of sealing completed. 	There is a benefit to social and economic well-being by investigating ways of improving the road to the airport for the community, commercial and industry.
Access to reliable and affordable transportation services.	As above.	As above.

Significant negative effects associated with this group of activities

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

Assets

The Chatham Islands Land Transport Strategy sets out the features of the current land transport system and strategies for meeting the Islands' needs. The Council is essentially a road maintenance authority with little funding available for improvement and development. Funding of roads is shared between the Council and Central Government through its agent the New Zealand Transport Agency.

How we check performance

Levels of service

1. Providing a safe, smooth and well-maintained and managed road network.

Measure	Targets for 2010/11	Actual
The percentage of maintenance work identified in the Annual Roding Strategy undertaken.	100%.	100% of maintenance work was identified and completed including sealed and unsealed roads, bridges, drainage, amenities, street lighting and traffic services.
Number of motor vehicle crashes causing inquiry.	Less than three injury crashes.	Achieved. No accidents causing injury.
The percentage of projects identified in the Annual Roding Strategy to address black/grey accident spots completed.	100%.	100%. No black/grey spots.
The number of infestations of plant pests within the road reserve found in quarterly inspections.	None.	No infestations reported. Plant infestation is based primarily on no observed infestations during MWH's quarterly network inspections. This is also supported by no public complaints being received.

The number of requests or complaints about the road network.	No more than 10 complaints a year.	In total 17 complaints were received. There were three pothole/slip complaints, three culvert/drainage complaints, four signage complaints, two vegetation complaints, one vehicle complaint, one damaged to bridge complaint, two lighting complaints, and one complaint for footpaths. Complaints were addressed through the work programme.
The time to respond to written requests or complaints.	100% within 5 working days.	Depending on the nature of the request/complaint, complaints are addressed by either Downer EDI or MWH. 59% of requests/complaints were responded to within 5 working days. The 41% of complaints not responded to within 5 days were due to the nature of the request/complaint. The isolation of the Chatham Islands was factor, especially in relation to the practicality and timing of on-Islands visits.
The percentage of residents who are satisfied with the over-all 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).	Overall, <u>46% of respondents were satisfied or very satisfied</u> , 32% dissatisfied or very dissatisfied and 22% had no opinion. This is still a significant way off the 75% target in the LTCCP. Satisfaction is 6% lower than that reported in 2009/10 of 52%.

Solid and Hazardous Waste Management

What we do and why we do it

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

Contribution to Community Outcomes

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

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

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

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

Significant negative effects associated with this group of activities

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

- a) Leachate from existing landfills polluting the natural environment and entering natural water courses;
- 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 sites other than the official landfills is not adequately controlled (e.g. current practices of disposing dead stock and septic tank waste on private property potentially having a negative environmental effect).

Assets

The principal assets supporting this activity are the refuse disposal sites at Te One, Kaingaroa and Owenga. The Council only owns the landfill site at Te One. Downer Edi Works Ltd provides services as required at Kaingaroa and Te One landfills. Owenga landfill is managed by the landowner. There are currently no transfer stations or domestic collections. A Solid Waste Management Plan was adopted in June 2005 after full consultation with the community. Council has funding from Government to implement the strategy approved and has already received \$659,000 government grant to begin work for the selection and acquisition of a landfill site.

How we check performance

Levels of service

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

Measure	Targets for 2010/11	Actual
The percentage of the population within 20km of a transfer station or landfill.	75%.	75% of residents live within 20km of the three refuse sits provided.
The number of complaints about facilities.	No more than two complaints a year.	Achieved. No complaints received.
The time to respond to written requests or complaints.	100% within 5 working days of notification.	Achieved. No complaints received.

Water Supply

What we do and why we do it

Activities involved in delivering this group of activities are:

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

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

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

Contribution to Community Outcomes

Water Supply contributes to the following community outcomes:

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

Currently there are three water supply projects Kaingaroa, Owenga and Waitangi ready to go pending funding decisions from the Ministry of Health.

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

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	<p>Water levels are monitored and tested regularly, but due to logistics and cost these tests have not met the new requirements of the NZ Drinking water standards. Notwithstanding this all tests were clear of contaminants. The outcome of an application for funding assistance for a second non portal supply for Waitangi is yet to be received.</p> <p>Access to water for emergency events (access to fire hydrants).</p> <p>The outcome of an application for funding assistance for a new Kaingaroa water scheme is yet to be received.</p> <p>The outcome for a new Owenga water scheme is yet to be received.</p>	<p>There is a benefit to social well-being by the provision of an infrastructure service that can accommodate for the fundamental needs of the community and to a regulated standard.</p> <p>There is a benefit to social, economic, and environmental well-being by reducing the threat to the community, industry and the environment.</p>
A community that promotes economic development for its fishing, farming and tourism industries.	As above.	There is a benefit to economic well-being by the provision of an infrastructure service that is able to accommodate for the needs of the commercial sector.

Significant negative effects associated with this group of activities

There is a negative effect on social, economic and environmental well-being due to the identification of other users to the Waitangi water supply scheme and the over consumption of water at certain times of the year. This could potentially cause a reduction in the availability of water levels for the Waitangi consumers and emergency services, thereby increasing the risk to health and safety. The other users such as fishers, farmers and local residents who reside outside the vicinity of the Waitangi township are at risk due to the limitations on accessing water to meet their social and commercial needs.

Assets

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

How we check performance

Levels of service

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

Measure	Targets for 2010/11	Actual
Compliance of monthly water quality testing with New Zealand Drinking Water Standards.	100 % compliant.	The Waitangi water supply currently complies with the New Zealand Drinking Standards (DWSNZ) 2008.
The percentage of customers who are satisfied with the Waitangi water supply scheme.	80% of customers are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied, and very dissatisfied).	24% of respondents (12) were connected to the Waitangi water supply. Of those that were connected, <u>100% of those connected were very satisfied or satisfied. This result exceeds the target of 80%</u>
The number of complaints about the water supply.	No more than five complaints a year.	Achieved . Two complaints were received. However, both complaints were not related to Council's water supply.
The time taken to respond to complaints and to restore lost supply.	95% of complaints are responded to within 2 hours and lost supply restored within 8 hours of notification.	Achieved. Complaints were responded to immediately. There were no supply outages greater than 8 hours.

Stormwater

What we do and why we do it

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

The Council's involvement in these activities contributes to:

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

Contribution to Community Outcomes

Stormwater contributes to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	Stormwater within the Waitangi township is maintained.	There is a benefit to social, economic and environmental well-being due to the reduction in flooding and environmental damage caused through raised storm water levels.
A community that promotes economic development for its fishing, farming and tourism industries.	The opening of Te Whanga was carried out in 2010/11. Council remains vigilant about rising lake levels.	There is a benefit to economic and environmental well-being due to reducing the risk of flooding and damage to farms and the environment.

Significant negative effects associated with this group of activities

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

Assets

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

How we check performance

Levels of Service

1. Managing the level of Te Whanga and minimising flooding of land.

Measure	Targets for 2010/11	Actual
The frequency of opening Te Whanga outlet.	Te Whanga outlet will be opened a minimum of once every 2 years or more frequently as required.	Te Whanga outlet was opened once during 2010/11. No opening was required during 2009/10.

Sewerage (Wastewater)

What we do and why we do it

Council owns and operates the Waitangi village sewerage system.

Collection, treatment and disposal of wastewater contribute to:

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

Contribution to Community Outcomes

Wastewater contributes to the following community outcomes:

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

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

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

Significant negative effects associated with this group of activities

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

Assets

A sewage system which serves Waitangi.

How we check performance

Levels of Service

1. Providing a reliable, environmentally friendly sewerage system.

Measure	Targets 2010/11	Actual
Compliance with resource consent conditions (monthly monitoring of the system and an annual soil test).	100% compliance, other than minor non-compliance with nil or minor short-term adverse environmental effects.	Achieved. 100% compliance, other than minor non-compliance with nil or minor short-term adverse environmental effects. No incidences of non-compliance were reported.
The number of complaints about odours or any other nuisances.	No more than two complaints a year.	Achieved. No complaints about odours were received.
The time taken 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.	Achieved . Downer NZ Ltd is responsible for responding to complaints for loss of service. No complaints were received.

Cost of services statement

INFRASTRUCTURE SERVICES	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue			
General Funds	587,193	601,173	437,083
Targeted Rates	198,560	197,428	178,424
Grant - New Zealand Transport Agency	3,406,562	3,298,045	3,577,076
Grants – Capital	-	1,451,000	-
Grants – Other	-	16,701	-
User Pays and Other Income	9,733	1,020	19,451
Total Revenue	4,202,018	5,565,367	4,212,034
Operating Expenditure	4,044,753	3,260,245	3,103,012
Operating Surplus/(Deficit)	157,265	2,288,421	1,109,022
Capital and Reserves Funding Requirements			
Capital Expenditure	2,397,642	4,261,638	3,147,614
Te Whanga Opening Reserve	5,000	-	-
Total Funding Required	2,402,642	4,261,638	3,147,614
Funded by:			
Operating Surplus	157,265	2,288,421	1,109,022
Depreciation and Amortisation	2,078,416	1,937,308	1,788,147
Te Whanga Opening Reserve	11,000	5,000	-
Transfers from (to) General Reserve	155,961	30,909	250,445
Total Funding Applied	2,402,642	4,261,638	3,147,614

Financial commentary

The annual plan included budgeted revenue. The new landfill was delayed. The total budget for the new landfill was \$1.45 million. Roading expenditure was \$850,000 higher than budget. The higher than budgeted expenditure included an unbudgeted loss on the disposal of a road, higher depreciation and increased maintenance costs.

