



Chatham Islands Council

Annual Plan
2020/21



chatham islands council

Our people, our Islands, our future

Profile of the Chatham Islands

The Chatham Islands and its people are a unique community, isolated by 800 kilometres of ocean from mainland New Zealand.

The Chatham Islands consist of two main inhabited islands, Chatham Island and Pitt Island. Pitt Island lies 23km southeast of Chatham Island and both islands are surrounded by a number of smaller islands, all within a radius of approximately 50km. The main island, Chatham, has an area of 90,000 hectares. Pitt Island has an area of 6,300 hectares.

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

The 'livelihood' for the majority of Islanders is dependent on fishing and farming. Their continued welfare and the Islands' viability are linked with the sustainable management of the natural and physical resource base.

Chatham Islands Council is the smallest local authority in New Zealand. It has both district and regional council responsibilities.



The Islands at a glance

Usually 660 people live in the Chatham Islands.

Its population is the smallest in size out of the 78 Councils in New Zealand.

In total, 57% of households have access to the Internet, compared with 79% of households throughout New Zealand.

In the Chatham Islands, 5% of households have access to a cellphone, compared with 85% for New Zealand. This is because there is no cell phone coverage on the Chatham Islands.

There are 553 rateable properties and 102 non-rateable properties.

Among households in private occupied dwellings, 38% own the dwelling, with or without a mortgage; the equivalent figure is 44% for New Zealand as a whole.

The unemployment rate in Chatham Islands territory is 1.6% for people aged 15 years and over, compared with 4.0% for all of New Zealand.

Source: Statistics New Zealand 2018 Census Data

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Welcome from the Mayor and Chief Executive

Welcome to our 2020/21 Annual Plan. This document supplements information within our Long-Term Plan 2018-28, which defines our priorities and planned activities - subject to funding availability.

As a Council, we felt there were no significant or material changes between year three of our Long-Term Plan to that of our current budget, therefore no formal consultation occurred. Despite this, we are aware the funding uncertainties from our Central Government annual appropriation has made financial planning difficult.

Our annual appropriation has historically funded operational running costs of the Council. It excluded a capital investment programme and funding for roading works programme, assuming other organisations would support these activities. The consequence for Council has been a deterioration to our cash position and assets. With the New Zealand Transportation Agency not fully covering the roading works programme, Council elected to cover the \$500,000 funding shortfall from cash reserves, instead of reducing the level of work on-island.

In addition, our assets, especially our water and wastewater infrastructure have deteriorated at a faster rate than expected. Council has deferred critical capital and operational maintenance programmes as insufficient cash was available to cover the required work. The level of service provided to our community, especially in relation to our infrastructure assets, for example quantity and quality of drinking water supply, has also not been satisfactory. However, given our lack of cash resources, Council has been unable to commit to improving services on-island.

The Central Government appropriation for the 2020/21 financial year included an additional \$570,000 to assist Council with its ongoing financial viability, for which we are extremely grateful to receive. This additional contribution will allow us to fully cover our annual roading works programme and investigate funding options to support prioritised capital investment. We note the increased contribution is insufficient to cover all our capital and legislative obligations. Therefore, it is likely some projects will be delayed until further funding is available, meaning Council may be in non-compliance with its legislative requirements or service experienced on-island may remain below that of comparable levels in rural New Zealand.

In evaluating our budget for the 2020/21 financial year, Council considered the effects of COVID-19, including how this unprecedented situation has impacted us, the economic implications and what steps Council could take to support our community. Many Councils looked to address this by minimising rate increases.

Our Council is in a unique position whereby rates income is a small fraction of our total income. In addition, our policies limit rate increases year-on-year to the expected level of inflation for that period. For the 2020/21 financial year our expected level of inflation (prior to the COVID-19 pandemic) was 1.8%. Council considered whether this increase should be further reduced. It was decided no change would be made for this financial year due to concerns of reliability associated with any restated inflation estimates and any changes having minimal impact on ratepayers at an individual level. It was further noted any impacts associated with the COVID-19 pandemic would be incorporated into the Long-Term Plan budgeting process from 2021.

Finally, we wish to highlight our appreciation to all those who work for and with the Council for their passion, hard work, and ongoing support that they have provided to our community including the various Government agencies for their ongoing financial assistance.

