

Chatham Islands Council

Annual Plan 2022/23

Our people, our Islands, our future



chatham islands council

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 south east of Chatham Island and both islands are surrounded by a number of smaller islands, all within a radius of approximately 50km. The main island, Chatham, has an area of 90,000 hectares. 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, 65% of households have access to the Internet, compared with 86% of households throughout New Zealand.

In the Chatham Islands, 6% of households have access to a cellphone, compared with 92% for New Zealand, however 94% have access to a landline. Over recent years, significant investment has been made in increasing the Island's digital connectivity. From November 2021 this included a new 4G network which significantly improved mobile phone coverage.

There are 576 rateable properties and 105 non-rateable properties.

Among households in private occupied dwellings, 56% own the dwelling, with or without a mortgage; the equivalent figure is 64% 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: McCready Winder report 2021 and Statistics New Zealand 2018 Census Data

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Welcome from the Mayor and Chief Executive

Kioranga, kia ora, hello,

It is our pleasure to present our Annual Plan for the 2022/23 year. This document provides our plan and budget for the upcoming financial year including key projects, finance, and rating information.

The Council relies heavily on receiving an annual Crown appropriation which currently sits just over \$4M which allows the Council to continue with business as usual.

In November 2021, McGredy Winder was engaged to review the Council's ability to meet its statutory obligations. It was pleasing to see that an increase to near \$8M/year was recommended. Regretfully, this didn't make this year's Government budget cut off which will result in some environmental standards compliance work being deferred to future years.

Waste Management will continue to be a focus in the coming year. We are pleased that the Council will receive some project funding from the Ministry for the Environment. This will allow further storage to be provided and will see the establishment of a weigh bridge to facilitate better reporting.

Council is also working with waste receivers in both Timaru and Napier with the view to exporting recyclable waste off the Island. We are also working with Chatham Islands Shipping to find an affordable means of making this happen.

The Three Waters reforms continue to demand a lot of staff resource. It has also enabled significant upgrades to occur to our water and wastewater facilities through the stimulus funding that has been provided.

A further near \$9M has also been awarded to the Council over the next two years which is to be spent on projects in consultation with imi and iwi.

Another busy year is ahead of us.

We finally want to acknowledge the many hard-working people who support the Council's efforts. Their work is greatly appreciated.

Me rongo, ngā mihi, warm regards,

Monique Croon,
Mayor

Owen Pickles,
Chief Executive

Highlighting our key projects

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

Roading infrastructure

Roading infrastructure works are undertaken regularly to enhance the efficiency, reliability, and safety of the Chatham Islands road network. The cost of maintaining the roading networks and establishing capital projects is high in proportion to the population and the NZTA commits an 88% subsidy rate to the funding of the Islands' roading network.

The key projects for 2022/23 include:

- Replace the Whangamoe Bridge with a large culvert
- Rehabilitate areas of sealed pavement in Kaingaroa and Waitangi
- Design works for a barge loading facility at Owenga, and predesign works for the Maipito Bridge replacement
- Key structural repairs and safety improvements to the existing Kaingaroa Wharf

Water and wastewater schemes

Safe, reliable and sustainable water and wastewater services for Chatham Island 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 well-being of our community. However, a prolonged lack

of funding has seen ongoing deferral of capital and maintenance programmes, with a significant portion of our three waters assets now approaching the later years of their life and identified as having a high risk of failure.

One-off Central Government funding obtained last year was used to address the most critical water and wastewater issues, including improving the reliability and safety of the water supplies and urgent maintenance required for ongoing operation of the wastewater system. However, further Three Waters investment is required to meet Council's objectives and maintain the current level of service. Only limited day-to-day maintenance and repairs can be undertaken using the annual Central Government appropriation.

Critical investments identified in the Long-Term Plan but not currently funded are the Waitangi water supply upgrade with extension to Te One (\$4M), Waitangi wastewater upgrade (\$4M), Kaingaroa reticulation renewal (\$0.6M), and the water tank loan scheme (\$0.5M). The high-level costs were estimated in early 2021; costs will have escalated considerably since then for various reasons, including impacts of the global COVID-19 pandemic on supply costs, availability and logistics.

Council continues to monitor the Governments proposed Three Waters reforms which could result in these activities being transferred to a new water entity in 2024.

Key changes from our 2021-31 Long-Term Plan

There have not been any significant changes made between year two of the Long-Term Plan 2021-31 and the 2022/23 budget.

The Crown appropriation for the 2022/23 year will be \$4.37M, which should enable the Council to continue business as usual. A review was undertaken in November 2021, but its recommendations arrived too late to be included in this budget. This will result in programmed compliance work around National Environmental Policy Statements being deferred for a year.