Operating Expenditure includes:			
Roads	3,593,926	2,738,934	2,683,146
Solid Waste	89,473	179,673	61,445
Water	180,175	173,050	192,363
Stormwater	15,138	13,443	4,142
Wastewater	166,041	155,145	161,916
Operating Expenditure	4,044,753	3,260,245	3,103,102
Capital Expenditure includes:			
Roading Renewals	2,397,642	2,925,137	2,626,500
Roading New Projects	-	-	436,961
Solid Waste	-	1,316,500	2,019
Water	-	-	82,134
Sewerage	-	20,001	-
Capital Expenditure	2,397,642	4,261,638	3,147,614

COMMUNITY AND REGULATORY

Community Services

What we do and why we do it

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

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

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

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

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

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

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

Contribution to Community Outcomes

Community Services contributes to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
Access to affordable quality housing.	Council would like to build four new community houses, and is exploring funding options. This is a change from the plan to refurbish 2 houses funded by mortgages this year.	There is a benefit to social well-being by building relationships with key organisations in addressing the fundamental housing needs of the Chatham Islands.
Access to education opportunities for all ages.	Council education initiatives relating to the Licence Controller's Qualification and Emergency Management was made available to the community. Museum software was purchased and a Trust set up in July 2010 to administer the museum.	There is a benefit to social well-being by providing access to education initiatives and reading/resource materials and the developments of skills which, in turn, strengthens the Chatham Islands workforce.
A safe and secure community.	Council continues to work with the NZ Police on safety issues such as warrants, road safety and drink driving. A Road Safety Committee is in place.	A single death or accident has untold impact on community wellbeing for the family and friends schools and imi/iwi and wider community.
Access to recreation and sports facilities.	Council through its relationship building with Wellington City Library has established an informal library service which is available to the community. SPARC funding has been obtained to administer this service.	There is a benefit to social well-being by the availability of a library service, playground and assisting sports groups which in turn promotes community enjoyment in a positive and healthy way.
A community that promotes economic development for its fishing, farming and tourism industries.	Participated in the Waitangi Wharf upgrade Project and Visitor Industry Group. Council provided an in-kind contribution of accommodation for meetings.	There is a benefit to economic well-being by Council's facilitation role in these groups.
A community that protects, sustains and enriches the environment for future generations.	Council works with its contractors and subcontractors to educate visitors on the importance of bio security.	A pest free Chatham Islands is very important to Islanders wellbeing and livelihoods.
A community that acknowledges and values Chatham Island cultural heritage and its uniqueness.	Funding was provided for Chatham Community Focus, Norman Kirk Committee, and the Tu Meke Te Ra Community Day.	There is benefit to social well being and community spirit of such funding.
A community that values the Chatham Island 'way of life' and traditions.	Provided mortuary and burial services to the community.	There is a benefit to cultural well-being by the provision of public cemeteries and the acknowledgment of the Chatham Islands burial traditions as an important way of life for Islanders. This enables the relationship between Council and its community on matters of cultural sensitivity to be realised and in turn cultural well-being is enhanced.
A community that values and supports the arts as a means of sustaining our heritage.	Council administered the Creative Communities Funding Scheme.	There is a benefit to social and cultural well-being by actively promoting community participation in the arts through the administration of the funding scheme.

Significant negative effects associated with this group of activities

Council's housing stock and council buildings require ongoing maintenance which if not performed could result in significant degradation of the assets. Many of these activities are highly dependant upon the contributions made by volunteers. Council will be seeking to assist organisations to recruit and retain volunteers, to provide appropriate training, and to ensure that the volunteer experience is a positive and rewarding one.

Assets

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

How we check performance

Levels of Service

1. Providing community services.

Measure	Targets for 2010/11	Actual
The percentage of residents who are satisfied with community services.	85% of residents are satisfied or very satisfied (measured by annual survey, on a scale of very satisfied, satisfied, dissatisfied or very dissatisfied).	Overall, 66% of respondents were satisfied or very satisfied, 16% dissatisfied or very dissatisfied and 18% had no opinion. There is still a way to go to reach the LTCCP target of 85%.
The number of complaints about community services.	No complaints.	Actual – Community buildings (Hall), 2 Public Toilets, 2 Morgue 1 Community housing, 16.
Time taken 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.	Not achieved. 57% of complaints were responded to within 12 hours (12 complaints). There were nine responses for housing, two responses for the Hall and two responses for the public toilets. 43% of complaints required further investigation or inspection work.
Compliance with NZS 5828 for safety of playground equipment.	100% compliance.	Achieved.
The occupancy rate for council housing.	Greater than 95%.	100% occupancy was achieved.

The increase in the number of social houses on the Chatham Islands, in collaboration with Housing New Zealand and Chatham Islands Housing Trust.	Two new houses.	No increase in the number of social housing. However, the Housing Trust supported the application submitted by Ngati Mutunga o Wharekauri Iwi Trust for the establishment of Papakainga housing. This application was successful.
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2. Provision of a local library service

Measure	Targets for 2010/11	Actual
Community satisfaction with the existing library service.	100%.	Not achieved. The following question was asked: "How satisfied are you with community services such as the maintenance of parks, council buildings and cemeteries, <u>the library</u> and the provision of grants?" Overall, 66% of respondents were satisfied or very satisfied, 16% dissatisfied or very dissatisfied and 18% had no opinion. There is still a way to go to reach the LTCCP target of 100%.
Renewal of library books.	Books renewed every six weeks.	Not achieved. Books were renewed every two months through Council's arrangement with Wellington City Council.

Licensing and Building

What we do and why we do it

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

Under the Chatham Islands Council Act 1995, Council is responsible for regional, district, and coastal functions. There are five types of consents that Council must process. These are:

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

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

The Building Act 1991 charges Council with the responsibility of receiving, processing and issuing building consents to ensure compliance with the New Zealand Building Code. This task has been transferred to Christchurch City Council. Christchurch City Council is an accredited building consent authority.

Council also has the responsibility to protect and promote public health by undertaking the licensing and inspection of premises and enforcement of standards to ensure compliance with the Health Act 1956, Sale of Liquor Act 1989, Local Government Act 2002 and Hazardous Substances and New Organisms Act 1996 and Council bylaws. Council is responsible for the abatement of nuisances, control of pollution to the air and land and environmental noise monitoring.

Contribution to Community Outcomes

Consents and Compliance contributes to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
A safe and secure community.	One Liquor Licensing General Manager’s course.	There is benefit to social and economic well-being through raising community and elected members awareness thereby reducing alcohol abuse.
A community that promotes economic development for its fishing, farming and tourism industries.	As above.	There is a benefit the social and economic well-being by the availability of education courses that enhance the skills required to support the tourism industry.
A community that protects, sustains and enriches the environment for future generations.	Building inspection visits to the Island to undertake building inspections	Quality buildings are fundamental to environmental well being.

Significant negative effects associated with this group of activities

While conditions on consents may constrain individuals’ choices or actions, benefits accrue to the wider community and the environment from having conditions.

Assets

This group of activities depends heavily on people and information. It is assisted by the knowledge and experience of staff from Environment Canterbury, Christchurch City Council Healthcare Hawkes Bay and the New Zealand Police.

How we check performance

Levels of service

1. Processing liquor licenses and building consents.

Measure	Targets for 2010/11	Actual
The percentage of applications processed within statutory timeframes.	95%.	Liquor Licenses – Twenty-three applications were received . 57% (thirteen licenses) were issued within statutory timeframes. Building Consents – achieved 100%. The Chatham Islands Council no longer issues building consents. 21 building consents were applied for during 2010/11. This function is performed by Christchurch City Council.

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

Measure	Targets for 2010/11	Actual
The frequency of inspections of food premises, and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders to assess compliance with public health standards.	At least one inspection annually.	Not achieved. One inspection was undertaken by a Health Protection Officer through Council's arrangement with Hawkes Bay District Health Board. Ten of the 11 food premises were inspected in November 2010.
The number of complaints about non-compliance with consent conditions.	No more than five complaints a year.	Achieved. No complaints were received.
Time taken 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.	Achieved. No complaints were received.

Dog and Animal Control

What we do and why we do it

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

Contribution to Community Outcomes

Dog and Animal Control contributes to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
Safe and secure community.	Feral stock on roads has been a concern for both the community and Council. This year damaged fencing on the Port Hutt Road has seen wandering stock. Wandering stock also continue to be a problem on the Wharekauri Road. This is an ongoing problem with the economics of the farm not being able to support fencing of roads. Council continues to register dogs including the control of menacing dogs. The dog control officer has been called out to dogs worrying stock and would like to see dogs clipped to a chain to stop them wandering. Animal welfare has not generally been a problem, with dogs receiving enough food and care.	This has a negative impact on social, economic, environmental and cultural well-being due to reduce the potential risk to the health and safety of the community and the environment.
A community that promotes economic development for its fishing, farming and tourism industries.	No progress to date.	No impact on well-being.
A community that protects, sustains and enriches the environment for future generations.	No progress to date.	No impact on well-being.

Significant negative effects associated with this group of activities

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

Assets

Dog and stock pounds.

How we check performance

Levels of service

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

Measure	Targets for 2010/11	Actual
The number of complaints about dog and animal control.	No more than five complaints a year.	Not achieved. There were three dog complaints and eight stock complaints.
The time taken 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 2 working days.	Achieved. a. Not achieved. Three dog attacks were reported in relation to dog attacks on animals. These were not responded to within 1 hour. b. No complaints on possible threats to public safety were received. c. Achieved. Complaints received were minimal. All seven complaints were responded to within required timeframes. d. Achieved.
The number of island-wide inspections (including Pitt Island) carried out each year to make sure dogs are registered and to check animal welfare.	Two inspections.	Not achieved. One inspection was undertaken.
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)	Overall, 51% of respondents were satisfied or very satisfied with dog and animal control, 27% dissatisfied or very dissatisfied and 18% had no opinion. These figures are significantly less than the 100 % identified in the LTCCP and a decrease on the 55% reported in 2009/10.
The level of cost recovery achieved through registration fees and fines.	100%.	Not achieved. 61% cost recovery. This figure is 2% lower than that reported in 2009/10 (63%).

Cost of services statement

COMMUNITY & REGULATORY	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue			
General Funds	314,964	358,770	248,228
Grants – Other	18,619	22,900	40,486
User Pays & Other Income	147,651	113,179	92,612
Total Revenue	481,234	494,849	381,326
Operating Expenditure	574,392	540,982	496,730
Provision for Pitt Island Barge Society Refund of Dues	12,000	-	48,000
Operating Surplus/(Deficit)	(105,158)	(46,133)	(163,404)
Capital and Reserves Funding Requirements			
Operating Deficit	105,158	46,133	163,404
Loan Repayments	25,624	16,118	-
Capital Expenditure	9,638	-	14,182
Total Funding Required:	140,420	62,251	177,586
Funded by:			
Operating Surplus	-	-	-
Depreciation and Amortisation	23,541	41,046	34,275
Loan Funding	100,000	-	73,313
Transfer from/(to)General Reserve	16,879	21,205	69,998
Total Funding Applied	140,420	62,251	177,586
Operating Expenditure and the Provision for the Refund of Dues includes:			
Community Services	455,812	430,368	424,440
Licences and Buildings	105,793	85,022	97,334
Dogs and Animal Control	24,787	25,592	22,956
Operating Expenditure	586,392	540,982	544,730

Financial commentary

Operating expenditure is higher than the budget in the annual plan. This variance is due to an increase in unbudgeted allocated salaries and wages.