Monique Croon, *Mayor*
Owen Pickles, *Chief Executive*

Highlighting our key projects



Key changes from our 2018-28 Long-Term Plan

Except for Council postponing infrastructural projects because expected Central Government support was not forthcoming (thereby reducing grant revenue, debt and asset additions in year), there is no significant difference between revenue and expenditure items estimated in year three of the Long-Term Plan and the 2020/21 budget.

As part of the 2017/18 infrastructural asset revaluation, the Council's roading assets increased by \$21.6 million (or approximately 41%). This increase was mainly attributed to: A change in the revaluation methodology, updated roading sub-base depths that reflected current engineering design/construction practice for replacements, a significant change in the roading unit rates due to cost-price increases (including transportation of materials to the Island), and a change in contractor with a different cost structure, since the prior revaluation. This significant revaluation adjustment was not foreseen as part of the Long-Term Plan estimation process and explains the significant difference in values of Property, Plant & Equipment and Equity between the 2020/21 Annual Plan and 2018-28 Long-Term Plan.

Our key projects for 2020/21 focus on improving our infrastructure.

Our community has indicated they are dissatisfied with our infrastructural assets, especially our water and wastewater assets. We acknowledge the level of service experienced on-island is below that of our mainland counterparts and we have been working with Central Government agencies to address this issue. Unfortunately, we do not have the certainty of funding to borrow or otherwise self-fund any improvements, therefore we remain reliant on securing external financing to improve our infrastructure assets.

This year, we have been fortunate to secure additional funding to ensure ongoing financial viability. Whilst no decision has been made by Council regarding how these funds will be utilised, it is likely we will be investigating alternative funding options to support developing our infrastructure.

The Council aspires to deliver the following projects to the Community:

1. Roding infrastructure

Roding work priorities are outlined in the Chatham Islands Roding Asset Management Plan and are agreed with the NZ Transport Agency (NZTA). The cost of maintaining these roads is very high relative to our population. Our roading work plan focuses on maintaining an efficient, reliable and safe road network that supports our local economy. Our key projects for 2020/21 include:

- Replace Whangamoe Bridge with a large culvert on an improved road alignment
- Upgrade Te Matarae Road intersection
- Install a pedestrian crossing outside Te One school
- Continue with roadside drainage improvements on key routes

NZTA has committed to investing in maintaining, operating, and renewing our local roads. Our level of works is reliant on funding support from NZTA, with the subsidy rate currently 88% of total roading expenditure. It is likely Council will utilise the increased Central Government appropriation to cover the difference between the NZTA grant and roading works costs.



2. Township water schemes

In response to community concerns and non-compliance with the New Zealand Drinking Water Standards, we planned to upgrade our township water schemes. Recently, Waitangi water supply reservoirs have been drained to low levels due to leaks and excessive drawdowns, which required conservation notices to be issued. It is imperative that such issues of supply be addressed for Waitangi. It is also desirable for our water reticulation supply to be extended to Te One.

Sustainable and reliable water sources for the townships of Kaingaroa, Owenga, Waitangi and Te One remain at the forefront of our key projects. Council is driven to ensure we meet drinking water standards and address issues that have a direct impact on the health, safety and wellbeing of our community. Historically, Council has deferred water asset capital and maintenance programmes due to lack of funding. This has resulted in our assets deteriorating at a faster rate than expected, some are now identified as having a high risk of failure. Any additional funds from the Central Government appropriation will allow Council to investigate alternative funding options to progress these critical repairs.

An improvement to the water supply at Waitangi is expected to require an investment of \$3 million. An application to Central Government for increased funding to support an investment programme through debt was unsuccessful, therefore the project will be delayed until a suitable funding option is found.

3. Emergency Management Operations Centre

The Emergency Management Operations Centre project was designed to respond to the need for a unified Civil Defence complex, whilst considering our isolation and remoteness challenges.

Council estimates a purpose-built facility would cost \$2 million. This project would involve collaborative contributions from our emergency response partners, including Fulton Hogan, Fire and Emergency New Zealand, Maritime Safety New Zealand, St John's, and the National Emergency Management Agency.

With the current funding uncertainties, Council will defer the project until there is sufficient funding assistance to commit Council to funding the development through debt, or delay construction until other support is sourced; either as an outright grant or annual assistance to repay debt.

Financial information



The financial information presented here is an overview. For more detailed information, please refer to the financial statements section.

The Financial Strategy for the 2018-2028 Long Term Plan (LTP) limits rate increases to the expected level of inflation for the period and limits total rate income to being below 7% of total revenue. Furthermore, debt levels are limited to twice the level of operating revenue for the period. All estimates within the 2020/21 Annual Plan comply with these financial limits.

