

# Chatham Islands Council

## Updates



chatham islands council

### Council budget outlook for 2019/20

Our proposed Annual Plan for 2019/20 will continue our journey outlined in our Long-Term Plan 2018-28, with a focus on investment in our essential infrastructure as well as our critical role in managing the environment of the Chatham Islands. As a Council, we consider that the proposed financial and service areas of our 2019/20 Annual Plan are largely unchanged from our Long-Term Plan for that year. Specifically, our proposed rate increases have not notably changed and remain in-line with expected inflationary movements. Our Annual Plan and Long-Term Plan budgets are based on assumptions with a significant level of uncertainty. We wish to highlight these uncertainties and indicate the potential ramifications to our community if these assumptions do not eventuate.

Our current annual contribution as part of the Crown appropriation covers our day-to-day operating requirements. However, it does not allow for an infrastructural investment programme. Our funding assistance package requires Council to secure separate one-off grants prior to committing to major asset maintenance, renewal or replacement projects. Consequently, key projects are often delayed, resulting in our existing assets being overburdened. Council considers this approach does not allow for effective asset management planning, nor does it result in the most advantageous whole-of-life cost to managing our assets. To address the risk of funding the ongoing maintenance and replacement of our assets, we have been working with our funding agencies and have assumed there will be an increased Crown contribution for the 2019/20 financial year and onwards. An increased contribution will allow Council to enter into borrowing arrangements to fund our priority infrastructure projects, including our water schemes and Emergency Management Operations Centre.

Our level of funding support will not be determined until it is announced by the Government in May 2019. It is unclear whether Council will be successful in obtaining additional funding to support a capital investment programme, and what level of support will be received. If additional funding is successful, Council will likely have to prioritise its key projects. For prioritised projects, Council will enter into debt to fund construction. If Council is unsuccessful in obtaining additional funding; the status quo position will remain, the level of service will not increase, and Council will not enter into debt. The Council will also be unable to achieve a balanced budget for the 2019/20 financial year as there is a difference between our total roading works and the NZ Transport Agency (NZTA) subsidy of approximately \$500,000.

Council is not proposing to engage in a formal submission process. However, we do invite you to provide us with your feedback. Please send this to the Council or email [secretary@cic.govt.nz](mailto:secretary@cic.govt.nz). This must be received no later than Friday 17 May 2019. We look forward to hearing from you.

**For more information** telephone the Council on 3050 033 or visit [www.cic.govt.nz](http://www.cic.govt.nz)