ENVIRONMENTAL SERVICES

Resource Management

What we do and why we do it

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

Monitoring activities

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

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

Air

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

Water

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

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

Land

The Chatham Islands’ geology, isolation, topography, climate and soils have given rise to unique natural environments. Many of the animal and plant species present are endemic to the Chatham Islands. Forest cover is now rare in northern and central Chatham Island and the north of Pitt Island. Some of the remaining areas, particularly many small forest remnants, are under pressure from the effects of stock and wind. Wetlands are affected by grazing, occasional burning and activities such as sphagnum moss harvesting.

Pests such as possums continue to cause damage while indigenous species, such as akeake, have been used for firewood. As a consequence, habitats of much of the indigenous fauna have been severely affected by reduction in area and fragmentation and are also vulnerable to predators such as cats and rats. Some natural features and landscapes can potentially be adversely affected by development pressures. Retention of natural resources has benefits for the community in terms of the character of the Islands, amenity values, visual appreciation, conservation and as an attraction for visitors.

Coastal resources

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

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

Contribution to Community Outcomes

The Environment activity contributes to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
<p>A safe and secure community.</p> <p>A community that promotes economic development for its fishing, farming and tourism industries.</p> <p>A community that protects, sustains and enriches the environment for future generations.</p> <p>A community that acknowledges and values the importance of 'tangata whenua' as an integral part of our community.</p> <p>A community that values its 'toanga' treasures.</p>	<p>Council maintained a contract with Environment Canterbury to oversee Council's regional resource management responsibilities.</p> <p>Environment Canterbury has been keeping a watching brief on the aquaculture reforms and the Coastal policy statement. The latter has been delayed.</p> <p>Initial discussions were held around the need to update the resource management document, and a project plan will be scoped and drawn up.</p>	<p>There is a benefit to social, economic, environmental and cultural well-being reducing adverse effects to the environment and promoting the preservation and protection of the Chatham Islands natural environment and natural resources. The benefit to economic well-being is to the Islands' unique characteristics in terms of conservation and visitor attraction. The benefit to cultural well-being enables the relationship between tangata whenua and the environment, particularly Te Whanga (lagoon).</p>

Significant negative effects associated with this group of activities

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

Assets

While no assets are currently involved in monitoring the environment, it is possible that environmental monitoring equipment may need to be installed at some time in the future.

How we check performance

Levels of service

1. Authorising the use of natural and physical resources.

Measure	Targets for 2010/11	Actual
The percentage of resource consents processed within statutory timeframes.	100%.	Achieved. Eight consents were issued. Seven subdivision consents were issued and one boundary consent was issued.

2. Responding to breaches of the Resource Management Act.

Measure	Targets for 2010/11	Actual
The time taken to respond to and initiate investigations for: <ul style="list-style-type: none"> breaches of the Resource Management Act; and breaches of consent conditions. 	Within one hour of notification.	No complaints were received.
The time taken to develop a plan to resolve individual breaches.	80% within 1 week and 100% within 1 month.	No complaints were received.

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

Measure	Targets for 2010/11	Actual
Efficiency and effectiveness review of the Chatham Islands Resource Management Document.	The review will be completed 2011/2012 and will be repeated in 2014/15.	To be completed.
Full review of the document.	Will be undertaken in 2011/12.	Yet to be undertaken.
Changes to the Chatham Islands Resource Management Document are drafted, so as to give effect to the New Zealand Coastal Policy Statement (NZCPS) as necessary.	Will be undertaken in 2011/12.	Yet to be undertaken.

Maintaining the water quality of Chatham Islands rivers and streams.

Measure	Targets for 2010/11	Actual
Nutrient concentrations.	Annual median nitrogen concentrations (DIN) are maintained or reduced.	Not achieved. Nutrient concentrations have increased at ten sites and have decreased at three sites. <u>Note:</u> The variances in nutrients are considered very small and are considered biologically insignificant.

2010/11	2009/10
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Streams	DIN (mg/L)
Awamata Stream	0.012
Awatotara Creek	0.009
Te Awainanga River	0.020
Washout Creek	0.053
Whangamoe Stream	0.024
North Rakautahi trib	0.008
Blind Jims Creek	0.012
Waitaha Creek	0.019
Mangape Creek	0.071
Mangahou Creek	0.010
Te One Stream	0.015
Waimahaha Creek	0.022
Waitamaki Creek	0.023

Stream	DIN
Awamata Stream	0.01275
Awatotara Creek	0.00625
Te Awainanga River	0.0095
Washout Creek	0.0845
Whangamoe Inlet Stream	0.022
Trib draining Rakautahi	0.01725
Blind Jims Creek	0.00725
Waitaha Creek	0.01825
Mangape Creek	0.08575
Mangahou Stream	0.01975
Te One Creek	0.0175
Waitamaki Creek	0.01725
Waimahana Creek	0.01475

4. Maintaining the water quality of Chatham Island lakes

Measure	Targets for 2010/11	Actual
The trophic state (Trophic Level Index) of lakes.	The TLI of lakes is not increasing.	The TLI at increased at two sites, remained static at one site and decreased at two sites.

2010/11	2009/10
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Lake	2010/11
Huro	Meso
Te Wapu	Meso
Marakapia	Hyper
Tennants	Super
Rangatai	Meso

Hypertrophic
Supertrophic
Eutrophic
Mesotrophic
Oligotrophic

LAKE	2009/10
Tennants	MESO
Rangitai	MESO
Huro	HYPER
Te Wapu	SUPER
Marakapia	EUTRO

Hypertrophic
Supertrophic
Eutrophic
Mesotrophic
Oligotrophic

5. Maintaining the water quality of Te Whanga

Measure	Targets for 2010/11	Actual
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.	Not achieved. Some readings have increased and some readings have decreased.

2010/11

2009/10

	Date	Chl a. (ug/L)
Northern Basin	16-Sep-10	134.7
	11-Dec-10	2.4
	19-Mar-11	6
	9-Jun-11	4
Central Basin	20-Sep-10	3.7
	8-Dec-10	0.8
	20-Mar-11	2.5
	8-Jun-11	4
Southern Basin	20-Sep-10	8.3
	9-Dec-10	2.2
	19-Mar-11	2.5
	10-Jun-11	4

Site - Te Whanga Lagoon	Date	Chl. a (plankton)
Northern Basin	18-Sep-09	20.5
	14-Dec-09	6.7
	17-Mar-10	18.7
	12-Jun-10	6.2
Central Basin	17-Sep-09	1.4
	10-Dec-09	0.9
	16-Mar-10	2.1
	10-Jun-10	7.9
Southern Basin	18-Sep-09	7.3
	12-Dec-09	0.7
	16-Mar-10	4.2
	10-Jun-10	1.3

Biosecurity (Animal and Plant Pest Control)

What we do and why we do it

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

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

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

Contribution to Community Outcomes

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

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

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

Community Outcome	Progress made	Impact on well-being
<p>A community that protects, sustains and enriches the environment for future generations.</p>	<p>The Environment Canterbury Biosecurity Officer has completed training in the National Pest Accord, which has improved their ability to identify and respond to the arrival of plant pests. The Environment Canterbury Biosecurity Officer has also undertaken the MAF accredited "Facility Inspection" course, which improved their ability to inspect incoming sea and air freight.</p> <p>The Environment Canterbury Biosecurity Officer has also assisted with several community initiated programmes. These applications include an application for possum, rat and feral cat control to the Biodiversity Advice Fund. An application has also been made to SPAW. SPAW is a veterinary organisation that specialises in the neutering of domestic animals.</p> <p>While there is some anecdotal evidence that progress has been made in terms of "Total Control" and "Containment Control" pest species, which are listed in the Chatham Islands Pest Management Strategy, progress is not quantifiable at this stage. Environment Canterbury has formulated a more structured programme of inspections and assessment to address this issue. Environment Canterbury's contractor, SPS Biosecurity, continues to build its surveillance programme, and continues to oversee the ongoing training and skill checks for Chatham Islands freight handlers.</p> <p>Of particular note this year was the increased detection and interception of "new to Chathams" species, which is most likely a reflection of the increased intensity of surveillance by SPS Biosecurity, Freight Handlers and Environment Canterbury's Biosecurity Officer. It is also pleasing to note increased community awareness regarding this issue,</p> <p>The Marine Biosecurity Plan and its implementation stalled during 2011. The delay in implementing this plan was mainly due to restructuring within MAF. Council continues to sought for this plan as Council entered into this arrangement on the understanding they cannot source additional funding.</p>	<p>There is a benefit to social, economic, environmental and cultural well-being through the engagement of a team to address Council's Biosecurity threats through the Pest Management Strategy thereby reducing adverse effects to the environment and promoting the preservation and protection of the Chatham Islands natural environment and natural resources.</p> <p>The benefit to environmental well-being through the formulation of 11 Property Plans is that it enhances landowners' awareness of animal and pest plants on the environment thereby reducing harm caused by such pests.</p> <p>The benefit to economic well-being through property plans is the reduction of adverse effects caused through animal and pest plants on farm land and farm production.</p>

Significant negative effects associated with this group of activities

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

Assets

This group of activities depends on people and information.

How we check performance

Levels of service

1. Preventing the arrival and establishment of new pests.

Measure	Targets for 2010/11	Actual
Results of inspection of at risk sites.	Improving trends.	<p>Achieved. SPS carried out intensive surveillance of "high risk" sites for new pests. Locations included the airport, wharfs, fish factory areas, selected tourist sites/ reserves and key infrastructure areas.</p> <p>As a result of the last three pest surveys by SPS Biosecurity the following issues were identified:</p> <ul style="list-style-type: none"> • Four "new to Chathams" insects were identified: Lemon Tree Border, Leaf Mining Epiphthora, Eriophyd Mite <i>Nameriophyres sapidae</i> and a Gisborne Cockroach. One new species of marsh thistle, <i>Cirsium palustre</i>, was located near Kaingaroa. • Four "new to Chathams" plant species were identified: <i>Ranunculus muricatus</i>, <i>Arenaria serpyllifolia</i>, <i>Glyceria serpyllifolia</i> and <i>maxima</i>. Bathurst Burr seed was also found on imported woolly rams, which were shorn at the wharf to minimise risk. • A lizard was found at the Chatham Islands Airport. This lizard was identified as a common New Zealand skink which is not found on the Chatham Islands. <p>Larvae of spittlebugs were unable to be positively identified and will be resampled in summer. A species of ant and weevil were also identified as native to the Chathams.</p> <p>While it would appear that there is an upward trend in "new to Chathams" species, it is more likely that the detection and interception of these species is due to increased surveillance by SPS Biosecurity, Freight Handlers, the Environment Canterbury Biosecurity Officer and increased community awareness.</p>
Maintaining an internal border between Chatham Island, Pitt Island and New Zealand.	Training provided to freight handlers at major ports supplying the Chatham Islands.	<p>Achieved. Awareness and skill checks were provided to key freight handling staff. The training focused on the four fundamental aspects of quarantine:</p> <ul style="list-style-type: none"> • Clean; • Treat; • Isolate; and • Report