Balanced budget

The Local Government Act 2002 requires us to manage our finances prudently and in a manner that promotes the current and future interests of the community. Our budget expects to recognise an accounting surplus and we anticipate making positive cash contributions to our reserves. This was possible due to the additional Central Government appropriation to ensure Council's ongoing financial viability; we have also had to defer some key infrastructural projects. Therefore Council considers the balanced budget requirement has been met.

Significant forecasting assumptions

The prospective financial information contained in the document are estimates. Actual results are likely to vary from the information presented and these variations may be material. In creating our budget, the following significant assumptions have been made:

Ongoing Crown support

Central Government has agreed to provide us with Crown funding to meet the costs of fulfilling our statutory responsibilities, although the funding mechanism and amount may be subject to change.

Our strategic financial documents have been developed assuming funding will be made available from external sources to ensure minimum legislated levels of service are met and funding of network asset construction is supported on an ongoing basis.

NZ Transport Agency subsidy rates

Achieving the roading network budgets outlined is heavily reliant on continued funding assistance from the NZ Transport Agency (NZTA), who have set the Funding Assistance Rate at 88% of total roading expenditure. The difference is not covered by roading rates and assumes the shortfall will be covered from an increased Central Government appropriation.

Population changes and cost of living

It has been assumed the population base will remain stable for the foreseeable future and the cost of living relative to household income will not influence families to migrate elsewhere. Although growth remains static, it is noted the population of the Chatham Islands is ageing. Better township environments for pedestrians that cater for those with mobility impairments will be important to ensure accessibility for an ageing population. Council is committed to ensuring there are appropriate facilities and services to meet the needs of the community, while also ensuring rates remain reasonable for our community. Council assumes any financial hardships will be managed through the rates remission and postponement policy. Growth in tourism numbers puts further pressure and demand on the Island's fragile resources such as water and sewerage infrastructure.

Opportunities for shared services

We assume we will continue to build effective relationships with our regional partners including the Chatham Islands Enterprise Trust, Ngati Mutunga o Wharekauri Iwi Trust, Hokotehi Moriori Trust and other on-island Central Government agencies. Council needs to ensure that there is capability and capacity available to meet the current and future level of works. This may include working with other on-island agencies to develop efficiencies. An example of such a shared service is the construction of the administration and community complex. Council is working with an on-island company to build a purpose-built facility, with Council leasing the facility in partnership with the Chatham Islands Enterprise Trust.

Accounting policies

Reporting entity

Chatham Islands Council is a local authority under the Chatham Islands Council Act 1995 and the Local Government Act 2002.

The primary objective of Chatham Islands Council is to provide goods or services for the community for social benefit rather than to make a financial return. Accordingly, for the purposes of financial reporting, Chatham Islands Council is a public benefit entity.

The prospective financial statements of Chatham Islands Council are for the period 1 July 2020 to 30 June 2021. They were authorised for issue by Chatham Islands Council on 22 June 2020, the proposed financial information is not subject to amendment. The accounting policies have been applied consistently to all periods presented in these prospective financial statements.

Chatham Islands Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of preparation

The prospective financial statements are prepared in accordance with the Local Government Act 2002, which requires information to be prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards, as appropriate for public benefit entities. The financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

Council has adopted the going concern assumption on the basis that it will continue to receive operational funding from Central Government in order to fulfil its required regional and territorial local government responsibilities.

Measurement base

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

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$000). The functional currency of Chatham Islands Council is New Zealand dollars.

Financial assumptions, judgements and estimations

These prospective financial statements have been prepared in compliance with PBE IPSAS, specifically PBE FRS 42 Prospective Financial Statements. The purpose of these prospective financial statements is to: contain the proposed annual budget and funding impact statement for the year to which the Annual Plan relates; identify any variation from the financial statements and funding impact statement included in the local authority's Long-Term Plan in respect of the year; provide integrated decision-making and coordination of the resources of the local authority; and contribute to the accountability of the local authority to the community. The information in these statements may not be appropriate for purposes other than those described.

The financial statements have been prepared using judgements, estimates and assumptions from management. These estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results are likely to differ from those estimates and the variations may be material. The estimates and underlying assumptions are reviewed on an ongoing basis. Details on significant assumptions are disclosed as part of the assumptions disclosure in this document.

Significant risks considered when preparing the budget

A number of risks have been considered in the preparation of the budget information.