The Government's Three Waters proposals have seen the Chatham Islands being included in 'Entity C' (lower North Island). The Council during the past year received just over \$1M through the Three Waters stimulus fund and a Ministry of Health grant.

This enabled upgrades to the Kaingaroa water supply, Waitangi water supply and wastewater systems to be carried out, addressing many of the community's concerns.

Also, through Three Waters, Council has been allocated \$8.7M as part of the 'better off' fund. \$2.2M will become available by September 2022 with the balance due in July 2024. The Council will be prioritising the use of these funds in consultation with imi and iwi.

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 2021-2031 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 2022/23 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 and funds allocated from tranche one of the "Better off Support Package" as part of the Three Waters reforms. Therefore, Council considers the balanced budget requirement has been met.

Significant forecasting assumptions

The prospective financial information contained in this 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. Tourism numbers may put 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.

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 2022 to 30 June 2023. They were authorised for issue by Chatham Islands Council on 22 June 2022, 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. Please note that as a result of COVID-19 border restrictions, a nation-wide auditor shortage means that our Annual Report 2020/21 is as yet unaudited.

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 2022/23.

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 fund disclosure

Reserves	Opening balance 1 July 2022 (\$000)	Increases (\$000)	Decreases (\$000)	Closing balance 30 June 2023 (\$000)
General funds Income appropriation account to fund future development	41,143	3,692	-	44,835
Emergency services reserve Funds set aside for emergency events such as natural disasters	250	-	-	250
Mayoral relief reserve Funds set aside for emergency relief	25	-	-	25
Asset revaluation reserve Reserves generated by revaluations in property, plant and equipment and other assets	42,333	10,262	-	52,595
Total equity	83,751	13,954	-	97,705

Financial statements

Statement of Comprehensive Revenue and Expense

	Unaudited Annual Report 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
Revenue				
Rates	625	631	646	687
Grants & subsidies	10,524	9,421	8,563	13,869
Council dues	307	265	265	336
User pays, fees & charges and other income	545	465	325	585
Interest	28	56	57	31
Share of surplus of associate	118	133	150	129
Total revenue	12,147	10,971	10,006	15,637
Expenditure				
Depreciation and amortisation	2,587	2,857	3,081	2,707
Employment benefits	1,037	1,036	1,067	1,188
Financial costs	11	6	4	12
Other expenditure	7,296	5,187	5,478	8,038
Total expenditure	10,931	9,086	9,630	11,945
Total surplus/deficit	1,216	1,885	376	3,692
Comprehensive revenue and expense				
Increase/(decrease) in revaluation reserve	-	-	10,262	10,262
Total other comprehensive revenue and expense		-	10,262	10,262
Total comprehensive revenue and expense	1,216	1,885	10,638	13,954

Statement of Changes in Equity

	Unaudited Annual Report 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
Equity at the start of the year	82,398	83,682	85,567	83,751
Total comprehensive revenue and expense	1,216	1,885	10,638	13,954
Equity at the end of the year	83,614	85,567	96,205	97,705

Statement of Financial Position

	Unaudited Annual Report 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
Current assets				
Cash & cash equivalents	27	512	933	3,211
Cash funds held in trust	4	-	-	33
Cash investments	178	-	-	178
Current trade and other receivables	1,563	1,272	1,160	1,417
Total current assets	1,772	1,784	2,093	4,839
Non-current assets				
Non-current trade and other receivables	-	477	432	-
Investment in associate	184	200	350	184
Property, plant & equipment	84,482	85,548	95,810	95,242
Total non-current assets	84,666	86,225	96,592	95,426
Total assets	86,438	88,009	98,684	100,265
Current liabilities				
Bank overdraft	292	-	-	-
Trade & other payables	2,211	1,694	1,796	2,092
Employee entitlements	112	88	91	112
Current portion of provisions	25	25	25	25
Current portion of term liabilities	28	67	66	36
Total current liabilities	2,668	1,875	1,978	2,265
Non-current liabilities				
Term liabilities	156	567	501	295
Total non-current liabilities	156	567	501	295
Total liabilities	2,824	2,442	2,479	2,560
Net assets	83,614	85,567	96,205	97,705
Public equity				
Accumulated funds & reserves	83,614	85,567	96,205	97,705
Total public equity	83,614	85,567	96,205	97,705