	Establishing a partnership with Biosecurity NZ to develop a marine Biosecurity plan as a part of the internal border.	<p>Skill checks have been conducted for employees of 44 South Shipping, Black Robin Freighters, Air Chatham's staff and cargo handlers in the Chatham Islands, Auckland, Wellington, Christchurch and Timaru.</p> <p>The Chatham Islands Marine Biosecurity Partnership Action Plan was discussed at the forum members meeting in November 2010. Funding issues are yet to be resolved and will be discussed at a future meeting.</p>
Public awareness.	Regular media coverage of pests.	<p>Regular articles have been placed in the "Chatham Islander". These articles have highlighted topical biosecurity issues, including weed issues and the rat free status of Pitt Island.</p> <p>Agrichain and SPS have compiled a series of pest leaflets which discussed the "safe" importation of goods.</p>

2. Monitoring and enforcing operational and property plans.

Measure	Targets for 2010/11	Actual
<p>Results of enforcement action to ensure landowners and occupiers do not introduce, sell, propagate or distribute pest species.</p> <p>Results of enforcement action to ensure landowners carry out control of feral goats and gorse.</p>	80% of plans implemented.	<p>No enforcement action carried out in 2010/11.</p> <p>A structured programme of property inspections for gorse was formulated in June 2011. Mount Hutt Helicopters was not available to carry out aerial pest control during 2010/11. This delayed gorse spraying programmes and the aerial control of feral goats. The ground control of feral goats will be discussed with affected landowners.</p>

Cost of services statement

ENVIRONMENTAL	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue			
General Funds	-	49,019	41,023
Grants - Regional Functions	679,832	679,832	679,832
User Pays & Other Income	6,628	5,600	2,952
Total Revenue	686,460	734,451	723,807
Operating Expenditure	699,580	740,754	748,286
Operating Surplus/(Deficit)	(13,120)	(6,303)	(24,479)
Capital and Reserves Funding Requirements			
Operating Deficit	13,120	6,303	24,479
Transfer to RMA Document Fund	-	-	7,814
Total Funding Required:	13,120	6,303	32,293
Funded by:			
Operating Surplus	-	-	-
Transfers from RMA Document Fund	1,452	-	-
Transfer from General Reserve	11,668	6,303	32,293
Total Funding Applied	13,120	6,303	32,293
Operating Expenditure includes:			
Resource Management	293,046	361,120	366,185
Biosecurity	406,534	379,634	382,101
Operating Expenditure	699,580	740,754	748,286

Financial commentary

Operating expenditure is lower than the budget in the annual plan. This variance is due to decreased expenditure on building and resource consents. Lower operating expenditure resulted in a reduction in the need for funding from general funds.

EMERGENCY MANAGEMENT

What we do and why we do it

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

Among other requirements the plans describe:

- The hazards and risks to be managed by the group
- Emergency management policies and procedures in place to manage the hazards and risks
- Arrangements for declaring a state of emergency in the area
- Memorandums of Understanding for deployment at national level
- Community and National Partnerships
- Contacts and partnerships at local and national levels
- Response procedures
- Recovery and impact procedures
- Hazard risk levels and management strategies
- Prevention and protection methods.

Contributions to Community Outcomes

Emergency Management contribute to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
Safe and secure community.	<p>Work has been completed on two major New Zealand deployment plans. These deployment plans are as follows:</p> <ol style="list-style-type: none"> 1. The Chatham Islands Rural Fire Plan has been completed. CIC, Rural Fire and WRRFC (the Wellington Regional Rural Committee) have been collaborating with the Chatham Islands Rural Fire Authority. As a result back up support will be provided from New Zealand in the form of crews and equipment. 2. The Civil Defence deployment plan from New Zealand has been completed. <p>The only fires that were lit during this fire season related to fires that were lit in landfills.</p>	<p>Well trained volunteers and staff ensure better management and protection for the community's well-being.</p> <p>Building relationships ensures open lines of communication and helps gauge that community well-being is being accomplished.</p>
A community that promotes economic development for its fishing, farming and tourism industries.	The CDEM Group Plan resulted in a hazard analysis. This will assist organisations, agencies and groups to better plan for their needs.	Preparing for acceptable levels of risks allows for continued economic growth.
A community that protects, sustains and enriches the environment for future generations.	Ensured Council is compliant and up-to-date with all aspects of emergency management including hazard risk management that will allow for reasonable management of all risks.	Ensuring ongoing sustainability of community well-being for growth and protection for future generations.
A community that values the Chatham Island 'way of life' and traditions.	Ensured Emergency Management is proactive in the understanding and protection of community values.	Working towards community values to uphold Chatham Island lifestyle.

Significant negative effects associated with this group of activities

The potential impact of a significant emergency, oil spill or fire could affect the Chatham Islands economically and in terms of both short-term and long-term quality of life. There is potentially a larger percentage of community safety (life and property) at risk, and the community may have a long-term recovery period.

Assets

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

How we check performance

Levels of service

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

Measures	Targets for 2010/11	Actual
The state of readiness of the Emergency Operations Centre, including staff and volunteers, emergency management equipment, control facilities and communication systems.	a. 100% readiness, 24-hours/7 days. b. 100% of staff and volunteers are appropriately trained and resourced.	a. Achieved. The Emergency Operations Centre have essential emergency management equipment, control facilities and communication systems in place. b. Achieved. All staff and volunteers are appropriately trained and resourced. Staff and volunteer training is on-going.
The percentage of members of the multi-agency response team who have completed basic specialist emergency services training.	80%.	44% (nine members, four holding certificate in Emergency Management Training).
The percentage of residents who consider they are prepared and know what to do in an emergency.	75% of residents are well prepared or prepared (measured on a scale of well prepared, prepared, not well prepared).	<u>82% of respondents felt they were prepared or well prepared</u> , 10% felt they were not prepared or not very well prepared and 8% had no opinion. This exceeds the target of 75% in the LTCCP.

2. Encouraging lifelines utilities to increase infrastructural resilience

Measures	Targets for 2010/11	Actual
The percentage of lifelines utilities that have identified the hazards with potential to affect their infrastructure.	100%.	100% of Chatham Islands' infrastructure would be impacted by the occurrence of a natural hazard. Hazard Risk Management Plan in place.

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

Measures	Targets for 2010/11	Actual
The effectiveness of recovery assistance after emergencies.	Subject to the scale of the emergency and the level of demand: <ol style="list-style-type: none"> Immediate welfare needs of those affected have been met Systems have been established or reinstated to assist individual and community self-sufficiency Essential services have been restored to minimum operating levels. 	One tsunami alert occurred during 2010/11. This alert did not result in a full activation of the Emergency Operations Centre (EOC). <ol style="list-style-type: none"> Not applicable. Not applicable. Not applicable.

Rural Fire

Levels of service

1. Providing an effective rural fire prevention and response capability.

Measures	Targets for 2010/11	Actual
Time taken to respond to events.	100% are responded to within 1 hour of notification.	No events.

Oil Spill

Levels of service

1. Working closely with providers and community groups to ensure integrated planning, analysis and the provision of services to ensure a safe and secure community.

Measures	Targets for 2010/11	Actual
Number of training exercises.	At least one water equipment deployment exercise conducted annually.	Achieved. One training exercise undertaken.
Time taken to evaluate reports of oil spills.	Oil spill reports evaluated within 1 hour of notification.	Achieved. No oil spills were reported during 2010/11.

Cost of services statement

EMERGENCY MANAGEMENT	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue			
General Funds	124,571	125,179	81,288
Grant - Regional Functions	21,658	21,659	21,658
Grants - Other	12,557	13,610	17,413
User Pays & Other Income	-	-	1,010
Total Revenue	158,786	160,448	121,369
Operating Expenditure	194,878	176,545	168,523
Operating Surplus/(Deficit)	(36,092)	(16,097)	(47,254)
Capital and Reserves Funding Requirements			
Operating Deficit	36,092	16,097	47,254
Capital Expenditure	-	-	27,850
Total Funding Required	36,092	16,097	75,104
Funded by:			
Operating Surplus	-	-	-
Depreciation and Amortisation	3,722	5,310	72,722
Transfer from General Reserve	32,370	10,787	2,382
Total Funding Applied	36,092	16,097	75,104
Operating Expenditure includes:			
Civil Defence	90,690	76,375	92,667
Rural Fire	65,629	60,309	48,793
Maritime Safety	38,559	39,861	27,063
Operating Expenditure	194,878	176,545	168,523

Financial commentary

Operating expenditure is higher than the budget in the annual plan. This is due to increased training in New Zealand, which resulted in increased travel and training costs. Moreover expenditure on materials and services was higher than the budget in the annual plan.

COASTS, HARBOURS AND NAVIGATION

What we do and why we do it

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

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

Contributions to Community Outcomes

Harbour Control contributes to the following community outcomes:

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

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

Community Outcome	Progress made	Impact on well-being
Access to quality infrastructure services.	Council owns and operates the Owenga wharf. The existing wharf was completed in the 2009/10 financial year.	There is a benefit to social, economic, environmental and cultural well-being by actively investigating funding solutions for the Owenga Wharf upgrade by reducing the risk to loss of wharf usage which is an essential infrastructural asset that supports the fishing industry including Iwi fishers and the provision of a life line between the main Island of Chatham and Pitt Island.
A community that promotes economic development for its fishing, farming and tourism industries.	The Owenga wharf assists with the movement of stock and goods between Pitt Island and Chatham Island. The Owenga wharf also assists the development of the fishing industry.	As above.
Access to reliable and affordable transportation services.	The Owenga wharf is a modern wharf with an estimated life of 50 years. The ongoing operational costs of Owenga wharf are considered manageable.	As above.
A community that protects, sustains and enriches the environment for future generations.	Consent requirements for Paua beds were followed. A Navigation Bylaw is in place.	As above.

Significant negative effects associated with this group of activities

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

Assets

The Council owns the wharf at Owenga. Other assets include navigational aids.

How we check performance

Levels of service

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

Measure	Targets for 2010/11	Actual
Public satisfaction with administration of bylaws.	Establish an upward trend for satisfaction (measured by annual survey on a scale of very satisfied, satisfied, dissatisfied, very dissatisfied).	Overall, <u>42% of respondents were satisfied or very satisfied</u> , 4% dissatisfied or very dissatisfied and 54% had no opinion. The target for the LTCCP is to 'establish an upward trend'. The reported 2009/10 result was 48%. The 2010/11 result represents a downward trend from 2009/10.
Formally respond to incidents and deal with complaints within seven days.	85% responded to within seven days.	Achieved. Two incidents were responded to. The complaints related to a leadlight outage and minor wharf maintenance.