The prospective financial statements have been prepared in accordance with Council's accounting policies. Details on Council's specific accounting policies can be found in the Long-Term Plan or the Annual Report.

In reading the financial information, revenue from "Grants and subsidies" includes grants received for capital projects, such as roading works. Capital expenditure relating to these projects creates additional assets, rather than an immediate expense in the financial statements. The value of the addition is apportioned over the expected life of the asset in the form of depreciation expense. The delay in operating expenditure associated with these assets results in a net surplus in 2020/21.



Capital management

The Local Government Act 2002 requires the Council to manage its finances prudently and in a manner that promotes the current and future interests of the community. Our general funds are largely managed as a derivative of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long-Term Plan to meet the expenditure needs identified in those plans. The Local Government Act 2002 sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-Term Plan.

Reserve funds disclosure

RESERVE	Opening balance 1 July 2020 (\$000)	Increases (\$000)	Decreases (\$000)	Closing balance 30 June 2021 (\$000)
General Funds Annual Crown contribution to fund future development	42,085	517	-	42,602
Emergency Services Reserve Funds are set aside for emergency events such as natural disasters	250	-	-	250
Mayoral Relief Reserve Funds are set aside for emergency relief	15	-	-	15
Asset Revaluation Reserve Reserves generated by revaluations in property, plant and equipment and other assets	42,333	-	-	42,333
Total Equity	84,683	517	-	85,200

Financial statements

Statement of Comprehensive Revenue and Expense

	Actual 2018/19 (\$000)	Long-Term Plan 2019/20 (\$000)	Long-Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)
Revenue				
Rates	571	557	565	577
Grants & subsidies	7,161	8,059	9,888	7,412
Council dues	312	279	283	265
User pays, fees & charges and other income	361	222	227	372
Interest	116	18	18	60
Total revenue	8,521	9,135	10,981	8,686
Expenditure				
Depreciation and amortisation	1,544	2,239	2,339	2,292
Employment benefits	996	912	929	1,054
Financial costs	23	106	180	24
Other expenditure	4,846	4,977	5,196	4,799
Total expenditure	7,409	8,234	8,644	8,169
Total surplus/deficit	1,112	901	2,337	517
Comprehensive revenue and expense				
Increase/(decrease) in revaluation reserve	-	-	-	-
Total other comprehensive revenue and expense	-	-	-	-
Total comprehensive revenue and expense	1,112	901	2,337	517

Statement of Changes in Net Equity

	Actual 2018/19 (\$000)	Long-Term Plan 2019/20 (\$000)	Long-Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)
Equity at the start of the year	81,662	63,046	63,946	84,683
Total comprehensive revenue and expense	1,112	901	2,337	517
Equity at the end of the year	82,774	63,946	66,283	85,200

Statement of Financial Position

	Actual 2018/19 (\$000)	Long-Term Plan 2019/20 (\$000)	Long-Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)
Current assets				
Cash & cash equivalents	24	-	-	-
Cash funds held in trust	36	10	-	36
Cash investments	1,439	-	-	284
Current trade and other receivables	778	915	1,100	745
Total current assets	2,277	925	1,100	1,065
Non-current assets				
Non-current trade and other receivables	21	56	33	-
Property, plant & equipment	84,117	68,307	71,232	86,926
Total non-current assets	84,139	68,363	71,265	86,926
Total assets	86,416	69,288	72,365	87,991
Current liabilities				
Bank overdraft	207	217	376	575
Trade & other payables	2,972	1,086	1,140	1,843
Employee entitlements	88	67	68	88
Current portion of provisions	113	20	20	25
Current portion of term liabilities	39	381	478	260
Total current liabilities	3,420	1,771	2,082	2,791
Non-current liabilities				
Term liabilities	221	3,571	4,000	-
Total non-current liabilities	221	3,571	4,000	-
Total liabilities	3,641	5,342	6,082	2,791
Net assets	82,775	63,946	66,283	85,200
Public equity				
Accumulated funds & reserves	82,775	63,946	66,283	85,200
Total public equity	82,775	63,946	66,283	85,200