Statement of Cash Flows

	Unaudited Annual Report 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
Cash flow from operating activities				
Receipts from rates revenue	585	587	655	699
Receipts from grants and subsidies	10,628	9,038	8,644	13,869
Receipts from Council dues	292	248	269	341
Interest received	28	56	57	31
Receipts from other revenue	(100)	381	343	516
Payments made to employees	(1,035)	(1,036)	(1,064)	(1,199)
Interest paid	(11)	(6)	(4)	(12)
Other payments to suppliers	(8,231)	(5,038)	(5,372)	(8,038)
Net cash flow from operating activities	2,156	4,231	3,528	6,207
Cash flow from investing activities				
Purchase of fixed assets	(3,283)	(3,895)	(3,081)	(3,077)
Sale/(purchase) of other assets	1,294	119	-	-
Net cash flow from investing activities	(1,989)	(3,776)	(3,081)	(3,077)
Cash flow from financial activities				
Loans raised	-			200
Repayment of loans	(37)	(34)	(26)	(25)
Net cash flow from financial activities	(37)	(34)	(26)	175
Increase/(decrease) in cash held	130	421	421	3,305
Opening cash balance	(391)	91	512	117
Closing cash balance	(261)	512	933	3,422

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 2021-31 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.

	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
Source of operating funding			
General rates, uniform annual charge, rates penalties	318	326	347
Targeted rates	313	320	340
Subsidies and grants for operating purposes	5,993	6,084	11,161
Fees and charges	102	104	76
Interest and dividends from investments	56	57	31
Local authorities fuel tax, fines, infringement fees, and other receipts	628	486	974
Total operating funding	7,410	7,377	12,929
Applications of operating funding			
Payments to staff and suppliers	6,223	6,545	9,226
Financial costs	6	4	12
Internal charges and overheads applied	-	-	-
Total application of operating funding	6,229	6,549	9,238
Surplus (deficit) of operating funding	1,181	828	3,691
Source of capital funding			
Subsidies and grants for capital expenditure	3,428	2,479	2,708
Increase (decrease) in debt	(67)	(21)	161
Gross proceeds from sale of assets	119	-	-
Total source of capital funding	3,480	2,458	2,869
Application of capital funding			
Capital expenditure			
-- to improve the level of service	1,634	492	-
-- to replace existing assets	2,261	2,445	3,077
Increase (decrease) in reserves	766	349	3,483
Total applications of capital funding	4,661	3,286	6,560
surplus (deficit) of capital funding	(1,181)	(828)	(3,691)
Funding balance	-	-	-

Rating information

Funding mechanisms

Council's funding mechanisms have not changed from that outlined in the 2021-31 Long-Term Plan.

Rating table for 2022/23

The table below provides examples of the financial impact of rates on ratepayers in 2022/23 compared with 2021/22.

		2021/22 General rate (\$000)	2021/22 Targeted rate (\$000)	2021/22 Total rate (\$000)	
Infrastructure	1,270,000	3,991.58	501.32	4,492.90	
Industrial	200,000	1,260.78	2,142.96	3,403.74	
Commercial	129,000	522.96	501.32	1,024.28	
Rural Residential	310,000	583.71	2,082.96	2,666.67	
Sample property	District Capital Value of Property (\$000)	2022/23 General rate (\$000)	2022/23 Targeted rate (\$000)	2022/23 Total rate (\$000)	Movement in total rates from 2022/23 compared with 2021/22 (\$000)
Infrastructure	1,270,000	4,175.20	551.77	4,726.96	234.06
Industrial	200,000	1,318.78	2,268.93	3,587.70	183.96
Commercial	129,000	547.02	551.77	1,098.78	74.50
Rural Residential	310,000	610.56	2,198.75	2,809.31	142.64

Rates by instalments

Council proposes to collect the rates in four instalments, issued on: 1 August 2022, 1 October 2022, 1 January 2023 and 1 April 2023.

Penalties

A penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment: 15 September 2022, 15 November 2022, 15 February 2023 and 15 May 2023. Previous year's rates that remain unpaid will have a further 10% penalty added on 6 July 2023.

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 2022/23 financial year, it is projected Council will have 639 rating units within the region, with a capital value of \$150,917,750 and a land value of \$98,009,250.

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 2021-31 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:

Land Use	Differential	Rate based on capital value (GST inclusive) (\$)	Total Collected (\$)
Infrastructure	4.7% of the General Rate	0.0029581800	\$18,631
Industrial	13.5% of the General Rate	0.0058035000	\$54,031
Commercial	11.8% of the General Rate	0.0036793100	\$47,018
Rural & Residential	70.0% of the General Rate	0.0017685000	\$279,627
Total general rates collected			\$399,306