2. Navigational aids are maintained in proper working order.

Measure	Targets for 2010/11	Actual
The frequency of inspection of leading lights.	Quarterly.	Five inspections at Kaingaroa and two inspections at Owenga.
The time to replace outages.	Outages replaced within 24 hours.	Achieved. One outage was responded to and replaced within 24 hours through a Council arrangement with Chatham Island Electricity Ltd.
Number of complaints about navigation aids.	No more than five a year.	Achieved. Two complaints were received.

3. Lifeline access is provided between Chatham Island and Pitt Island.

Measure	Targets for 2010/11	Actual
The availability of the Owenga Wharf for safe and efficient movement of people, stock and goods.	At all times.	Achieved. No safety or inefficiency complaints were received.

Cost of services statement

COASTS, HARBOURS & NAVIGATION	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue			
General Funds	86,556	94,424	197,479
Grants – (New Zealand Transport Agency)	-	-	1,282,204
Grants – Regional Functions	21,020	21,020	21,020
User Pays and Other Income	17,554	22,852	10,023
Total Revenue	127,082	138,296	1,510,726
Operating Expenditure	142,340	150,438	370,769
Operating Surplus/(Deficit)	(15,258)	(12,142)	1,139,957
Capital and Reserves Funding Requirements			
Operating Deficit	15,258	12,142	
Capital Expenditure	43,158	-	1,298,298
Total Funding Required	58,416	12,142	1,298,298
Funded by:			
Operating Surplus	-	-	1,139,957
Depreciation and Amortisation	32,772	32,562	43,787
Transfer from /(to) General Reserve	25,644	(20,420)	114,554
Total Funding Applied	60,368	12,142	1,298,298
Operating Expenditure includes:			
Regional Council Support	16,252	21,020	22,248
Harbour Charges	8,731	18,321	-
Maritime Safety	1,023	13,801	3,336
Marine Radio	6,000	5,742	5,821
Waitangi Harbour and Owenga Harbour Administration	10,867	-	-
Administration	66,695	61,618	101,869
Depreciation and Write Off of Wharf	32,772	29,936	237,495
Operating Expenditure	142,340	150,438	370,769
Capital Expenditure includes:			
Owenga Wharf Upgrade Work in Progress	-	-	1,298,298
Total Capital Expenditure	-	-	1,298,298

Financial commentary

Actual general funds are lower than the budget in the annual plan. This reflects a change in the allocation of general funds across the groups of activities.

COST OF SERVICES STATEMENT – ALL GROUPS OF ACTIVITIES

ALL GROUPS OF ACTIVITIES	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue			
General Funds	1,508,580	1,486,729	1,235,882
Targeted Rates	198,560	197,428	178,424
Grants - New Zealand Transport Agency	3,406,562	3,298,046	4,859,280
Grants - Capital	-	1,451,000	-
Grants - Regional Functions	1,074,000	1,074,000	1,074,000
Grants -Other	31,176	36,510	57,899
User Pays and Other Income	196,992	163,195	126,049
Total Revenue	6,415,870	7,706,908	7,531,534
Operating Expenditure	6,526,969	5,503,361	5,641,703
Operating Surplus/(Deficit)	(111,099)	2,203,547	1,889,831
Capital and Reserves Funding Requirements			
Operating Deficit	111,099	-	-
Transfers to Reserves	5,000	-	7,814
Loan Repayments	25,624	-	21,687
Capital Expenditure	2,465,676	4,273,934	4,497,707
Total Funding Required	2,607,417	4,273,934	4,527,208
Funded by:			
Operating Surplus	-	2,203,547	1,889,831
Depreciation and Amortisation	2,179,536	2,049,233	1,886,888
Loan Funding	100,000	16,118	95,000
Te Whanga Opening Reserve	11,000	5,000	-
Transfer from RMA Document Fund	1,452	-	-
Transfer from General Reserve	315,429	36	645,489
Total Funding Applied	2,607,417	4,273,934	4,527,208

Performance against budget

Revenue

Overall, due to a delay in the new landfill project, capital grants were lower than the budget in the annual plan. As a result of increased roading expenditure, NZTA grants were higher than the budget in the annual plan.

Expenditure

Expenditure was \$1.1 million higher than budget. This variance is mainly due to roading costs being \$850,000 higher than budget. The increase in roading costs was caused by higher than budgeted roading maintenance costs, an unbudgeted loss on the disposal of a road and higher than budgeted depreciation costs.

Financial Statements
for the year ended
30 June 2011

Statement of Compliance and Responsibility

Compliance

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

Responsibilities

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

In the opinion of the Council and management the annual financial statements for the year ended 30 June 2011 fairly reflect the financial position, results of operations, cash flows and service performance of Chatham Islands Council.



Alfred Preece
Mayor

29 October 2011



Owen Pickles
General Manager

INDEPENDENT AUDITOR'S REPORT

To the readers of Chatham Islands Council's annual report for the year ended 30 June 2011

The Auditor-General is the auditor of Chatham Islands Council (the Council). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, service performance information and compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report of the Council on her behalf.

We have audited:

- the financial statements of the Council on pages 6 to 77, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the service performance information of the Council on pages 6 to 48; and
- the Council's compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

Opinion on the financial statements, service performance information and other schedule 10 information

In our opinion:

The financial statements of the Council on pages 6 to 77:

- comply with generally accepted accounting practice in New Zealand; and fairly reflect:
 - the Council's financial position as at 30 June 2011; and
 - the financial performance and cash flows for the year ended on that date.

The service performance information of the Council on pages 6 to 48:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the Council's levels of service for the year ended 30 June 2011, including:
- the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
- the reasons for any significant variances between the actual service and the expected service.

The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 26 October 2011. This is the date at which our opinion is expressed. The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, service performance information and other schedule 10 information are free from material misstatement. Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, service performance information and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, service performance information and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, service performance information and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Council's financial statements, service performance information and other schedule 10 information that fairly reflect the matters to which they relate.

We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and service performance information;
- determining the appropriateness of the reported service performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, service performance information and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, service performance information and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and service performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Council's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, service performance information and other schedule 10 information that are free from material misstatement, whether due to fraud or error. The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, service performance information and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

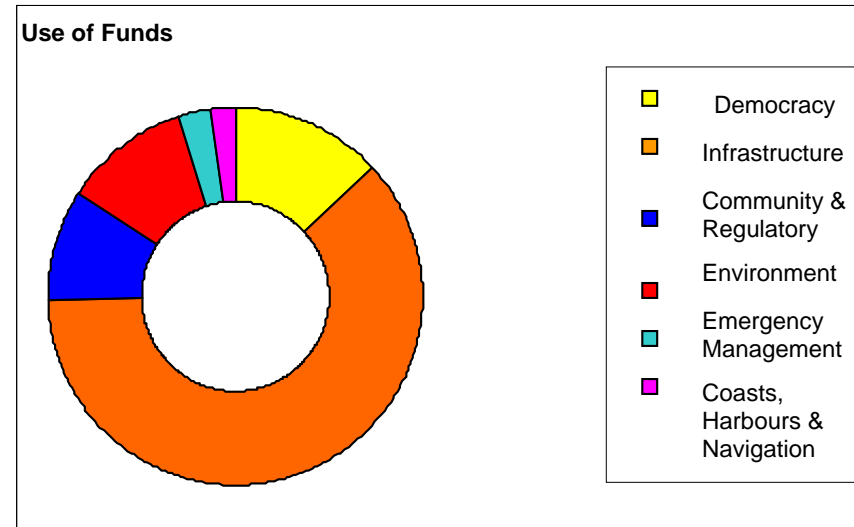
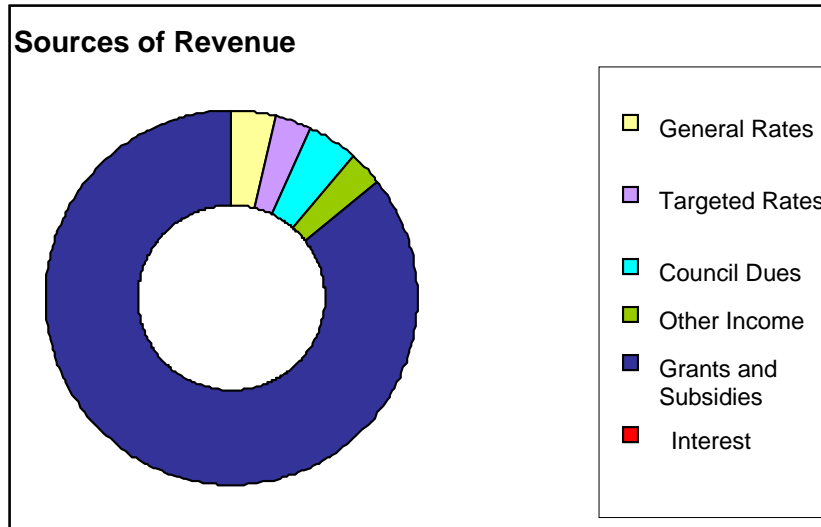
Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants. Other than the audit, and in carrying out the audit of the long-term council community plan (LTCCP), we have no relationship with or interests in the Council.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General

FINANCIAL HIGHLIGHTS



Council Financial Statistics

	Actual 2010/11	Actual 2009/10
Proportion of Rates Revenue to Total Revenue	7.06%	5.4%
Proportion of Dues Revenue to Total Revenue	4.25%	3.7%
Net Public Debt (as a percentage of Total Assets)	2.35%	1.13%
Public Debt (per rateable property)	\$2,023	\$923
Public Debt (per head of population)	\$1,771	\$819

Council had a deficit of \$111,099 (2009/10: surplus of \$1,889,831) with revenue down overall on the prior year (prior year included a large grant for the Owenga Wharf project) and expenditure and depreciation on roading up significantly from the prior year. Revenue was also down on budgeted levels as the expected grant for the landfill project did not eventuate. And expenditure on roading was higher than budget as a result of a loss on disposal of some roading assets, higher depreciation and higher maintenance costs. The Council has a contingent asset of \$180,158 for GST which the council expects to collect from the Department of Internal Affairs.

Statement of Accounting Policies

Reporting Entity

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

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

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

The financial statements of the Chatham Islands Council are for the year ended 30 June 2011. The financial statements were authorised for issue on 26 October 2011.

Basis of Preparation

These financial statements have been prepared in accordance with NZ GAAP including the going concern basis. Council has adopted the going concern assumption on the basis that it will continue to receive operational funding from Central Government in order for it to fulfil its required regional and territorial local government responsibilities. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

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

Changes in Accounting Policies

There have been no changes in accounting policies during the year other than changes in presentation required under NZ IAS 1 and disclosures required under NZ IAS 7. These policies have been applied on basis that is consistent with prior periods.