Statement of Cash Flows

	Actual 2018/19 (\$000)	Long-Term Plan 2019/20 (\$000)	Long-Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)
Cash flow from operating activities				
Receipts from rates revenue	560	556	564	568
Receipts from grants and subsidies	7,198	8,046	9,705	7,393
Receipts from Council dues	248	278	282	263
Interest received	116	18	18	64
Receipts from other revenue	374	243	250	365
Payments made to employees	(1,027)	(910)	(928)	(1,016)
Interest paid	(23)	(106)	(180)	(24)
Other payments to suppliers	(4,562)	(4,920)	(5,142)	(4,805)
Net cash flow from operating activities	2,883	3,205	4,569	2,807
Cash flow from investing activities				
Purchase of fixed assets	(2,761)	(6,495)	(5,264)	(2,538)
Sale/(purchase) of other assets	70	-	-	-
Net cash flow from investing activities	(2,692)	(6,495)	(5,264)	(2,538)
Cash flow from financial activities				
Loans raised	-	3,622	1,149	-
Repayment of loans	(61)	(178)	(623)	(62)
Net cash flow from financial activities	(61)	3,444	526	(62)
Increase/(decrease) in cash held	130	154	(169)	207
Opening cash balance	(277)	(361)	(207)	(462)
Closing cash balance	(147)	(207)	(376)	(255)

Council funding impact statement



The Local Government Act 2002 and the Local Government Regulations require the Council to adopt a funding impact statement for the Council. The funding impact statement must identify: the sources of funding to be used; the amount of funds expected to be produced from each source; and how the funds are to be applied.

The timing of the recognition of income and expenditure in the funding impact statements is consistent with the forecast financial statements. However, transactions with no funding impact, such as depreciation, have been removed.

Details on how activities are funded and the rationale for each funding source selected are given in the revenue and financing policy in our 2018-28 Long-Term Plan.

Examples of the impact of the rating proposals are detailed from page 15, including the rates assessed on different categories of rateable land.

	Long-Term Plan 2019/20 (\$000)	Long-Term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)
Source of operating funding			
General rates, uniform annual charge, rates penalties	297	301	311
Targeted rates	260	264	266
Subsidies and grants for operating purposes	5,470	5,773	5,173
Fees and charges	-	-	71
Interest and dividends from investments	-	-	60
Local authorities fuel tax, fines, infringement fees, and other receipts	519	528	566
Total operating funding	6,546	6,866	6,447
Applications of operating funding			
Payments to staff and suppliers	4,944	6,125	4,090
Financial costs	106	180	24
Internal charges and overheads applied	945	-	1,763
Total application of operating funding	5,995	6,305	5,877
Surplus/(deficit) of operating funding	551	560	570
Source of capital funding			
Subsidies and grants for capital expenditure	2,589	4,115	2,239
Increase/(decrease) in debt	3,364	565	138
Total Source of capital funding	5,953	4,680	2,377
Application of capital funding			
Capital expenditure			
- to improve the level of service	3,460	2,619	-
- to replace existing assets	3,035	2,645	2,544
Increase/(decrease) in reserves	8	(24)	403
Total applications of capital funding	6,504	5,240	2,947
Surplus/(deficit) of capital funding	(551)	(560)	(570)
Funding balance	-	-	-

Rating information

Funding mechanisms

Council's funding mechanisms have not changed from that outlined in the 2018-28 Long-Term Plan.

Rating table for 2020/21

The table below provides examples of the financial impact of rates on ratepayers in 2020/21 compared with 2019/20.

Sample property	District Capital Value of Property (\$)	General rate 2020/21 (\$)	Targeted rate 2020/21 (\$)	Total rate 2020/21 (\$)	Total 2020/21 rates movement compared with 2019/20 (\$)
Infrastructure	1,270,000	3,896.13	147.38	4,043.50	71.50
Industrial	200,000	1,230.63	1,938.98	3,169.61	56.04
Commercial	129,000	510.45	336.59	847.04	14.98
Rural residential	310,000	569.75	1,938.98	2,508.73	44.36
		General rate 2019/20 (\$)	Targeted rate 2019/20 (\$)	Total rate 2019/20 (\$)	
Infrastructure	1,270,000	3,827.24	144.77	3,972.01	
Industrial	200,000	1,208.87	1,904.69	3,113.56	
Commercial	129,000	501.43	330.64	832.07	
Rural residential	310,000	559.68	1,904.69	2,464.37	

Rates by instalments

Council proposes to collect the rates in three instalments, issued on: 1 September 2020, 1 January 2021 and 1 May 2021.

Penalties

A penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment: 15 October 2020, 15 February 2021 and 15 June 2021. Previous year's rates that remain unpaid will have a further 10% penalty added on 6 July 2021.

Penalties shall be added to the balance of the rates instalments levied in the current financial year that remain unpaid after each collection date and at year end.



General rates

For the 2020/21 financial year, it is projected Council will have 553 rating units within the region, with a capital value of \$159,466,350 and a land value of \$79,855,850.

Council uses Capital Value, being the market value of land, plus the improvements as per the valuation roll to levy rates. General rates are appropriate for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries of the service and charge them for the benefits received or costs imposed.

The rationale being that those with more capital are better able to bear the costs. It is also argued that those with more capital tend to consume more resources and have a greater interest vested in the management of those resources. Relief from rates is available through our rates rebate schemes targeted at community groups or those of low fixed incomes. Refer to our rates remission and postponement policies within our 2018-28 Long-Term Plan for further details.

The differentials used depend on land use and are set to achieve the following appropriate allocations representing benefits from the activities being funded. Council will set a general rate based on the capital value of each rating unit in the territory. The general rate will be set on a differential basis based on land use. The categories and apportionment are:

In our financial strategy, rate increases have been limited to the rate of inflation. Council does not propose to set a uniform annual general charge.

This will result in the following rates:

Land Use	Rate based on capital value (GST inclusive) (\$)	Total Collected (\$)
Infrastructure	0.00306782	\$17,385
Industrial	0.00615315	\$50,419
Commercial	0.00395700	\$40,987
Rural residential	0.00183791	\$248,573
Total		\$357,364

Targeted rates

Targeted rates are appropriate for funding specific operating or capital projects where the activity mainly benefits a specific group of ratepayers or where the action or inaction of that group contributes to the need for the activity.

Targeted rates are applied to the properties which benefit from the service provided. Targeted rates cannot be applied to purposes other than for which they were raised. Council uses the number of connections for funding the water supply activities, a per pan rate for funding sewerage activities, and a rating unit basis for funding waste management activities and the roading activities. Lump sum contributions will not be invited in respect of targeted rates.

Warm home loans

Council, along with the Energy Efficiency and Conservation Authority and the Chatham Islands Enterprise Trust, has provided a warm homes programme for residents. This programme provides subsidies for owners meeting certain criteria to insulate and install clean heating appliances. The difference is funded by way of loan, repaid by the homeowner over ten years through the rates account. The targeted rate is set to ensure there is sufficient cash to repay the loan over the ten-year period.

Council will set targeted rates based on a variety of rating bases as follows:

Activity for setting a targeted rate	Category for setting targeted rate	Calculation factor	Factor used	Revenue sought (including GST) 2020/21
Water supply	The provision or availability of a public water supply service.	The number of connections for water supply activities – for both Kaingaroa and Waitangi connections.	\$785.69 Fixed amount per connection	\$81,712
Sewage disposal	The provision or availability of a sewage disposal service.	A per pan rate for sewage disposal activities.	\$816.69 Fixed amount per pan	\$75,953
Solid waste	The provision or availability of a waste management service.	A per rating unit charge for waste management activities.	\$189.22 Fixed amount per unit	\$63,955
Roading	The provision or availability of a roading service.	A per rating unit charge for roading activities.	\$147.38 Fixed amount per unit	\$65,287
Fish rate	The provision or availability of fish waste disposal services for fishing businesses.	A rating unit basis to the following rating units 420, 508 and 635	\$0.0057417 Fixed amount per tonne	\$18,775

Annual Plan disclosure statement



Annual Plan disclosure statement for the year ending 30 June 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordability benchmark			
- Income	7.0%	6.6%	Yes
- Increase	1.8%	1.8%	Yes
Debt affordability benchmark	17,372	260	Yes
Balanced budget benchmark	100.0%	106.3%	Yes
Essential services benchmark	100.0%	111.0%	Yes
Debt servicing benchmark	20%	0.3%	Yes

Rates affordability benchmark

The Council meets the rates affordability benchmark if:

- Its planned rates income equals or is less than each quantified limit on rates and
- Its planned rates increases equal or are less than each quantified limit on rates increases

Rates (income) affordability

It compares the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in this Annual Plan. The quantified limit is 7% of total revenue.

Rates (increases) affordability

It compares the Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Annual Plan. The quantified limit on rates increases is the level of the consumer price index (CPI).

Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

It compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this Annual Plan. The quantified limit is 200% of total revenue.

Balanced budget benchmark

It displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.

Essential services benchmark

It displays the Council's planned capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Debt servicing benchmark

It displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

The Council meets the debt servicing benchmark if its borrowing costs equal or are less than 20% of its revenue.

Statement of fees and charges 2020/21

Fees and charges will increase in line with inflation except where they are determined by Government or bylaw.