Standards, Amendments and Interpretations Issued that are not yet Effective and have not been Early Adopted

Standard interpretations and amendments that have been issued but are not yet effective include NZ IAS 24, which relates to Related Party Transactions and NZ IFRS9, which relates to financial instruments. Chatham Islands Council has not early adopted other new standards and interpretations and has not assessed the impact of these pronouncements.

Measurement Base

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

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

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

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

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.
- The New Zealand Transport Agency (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 NZTA, which subsidises part of Chatham Islands costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Interest income is recognised using the effective interest method.

Expenditure

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

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

Budget Figures

The budget figures are those approved by the Council before the beginning of the year in 2010/11 annual plan.

The budget figures have been prepared and comply 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, New Zealand International Financial Reporting Standards (NZ IFRS) have been applied.

GST

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

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

Commitments and contingencies are disclosed exclusive of GST.

Debtors and Other Receivables

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

Financial Assets

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

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

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

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

Cash and cash equivalents

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

Property, Plant and Equipment

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

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

Intangible Assets

Computer software is valued at cost less accumulated amortisation.

Amortisation

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

Asset	Years
Computer software	5 years

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 5 years. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation, this balance is expensed in the statement of financial performance.

Roading

Roading assets (excluding land under roads) were revalued by M.W.H Ltd (Registered Engineers) at depreciated replacement cost*, as at 30 June 2008. Land under roads is recorded at deemed cost and is not depreciated. Subsequent additions are included at cost.

**NOTE: Depreciated replacement cost is ascertained by identifying the current cost to replace the existing services with appropriate services then depreciating that value over the useful life of the asset.*

Stormwater and Sewerage Reticulation

The reticulation systems were valued by M.W.H Ltd (Registered Engineers) as at 30 June 2008. The valuation provided is depreciated replacement cost. Subsequent additions are included at cost.

Water

The reticulation systems were valued by M.W.H Ltd at depreciated replacement cost as at 30 June 2008. Subsequent additions are included at cost.

Impairment

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace 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 statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance. The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of financial performance.

Employee entitlements

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

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

Depreciation

Depreciation is provided on a straight-line basis on all assets. Rates are calculated to allocate the assets cost or valuation less estimated residual value over their estimated useful life, as follows:

Asset	Years
Motor Vehicles	5 years
Furniture/Fittings	5-10 years
Buildings	25-50 years
Office Equipment	5 years
Roading:	
Top surface (Seal)	10 years
Pavement (Base Course)	
Sealed	66 years
Unsealed	Not depreciated
Unsealed Wearing Course	5 years
Subbase	Not depreciated
Formation	Not depreciated
Culverts	75-100 years
Footpaths	60 years
Kerbs	60 years
Signs	25 years
Street Lights	50 years
Retaining Walls	50 years
Bridges	30-50 years
Water Reticulation:	
Pipes	25 years
Valves, Hydrants	25 years
Pump Stations	5-25 years
Tanks	80 years
Sewerage Reticulation:	
Pipes	80 years
Manholes	60 years
Sand Filter	26 years
Stormwater System:	
Pipes	40- 60 years
Harbour	
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 expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the future expected expenditure. Provision has been made for closure and post closure costs at the three landfills. This has been valued at current estimated costs. The valuation was prepared by M.W.H Ltd as at 30 June 2003. Provision has been made for the refund of dues to the Pitt Island Barge Society. This is payable on production of audited accounts for the last 3 years of activity.

Financial Instruments

The Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, borrowings, debtors and creditors. All financial instruments are recognized in the statement of financial position and all revenue and expenses in relation to financial instruments are recognized in the statement of financial performance. Except for those items that are covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Statement of Cash Flows

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

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

Cost of Service Statements

The cost of service statements, as provided in the statement of service performance, report the net cost of services for significant activities of the Council, and are represented by the cost of providing the service less all directly related revenue that can be allocated to these activities.

Equity

Equity is the community's interest in Chatham Islands Council and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into a number of reserves. The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves.

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

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2011

	Note	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue				
Rates	2	452,696	433,978	404,510
Grants & Subsidies	2	5,484,917	6,832,734	6,699,358
Council Dues		272,773	265,000	282,114
User Pays, Fees & Charges		173,721	163,196	126,049
Interest		5,185	12,000	14,003
Other Revenue		26,578	-	5,500
Total Revenue	1	6,415,870	7,706,908	7,531,534
Expenditure				
Depreciation and Amortisation	6, 7	2,179,536	2,049,233	1,886,888
Employee Benefits		567,304	473,278	518,484
Financing Cost	3	27,636	32,373	30,325
Other Expenditure		3,752,493	2,948,477	3,206,006
Total Expenditure	1	6,526,969	5,503,361	5,641,703
Total Surplus/Deficit	1	(111,099)	2,203,547	1,889,831
Comprehensive Income				
Increase/(decrease) in Revaluation Reserve	12	-	7,500,000	247,846
Total Other Comprehensive Income		(111,099)	7,500,000	247,846
Total Comprehensive income		(111,099)	9,703,547	2,137,677

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2011

	Note	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Equity at the start of the year		43,860,041	45,304,074	41,722,364
Total Comprehensive Income		(111,099)	9,703,547	2,137,677
Equity at the end of the year	12	43,748,942	55,007,621	43,860,041

These statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Current Assets				
Cash & Cash Equivalents	4	-	-	-
Investments		-	-	173,530
Trade and Other Receivables	5	776,663	553,790	842,874
Prepayments		4,454	5,000	4,680
		781,116	558,790	1,021,084
Non-Current Assets				
Intangible Assets	6	5,731	-	3,585
Property, Plant & Equipment	7	45,342,011	56,457,959	45,251,814
Total Non-Current Assets		45,347,742	56,457,959	45,255,399
Total Assets		46,128,859	57,016,749	46,276,483
Current Liabilities				
Bank Overdraft	4	508,505	637,779	356,964
Trade and Other Payables	8	1,073,267	623,405	1,174,784
Employee Benefit Liabilities	9	64,370	50,698	56,116
Provisions – Pitt Island Barge Refund	10	12,000	20,000	12,000
Provisions – Landfill Closure	10	26,667	-	26,667
Current Portion of Term Liabilities	11	35,489	-	25,865
		1,720,298	1,331,882	1,652,396
Non-Current Liabilities				
Provisions – Landfill Closure	10	119,500	-	119,500
Term Liabilities	11	540,118	677,246	644,546
Total Non-Current Liabilities		659,618	677,246	764,046
Total Liabilities		2,379,916	2,009,128	2,416,442
Net Assets		43,748,942	55,007,621	43,860,041
Public Equity				
Accumulated Funds & Reserves	12	43,748,943	55,007,621	43,860,041
Total Public Equity		43,748,942	55,007,621	43,860,041

These statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2011

	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Notes			
Cash Flow from Operating Activities			
Rates	419,978	433,978	442,553
Council Dues	272,773	265,000	110,656
Grants and Subsidies	5,341,981	6,663,555	7,061,764
Interest	5,113	12,000	13,848
Other Receipts	239,537	163,197	127,330
Goods & Services Tax (net)	44,244	-	89,636
Employees	(575,558)	(516,121)	(525,607)
Interest	(27,636)	(32,373)	(30,325)
Supplies and Services	(3,636,481)	(2,905,634)	(3,140,967)
Goods & Services Tax (net)	-	-	-
Net Cash Flow from Operating Activities	2,083,951	4,083,602	4,148,888
Cash Flow from Investing Activities			
Purchase of Fixed Assets	(2,483,398)	(4,269,655)	(5,211,643)
Sale/(Purchase) of Other Assets	173,530	-	15,190
Net Cash Flow from Investing Activities	(2,309,868)	(4,269,655)	(5,196,453)
Cash Flow from Financing Activities			
Loans Raised	100,000	16,118	95,000
Repayment of Loans	(25,624)	-	(21,575)
Net Cash Flow from Financing Activities	74,376	16,118	73,425
Increase/(Decrease) in Cash Held	(151,541)	(169,935)	(974,140)
Opening Cash Balance	(356,964)	(467,844)	617,176
Closing Cash Balance	(508,505)	(637,779)	(356,964)

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

These statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements

Notes to the Financial Statements
For the year ended 30 June 2011

Note 1: Summary of Cost of Services by Activity

	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$		Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$
Revenue by Activity:				Expenditure by Activity:			
Democracy	751,618	613,497	582,272	Democracy	859,026	634,399	706,383
Infrastructure	4,189,073	5,565,367	4,212,034	Infrastructure	4,044,753	3,260,243	3,103,012
Community and Regulatory	507,549	494,849	381,326	Community and Regulatory	586,392	540,982	544,730
Environment	686,460	734,451	723,807	Environment	699,580	740,754	748,286
Emergency Management	156,040	160,448	121,369	Emergency Management	194,878	176,545	168,523
Coasts, Harbours & Navigation	125,130	138,296	1,510,726	Coasts, Harbours & Navigation	142,340	150,438	370,769
Total Revenue	6,415,870	7,706,908	7,531,534	Total Expenditure	6,526,969	5,503,361	5,641,703
Net Surplus/(Deficit)					(111,099)	2,203,547	1,889,831

Note 2: Revenue

	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$	
Rates Revenue				Rates Remissions for the year were \$2,052 (2010 \$3,685) excl GST and were granted in accordance with Council's Rates Remissions Policy.
General Rates	237,441	236,550	211,828	
Targeted Rates allocated to activities:				
Roading	44,626	44,126	43,456	
Solid Waste	40,392	40,289	39,079	
Water	57,720	57,191	43,484	
Sewerage	55,822	55,822	52,405	
Total Targeted Rates	198,560	197,428	178,424	
Rates Penalties	16,695	-	14,258	
Total Rates	452,696	433,978	404,510	
	Actual 2010/11 \$	Annual Plan 2010/11 \$	Actual 2009/10 \$	
Grant Revenue				
Grants & Subsidies Consist of:				
Grants – Territorial Authority Functions	973,179	803,999	708,179	
Grants – Regional Council Functions	1,074,000	1,074,000	1,074,000	
Grants – NZTA Roading Subsidy	3,406,562	3,298,046	3,577,076	
Grants – NZTA Wharf	-	-	1,282,204	
Grants – Capital Projects	-	1,451,000	-	
Grants – Other	31,176	36,510	57,899	
Total Grants & Subsidies	5,484,917	6,663,555	6,699,358	

Note 3: Expenditure

	Actual 2010/11 \$	Actual 2009/10 \$	
Audit of Annual Report	61,225	58,995	*Includes \$12,000 to Pitt Island Barge Society for one year of Council Dues that have not been refunded.
Donations	64,609	64,684*	
Interest Expense	27,636	30,325	
Loss on Disposal of Assets	194,029	313,390	
Increase/(Decrease) in Doubtful Debts Provision	37,033	122,577	

Note 4: Cash and Cash Equivalents/Bank Overdrafts

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

	Actual 2010/11	Actual 2009/10
	\$	\$
Cash at bank and on hand	90,874	65,444
Bank overdrafts	(599,379)	(422,408)
Total Cash and Cash Equivalents	(508,505)	(356,964)

Note 5: Trade and Other Receivables

	Actual 2010/11	Actual 2009/10
	\$	\$
Rates	81,764	45,370
Sundry Debtors	267,843	252,266
Debtor Accruals	71	26,235
NZTA Assistance	442,167	468,409
Clean Heat Loan Advances	43,861	-
GST Refund	101,066	145,310
Retentions	5,000	33,361
Subtotal for Trade and Other Receivables	941,773	970,951
Less Provision for Impairment (Doubtful Debts)	(165,110)	(128,077)
Total Trade and Other Receivables	776,663	842,874

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

On 21 October 2010 Black Robin Freighters Ltd was placed in receivership. The company is expected to continue trading. However, provision has been made for impairment of this debt. Council has specific powers under the Chatham Islands Council Act 1995 to recover council dues. These powers supersede usual debt collection processes.