ACTIVITY	FEE TYPE	DESCRIPTION	2019/20 Fee GST Inclusive	2020/21 Fee GST Inclusive
Building Consents	Building Consents Fees		External service provider, refer to http://wellington.govt.nz/services/consents-and-licences/building-consents/fees for fees	
Resource Consents	Land Information Memorandums (LIMs)	Per memorandum	\$234	\$238
	Urgent LIMs	Per memorandum	\$336	\$342
	Project Information Memorandum (PIMs)	Single residential		\$408
		All other buildings		\$490
Land Use Consents	Notified Consent		\$2,000 deposit	\$2,000 deposit
	Charge out rates	Recovery of actual planner costs charged to Council	An administration charge of \$115 per planner hour	An administration charge of \$115 per planner hour
	Non Notified Consents		\$480	\$489
	Controlled Activity Consents		\$720	\$733
Subdivision Consents	Non Notified – Boundary Adjustments		\$613	\$624
	Non Notified – 2 lots or less		\$694	\$706
	Non Notified – 3 to 5 lots		\$1,601	\$1,630
	S 223 Certificate		\$320	\$326
	S 224 Certificate		\$320	\$326
	S 226 Certificate		\$427	\$435
	S 139 Certificate of Compliance		\$507	\$516
Vehicle hire	Waste management truck	1 hour hire minimum		\$149.50 plus mileage
Liquor Licensing	Club License	To comply with the Sale and Supply of Alcohol Act 2012	Determined by the Sales and Supply of Alcohol (Fees) Regulations 2013	https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/
	On License			
	Off License			
	Managers Certificate		\$316	\$316
	Annual Fees		Determined by the Sales and Supply of Alcohol (Fees) Regulations 2013	https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/
Special Licence				
Food licencing fees	New Registration	https://wellington.govt.nz/services/consents-and-licences/selling-food/food-safety-fees	N/A	\$155
	Inspection Fee		\$278	\$283

ACTIVITY	FEE TYPE	DESCRIPTION	2019/20 Fee GST Inclusive	2020/21 Fee GST Inclusive
Animal Control	Dog registration		\$64	\$65
	Dog registration - Early		\$40	\$41
	Fines under Dog Control Act 1996	Vary per offence, (Per Sch. 1 of the Dog Control Act)	From \$100 up to \$750	From \$100 up to \$750
	Impounding Fees		\$107	\$109
Cemetery	Sale of Caskets		At cost plus 10%	At cost plus 10%
	Sexton Fees		At cost plus 10%	At cost plus 10%
	Sale of Plots		\$608	\$619
Community Housing	Rentals - 3 Bedroom	Per week (effective from 1 January)	\$132	\$134
	Rentals - 2 Bedroom	Per week (effective from 1 January)	\$105	\$107
Staff Housing	Rental - 3 bedrooms	Per week (effective from 1 January)	\$166	\$169
Coasts, Harbours & Navigation	Swing Mooring Fees - Registration and Transfer	Per year	\$80	\$81
	Waitangi	Per year	\$3,259	\$3,318
	Owenga	Per year	\$2,715	\$2,764
	Kaingaroa	Per year	\$2,171	\$2,210
	Port Hutt	Per year	\$2,171	\$2,210
	Flower Pot	Per year	\$544	\$554
	Permission of Harbourmaster - Oil Tanker		\$109	\$111
	Application for Exemption		\$65	\$66
	Application for Suspension		\$272	\$277
	Application for Reservation		\$272	\$277
	Cruise ship fee	Per visit	Per Arrival \$1/GT (Gross Tonnage)	\$40 per passenger
			Per Departure \$1/GT	Not applicable
			Anchoring/Sheltering \$0.20/GT per day or part thereof	Not applicable

ACTIVITY	FEE TYPE	DESCRIPTION	2019/20 Fee GST Inclusive	2020/21 Fee GST Inclusive	
Administration Requests	Information Requests	Staff time	\$40 per half hour or part thereof	\$40 per half hour or part thereof	
	Printed Council agenda			\$5 per copy	
	Photocopying	With own paper		10 cents per copy	10 cents per copy
		With CIC paper		20 cents per copy	20 cents per copy
		With CIC coloured paper		50 cents per copy	50 cents per copy
		With CIC card		50 cents per copy	50 cents per copy
		Colour printing (with CIC paper)			From \$2.50 per copy
		Double sided photocopies		30 cents per copy	30 cents per copy
	Laminating	Per page		\$3	\$3
	Stationery	A4 paper per ream (white)		\$16	\$16
		A4 paper per ream (coloured)		\$19	\$19
		Envelopes – plain		65 cents per envelope	65 cents per envelope
		Envelopes – plain with postage		\$1.40 per envelope	\$1.40 per envelope
	Large envelopes		\$1.70 per envelope	\$1.70 per envelope	
Library	Book rentals	Per book	Free	Free	
	DVD hire	Per night	\$5 per DVD	\$5 per DVD	



Council dues

No change to Council dues. The current Special Order for the adoption of rates for Council dues was ratified by the Council to take effect from 25 November 1991.