Note 5: Trade and Other Receivables (continued)

The status of trade receivables as at 30 June 2011 is detailed in the following table:

	2010/11			2009/10		
	Gross	Impairment	Net	Gross	Impairment	Net
Past due 1- 60 days	730,617	-	686,755	821,018	(23,372)	797,646
Past due 61- 90 days	31	-	31	38,032	(12,576)	25,456
Past due > 90 days	211,125	(165,110)	46,015	116,581	(92,129)	24,452
Total	941,773	(165,110)	776,663	975,631	(128,077)	847,554

Movements in the Provision for the Impairment of Trade and Other Receivables was as follows:

Provision for Impairment (Doubtful Debts)

As at 1 July

Additional provisions made during year

Provisions reversed during the year

Provision as at 30 June

	Actual 2010/11	Actual 2009/10
	\$	\$
As at 1 July	128,077	5,500
Additional provisions made during year	37,033	128,077
Provisions reversed during the year	-	(5,500)
Provision as at 30 June	165,110	128,077

Council holds no security over receivables, however all debts are believed collectable as Council has powers under the following legislation:

- Local Government Rating Act 2002 to recover outstanding rates debts
- Chatham Island Council Act 1995 to recover outstanding council dues.

Note 6: Intangible Assets

	Actual 2010/11	Actual 2009/10
	\$	\$
Intangible Assets		
Opening Cost – Software	3,820	925
Additions – Software	2,676	2,895
Closing Cost – Software	6,496	3,820
Opening accumulated amortisation and impairment losses – Software	(234)	(137)
Amortisation – Software	(531)	(97)
Closing accumulated amortisation and impairment losses – Software	(765)	(234)
Book Value – Software	5,731	3,586

Note 7: Property Plant & Equipment

2011	Opening Cost/ Revaluation	Accumulated Depreciation	Carrying value at start of year	Additions/ Transfers	Impairment Reversal/ (Impairment)	Disposals at cost	Depreciation Reversed	Depreciation	Carrying value at end of year
Land – at cost	180,631	-	180,631	-	-	-	-	-	180,631
Buildings – at cost	1,450,748	(517,240)	933,508	-	-	-	-	(29,038)	904,470
Furniture & Fittings – at cost	100,168	(40,459)	59,709	9,638	-	-	-	(8,905)	60,442
Plant & Office Equipment – at cost	106,690	(80,449)	26,241	12,562	260	(29,023)	27,096	(16,720)	20,416
Vehicles – at cost	46,351	(22,215)	24,136	-	1	-	-	(8,103)	16,034
Parks & Reserves – at cost	99,112	(41,006)	58,106	-	-	-	-	(3,964)	54,142
Total Operational Assets	1,983,700	(701,369)	1,282,331	22,200	261	(29,023)	27,096	(66,730)	1,236,135
Roading – at valuation	45,008,149	(5,087,841)	39,920,308	2,506,400	(27)	(521,035)	328,933	(2,009,020)	40,225,559
Land Under Roads – at cost	108,758	-	108,758	-	-	(108,758)	-	-	-
Refuse – Solid Waste - at cost	36,793	(18,173)	18,620	-	2	-	-	(5,957)	12,665
Stormwater - at cost	12,540	(7,631)	4,909	-	1	-	-	(314)	4,596
Sewerage – at valuation	1,205,278	(164,364)	1,040,914	-	(3)	-	-	(36,583)	1,004,328
Water - at valuation	1,500,949	(195,614)	1,305,335	-	(2)	-	-	(27,629)	1,277,704
Harbour – at cost	1,607,121	(36,482)	1,570,639	43,158	(1)	(24,456)	24,456	(32,772)	1,581,024
Total Infrastructural Assets	49,479,588	(5,510,105)	43,969,483	2,549,558	(30)	(654,249)	353,389	(2,112,275)	44,105,876
Property Plant & Equipment	51,463,288	(6,211,474)	45,251,814	2,571,758	231	(683,272)	380,485	(2,179,005)	45,342,011

Heritage Assets

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

Note 7: Property Plant & Equipment (continued)

2010	Opening Cost/ Revaluation	Accumulated Depreciation	Carrying value at start of year	Additions	Impairment losses reversed	Disposals at cost	Depreciation Reversed	Depreciation	Carrying value at end of year
Land – at cost	180,631	-	180,631	-	-	-	-	-	180,631
Buildings – at cost	1,450,748	(488,214)	962,534	-	-	-	-	(29,026)	933,508
Furniture & Fittings – at cost	85,610	(32,779)	52,831	14,558	-	-	-	(7,680)	59,709
Plant & Office Equipment – at cost	98,464	(68,078)	32,835	8,226	-	-	-	(14,820)	26,241
Vehicles – at cost	34,739	(32,207)	2,532	27,850	-	(16,236)	16,236	(6,246)	24,136
Parks & Reserves – at cost	99,112	(37,041)	62,071	-	-	-	-	(3,965)	58,106
Total Operational Assets	1,949,304	(658,319)	1,293,434	50,634	-	(16,236)	16,236	(61,737)	1,282,331
Roading – at valuation	42,091,454	(3,631,356)	38,460,099	3,062,827	248,167	(146,132)	7,046	(1,711,699)	39,920,308
Land Under Roads – at cost	108,758	-	108,758	-	-	-	-	-	108,758
Refuse – Solid Waste - at cost	34,774	(12,294)	22,480	2,019	-	-	-	(5,879)	18,620
Stormwater - at cost	12,540	(7,318)	5,222	-	-	-	-	(313)	4,909
Sewerage – at valuation	1,401,291	(323,797)	1,077,494	-	-	(196,013)	196,013	(36,580)	1,040,914
Water - at valuation	1,499,013	(249,016)	1,249,997	82,134	-	(80,198)	80,198	(26,796)	1,305,335
Harbour – at cost	1,139,015	(648,584)	490,431	1,298,298	-	(830,192)	655,889	(43,787)	1,570,639
Total Infrastructural Assets	46,286,845	(4,872,365)	41,414,481	4,445,278	248,167	(1,252,535)	939,146	(1,825,054)	43,969,483
Property Plant & Equipment	48,236,149	(5,530,684)	42,707,915	4,495,912	248,167	(1,268,771)	955,382	(1,886,791)	45,251,814

Note 8: Trade and Other Payables

	Actual 2010/11	Actual 2009/10
	\$	\$
Creditors & Accruals	893,997	1,009,440
GST Payable	-	-
Income in Advance Rates	8,253	4,577
Income in Advance	169,179	169,179
Deposits	1,838	1,838
Other	-	(10,250)
Total Trade and Other Payables	1,073,267	1,174,784

Note 9: Employee Benefit Liabilities

	Actual 2010/11	Actual 2009/10
	\$	\$
Employee Entitlements:		
Annual & Sick leave	46,637	41,087
Accrual for employee benefits	17,733	15,029
Total Employee Benefit Liabilities	64,370	56,116

Note 10: Provisions

	2010/11 Land Fill Closure	2010/11 Pitt Island Barge Society	Actual 2010/11 \$	Actual 2009/10 \$
Opening Balance	146,167	12,000	158,167	206,167
Additions/(Expenditure)	-	-	-	(48,000)
Closing Balance				158,167

A provision of \$146,167 has been recognised for landfill closure costs, which are expected to be incurred in the next five years. MWH estimated the provision using the Ministry for Environment Guide to the Management of Closing and Closed Landfills in New Zealand. The provision has been valued at current estimated costs. A provision of \$12,000 (2010 \$12,000) has been made for the estimated refund of one years Council Dues to the Pitt Island Barge Society. Council dues are payable on the production of audited accounts by the Pitt Island Barge Society.

Note 11: Term Liabilities

	Actual 2010/11 \$	Actual 2009/10 \$
Loans - Balance at 1 July	501,231	427,806
Plus loans raised during the year	100,000	295,918
Less loans repaid during the year	(25,624)	(222,493)
Total Borrowings at 30 June	575,607	501,231
Income in Advance	-	169,179
Less Current Portion of Term Liabilities	(35,489)	(25,865)
Total Term Liabilities	540,118	644,545

The loan is repayable over the following periods:

Current portion < 1 year	35,489	25,865
Non-Current 1-2 years	37,435	27,572
Non-Current 2-5 years	129,260	145,707
Non-Current > 5 years	373,423	302,087
Total Non-Current Portion	540,118	475,366
Total Current plus Non Current Borrowings	575,607	501,231

The Council has a Heartlands loan from the Chatham Islands Enterprise Trust with which was refinanced for a further period of fifteen years, with a review after five years. Council resolved to approve this loan at their meeting of 27 May 2010. Heartlands loan has a value of \$179,875. The Council also has a warmer homes loan from the Chatham Islands Enterprise Trust. The loan is for \$100,000 and has a term of 10 years.

The Council has three loans with the ANZ for \$177,781 with terms of 10 years and variable interest rates.

There is a suspensory loan from Housing New Zealand for \$90,000 which will not have to be repaid if the loan conditions continue to be met.

Note 12: Public Equity

	Actual 2010/11	Actual 2009/10
	\$	\$
General Funds		
Opening Balance	8,567,447	6,685,431
Plus Net Surplus for the year	(111,099)	1,889,831
Less Transfers to Other Reserves (District Fund)	10,118	(7,815)
Closing Balance	8,466,466	8,567,447
Te Whanga Opening Reserve		
Opening Balance	3,286	3,286
Plus Transfer (to)/from General Reserve	(6,000)	-
Closing Balance	(2,714)	3,286
RMA Document Fund Reserve		
Opening Balance	173,530	165,715
Plus Transfer from General Reserve	(1,452)	7,815
Closing Balance	172,078	175,530
Burial Register Reserve		
Opening Balance	30,907	30,907
Plus Transfer from General Reserve	-	-
Closing Balance	30,907	30,907
Museum Displays Valuation Reserve		
Opening Balance	26,134	26,134
Plus Transfer from General Reserve	-	-
Closing Balance	26,134	26,134
Community Trust of Canterbury Reserve		
Opening Balance	2,666	2,666
Plus Receipt from Community Trust	-	-
Less Expenditure during the Year	(2,666)	-
Closing Balance	-	2,666
Asset Revaluation Reserve		
Opening Balance	35,056,071	34,808,225
Revaluations/Impairments	-	247,846
Closing Balance	35,056,071	35,056,071
TOTAL EQUITY AT END OF YEAR	43,748,942	43,860,041

Note 13: Financial Instrument Risks

Chatham Islands Council has policies to manage the risks associated with financial instruments. CIC is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management Policy and Investment Policy (refer LTCCP 2009-19 p80). These policies do not allow any speculative transactions to be entered into.

Credit Risk

The maximum credit risk exposure is disclosed in the Statement of Financial Position. Bank deposits including term deposits and debtors are the main credit risks. Investing in only high credit quality institutions minimises bank risk. Council has a policy of investing with ANZ bank so as to assist with the maintenance of banking facilities on the Islands. For debtors there is a moderate credit risk, as Council Dues are collected from a small number of transport firms. An analysis of past due accounts is presented to Council monthly as an agenda item. CIC's maximum credit exposure for each class of financial instrument is as follows:

	Actual 2010/11	Actual 2009/10
	\$	\$
Cash on Call & Term Deposits*	90,874	173,520
Trade and Other Receivables**	941,773	1,317,054
Total Credit Risk	1,032,647	1,490,584

*Cash excludes the bank overdraft of \$599,379

**Debtors and other receivables exclude prepayments.

Cash at bank and term deposits are with ANZ Bank, which has a Standard and Poor's credit rating of AA (as at 31st March 2011) (2010: AA). Debtors include rates and Council Dues which are subject to the Local Government (Rating) Act 2002 and The Chatham Islands Council Act 1995. There is no procedure to monitor the credit status of other debtors which mainly arise from CIC statutory functions.

Interest Rate Risk

Financial instruments in the Statement of Financial Position are shown at the carrying amounts, which approximate their fair values. There is a small exposure to interest rate risk for Council's short-term deposits.

	Actual 2010/11	Actual 2009/10
	\$	\$
Term deposits	-	173,530
Maturity date	-	20 December 2010
Interest rate	-	5.2%

An increase in interest rate of 100 basis points would lead to extra interest income of \$0 (2010 \$2,800).

Note 13: Financial Instrument Risks (continued)

Liquidity Risk

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

	Carrying Amount \$	Contracted Cash Flows \$	Less than 1 Year \$	1-5 Years \$	More than 5 Years \$	
Trade & other payables *	895,835	895,935	895,835			*Creditors and other payables excludes employee benefit liabilities and income in advance.
Income in advance	177,432	177,432	177,432			
Heartlands Loan – 7.62%	187,716	306,940	21,925	87,698	197,317	
Warmer Homes Loan – 6.00%	115,756	133,708	13,371	53,483	66,854	
ANZ Mortgage – 5.95%	40,572	145,231	18,589	74,355	52,287	
ANZ Mortgage – 5.95%	41,563	50,753	6,309	25,236	19,208	
ANZ Mortgage – 5.95%	100,000	53,138	6,526	26,102	20,510	

Currency Risk

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

Note 14: Cash Flow Reconciliation

	Actual 2010/11	Actual 2009/10
	\$	\$
Reported Surplus/(Deficit) for the year	(111,099)	1,889,831
Add back Non-Cash Items:		
Depreciation and amortisation	2,179,536	1,886,791
Increase/ (decrease) in the impairment of PPE	231	-
Loss on the disposal of assets	194,029	295,120
Increase/ (decrease) in non-cash investments	-	(7,815)
Movement in Working Capital Items:		
(Increase)/decrease in trade and other receivables	(15,078)	532,289
(Increase)/ decrease in prepayments	(226)	3,083
(Increase)/ decrease in GST receivable	44,244	-
Increase/ (Decrease) in GST payable	-	89,636
Increase/ (decrease) in rates in advance	3,676	
Increase/(decrease) in trade and other payables (excluding capital)	(87,470)	(328,291)
Increase/(decrease) in income in advance	(169,179)	(169,178)
Increase/(decrease) in employee entitlements	8,254	10,922
Increase/ (decrease) in provisions	37,033	(53,500)
Net Cash flow from Operating Activities	2,083,951	4,148,888

Note 15: Remuneration of Elected Members & General Manager

Elected Members Remuneration

The following people held office as elected members of the Council's governing body during the reporting period. The total remuneration paid to the Mayor and eight Councillors during the year totalled \$104,230 (2010: \$106,729).

		Actual 2010/11	Actual 2009/10
		\$	\$
Alfred Preece (Deputy Mayor until January 2010)	Mayor	44,045	26,250
Patrick Smith (until January 2010)	Former Mayor	-	25,589
Jeffrey Ian Clark (from February 2010)	Deputy Mayor	13,108	8,946
Philip Christiansen (until 27 October 2010)		1,965	7,227
Monique Croon		7,058	7,235
Keri Day (from 28 October 2010)		4,678	-
Antoinette Gregory- Hunt (until 27 October 2010)		1,982	7,227
Greg Horler (from 28 October 2010)		5,093	-
Nigel Ryan		7,075	7,888
Eva-Cherie Tuck (until 27 October 2010)		1,982	7,874
Ron Tuuta (from 28 October 2010)		5,093	-
Dale Whaitiri (from 28 October 2010)		5,093	-
Nathaniel Whaitiri		7,058	8,493
Total Remuneration		104,230	106,729

General Manager Remuneration

The General Manager of Council was appointed in accordance with Section 42 of the Local Government Act 2002. The total cost of salary and benefits paid during the year including fringe benefit tax was \$159,507 (2010 \$161,741).

Severance Payments

For the year ended 30 June 2011 the Council made no severance payments (2010 \$nil).

Note 16: Related Party Transactions

A party is related to an entity if the party controls the entity, or is a member of the key management personnel of the entity, or is a close member of the family of any individual referred to.

During the year small payments were made to Councillors or their spouses, children or dependants or to companies or firms in whom Councillors had ownership interests, and to a member of staff.

The spouse of a member of key management personnel is employed by the Council the terms and conditions of this employment are no more favourable than the Council would have adopted if there was no relationship.

The Council provided accommodation to a member of the key management personnel at a rental approved by Council.

Description		Actual 2010/11 \$	Actual 2009/10 \$
Accommodation, Food and Travel	Greg Horler	6,142	2,948
Hardware & Fuel	Monique Croon	5,693	5,228
Refuse Site Lease	Alfred Preece	7,820	9,878
Rental	Deborah Goomes	3,485	5,252
Shipping Services	Monique Croon	1,023	6,910
Te Whanga Opening	Alfred Preece	11,000	-
Total		35,163	30,216

There were no outstanding balances with related parties as at 30 June 2011 (Nil 30 June 2010).

During the year the following payments were made to key management personnel (being the General Manager & the Corporate Services Manager) and the Mayor's and Councillors' honorarium.

	Actual 2010/11 \$	Actual 2009/10 \$
Total compensation of key management personnel.	358,979	359,185
Short Term Employee Benefits	358,979	359,185

Note 17: Statement of Contingencies

Council is not aware of any contingent liabilities as at 30 June 2011 (2010 \$ nil).

Council has been told that the Department of Internal Affairs will reimburse the use of money interest amounting to \$180,158 relating to 2008 arising from their failure to pay GST on Grants made to Council dating back to 2005, and the subsequent late payment penalties resulting from this.

Note 18: Statement of Commitments

As at 30 June 2011 the Council has capital or operating lease commitments as detailed below.

Contract Commitments	2011	2010
	\$	\$
Not later than 1 Year	4,339,931	4,406,835
Between 1 and 5 Years	9,075,725	13,321,234
More than 5 Years	23,931	-

On 1 July 2010 Council awarded a contract for road maintenance services to Works Infrastructure Limited (Downers). This contract is for a term of 5 years.

In February 2005 a contract for assistance with Regional Council Services for the period February 2005 to January 2009 was awarded to Environment Canterbury. In August 2009, the contract was renewed for a further term, through to 30 June 2012.

Council has a building lease with Land Information New Zealand through to 30 June 2017.

Council has a contract with Civica Pty Limited for software services through to the year ending 30 June 2017.

The Council has a contract with Quotable Value for database management and information for a three year period commencing 1 July 2008.

The council has a contract of indeterminate length for building control functions with Christchurch City Council. There is no cost to the Council as work is performed on a user pays basis.

Note 19: Subsequent Events

No subsequent events have occurred since balance date.

Appendix I – Glossary of Terms

These definitions are intended to define terms in this Annual Report in plain English. For legal definitions see the Local Government Act 2002.

Activity

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

Annual Plan

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

Annual Report

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

Asset

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

Asset Management Plan

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

Capital Costs

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

Capital Value

Value of land including improvements.

Community Outcomes

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

Current Assets

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

Current Liabilities

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

Depreciation

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

Property, Plant and Equipment and Intangible Assets

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

Group of Activities

Council groups all its services into 15 main categories of activities (which equates to 'group activities' in the Local Government Act (2002)).

Infrastructure Assets

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

Iwi/Imi

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 goods or services are provided. Examples include NZTA subsidies, rental income, permits, fees and council dues.

Operating Surplus (Deficit)

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

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

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 services or by community mandate e.g. playgrounds.

Significance

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

Significance Policy

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

Statement of Cash Flows

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

Statement of Financial Performance

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

Statement of Financial Position

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

Sustainable Development

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

Well-being

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



VISION

“WORKING TOWARDS A SUSTAINABLE FUTURE FOR OUR PEOPLE AND OUR ISLANDS”

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

PURPOSE

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

We will achieve this by

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

THE ORGANISATION

COUNCIL AND MANAGEMENT

MAYOR

Alfred W Preece
awpreece@xtra.co.nz

DEPUTY MAYOR

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