Carriage by sea	Quantity	2020/21 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
Cooler goods (fruit, vege, etc.)	m ³	\$5
General Cargo	m ³ /Tonne*	\$18
Diesel, Oil in bulk	1,000 litres	\$24
Petrol/Avgas in bulk tanks	1,000 litres	\$25
Petrol/Avgas in 200 litre drums	Drum	\$5
Hazardous Goods	m ³ /Tonne*	\$18
Vehicles (including boats, trailers, motorbikes, etc.)	m ³	\$5
Timber	m ³	\$12
Dry Bulk (cement, fertiliser, coal, animal feed)	m ³ /Tonne*	\$12
Wool and Moss	Bale	\$12
Animals, large (cattle/horses)	Each	\$5
Animals, small (sheep, pigs, dogs, fowls, goats)	Each	\$1

*m³/Tonne - whichever is the greatest

Carriage by air	Quantity	2020/21 Fee GST Exclusive
Rock Lobster, Paua, Scallops and Oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
General Cargo		6% of freight charged
Minimum Freight	0.1	

Glossary

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

Activity

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

Annual Plan

The Annual Plan is produced in the intervening years between the Long-Term Plan. It includes an updated budget and explains variations to the Long-Term Plan. It also confirms arrangements for raising revenue for the next financial year. The community must be consulted on the Annual Plan.

Annual Report

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

Asset management plan

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

Capital value

Value of a property including land and improvements.

Community outcomes

A set of statements that describe the vision the Chatham Islands has for its future. The Council seeks to contribute to these outcomes through its various activities.

Current assets or liabilities

Assets or liabilities that are expected to be used up during the year.

Depreciation

Depreciation is an accounting concept to recognise the use of an asset.

Imi/Iwi

People or tribe.

Infrastructure assets

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

Land value

Value of land excluding improvements.

Local Government Act 2002

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

Long-Term Plan (LTP)

A 10-year plan that sets out the Council's response to community outcomes and how the Council will manage its finances and the community's resources.

Operating expenditure

Expenditure through the 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 subsidies, rental revenue, permits, fees and council dues.

Operating surplus / (deficit)

Operating surplus and operating deficit are accounting terms meaning the excess of revenue over expenditure or excess expenditure over revenue respectively. Revenue and expenditure in this context exclude capital items such as the cost of infrastructural works. An operating surplus/(deficit) is inclusive of non-cash items such as depreciation and revenue 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. The Council uses these measures when reporting on how it has performed in its various activities.

Property, plant and equipment and intangible assets

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

Public equity

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

Regulatory role

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

Significance

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

Statement of cash flows

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

Statement of comprehensive revenue and expense

This can also be referred to as the profit and loss statement. It shows the financial results of the various Chatham Islands Council activities at the end of each period as either a surplus or a 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.

Wellbeing

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

The organisation



Council

Mayor

Monique Croon

Deputy Mayor

Greg Horler

Councillors

Keri Lea Day

Celine Gregory-Hunt

Graeme Hoare

Amanda Horler

Steve Joyce

Oscar Nilsson

Jason Seymour

Council Staff

Chief Executive

Owen Pickles

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Operations Manager

Manaia Cunningham

manaia@cic.govt.nz

Emergency Manager/Controller

Rana Solomon

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Engineers

Stantec Ltd (Christchurch)

(formerly Stantec New Zealand Ltd)

Nigel Lister, Shaun Boshier, Ali Siddiqui

Bryan Peters – Roads and bridges

Richard Bennett, Kristen Norquay –

Water and wastewater

Phil Landmark –

Waste management and minimisation

Contractors

Environment Canterbury

Fulton Hogan Ltd

Resource management

Beca Ltd

Solicitors

Wynn Williams

Bankers

ANZ (Waitangi – Chatham Islands)

Auditors

Audit New Zealand

(on behalf of the Auditor-General)



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