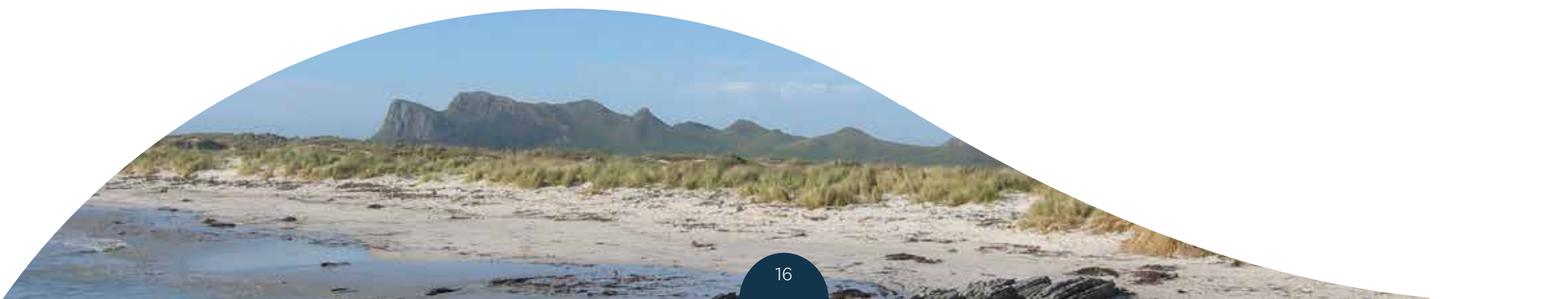
In our financial strategy, rate increases have been limited to the rate of inflation. Council does not propose to set a uniform annual general charge.

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.

Activity for setting a targeted rate	Category for setting targeted rate	Calculation factor	Factor used	Revenue sought (including GST) 2022/23
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.	\$841.97 Fixed amount per connection	\$87,564.58
Sewage disposal	The provision or availability of a sewage disposal service.	A per pan rate for sewage disposal activities.	\$875.19 Fixed amount per pan	\$81,392.84
Solid waste	The provision or availability of a waste management service.	A per rating unit charge for waste management activities	\$271.01 Fixed amount per rural or residential unit	\$86,181.18
			\$341.19 Fixed amount per Infrastructure, Industrial or Commercial unit	\$18,083.07
Roading	The provision or availability of a roading service.	A per rating unit charge for roading activities.	\$210.58 Fixed amount per unit	\$97,286.55
Fish	The provision of a fish waste facility	A per tonne per rating unit	Fixed amount per unit	\$20,120



Annual Plan disclosure statement

Annual Plan disclosure statement for the year ending 30 June 2023

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%	4.4%	Yes
- Increase	4.6%	4.6%	Yes
Debt affordability benchmark	31,274	331	Yes
Balanced budget benchmark	100%	130.9%	Yes
Essential services benchmark	100%	113.7%	Yes
Debt servicing benchmark	20%	0.1%	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 2022/23

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

Activity	Fee type	Description	2021/22 fee (GST inclusive)	2022/23 fee (GST inclusive)
Building Consents	Building Consents fees		External service provider, a deposit is required based on the estimated Building Consent application charges, further fees may be required based on actual inspection costs incurred. Costs outlined on www.wellington.govt.nz/property-rates-and-building/building-and-resource-consents	
Resource Consents*	Land Information Memorandums (LIMs)		\$244	\$255
	Urgent LIMs		\$350	\$366
	Project Information Memorandum (PIMs)	Single residential	\$418	\$437
		All other buildings	\$502	\$525
Land Use Consents*	Notified consent		\$2,000 deposit	
	Charge out rates	Recovery of actual planner costs charged to Council	An administration charged at cost	
	Non Notified Consents		\$500	\$523
	Controlled Activity Consents		\$750	\$785
Subdivision Consents*	Non Notified – Boundary Adjustments		\$639	\$669
	Non Notified – 2 lots or less		\$723	\$757
	Non Notified – 3 to 5 lots		\$1,668	\$1,745
	S 223 Certificate		\$334	\$349
	S 224 Certificate		\$334	\$349
	S 226 Certificate		\$445	\$465
	S 139 Certificate of Compliance		\$528	\$552

* Further costs may be charged in recovery of actual consultancy costs incurred.

Activity	Fee type	Description	2021/22 fee (GST inclusive)	2022/23 fee (GST inclusive)		
Liquor Licensing	Club License	To comply with the Sale and Supply of Alcohol Act 2012	www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/licensing/			
	On Licence					
	Off Licence					
	Managers Certificate				Website as above	
	Annual Fees				Website as above	
	Special Licence					
Food licencing fees	New registration	www.wellington.govt.nz/services/consents-and-licences/selling-food/food-safety-fees	\$159	\$166		
	Inspection fee		\$290	\$303		
Animal Control	Dog registration	Dangerous dogs will incur a registration fee that is 50% higher than a standard dog registration fee	\$66	\$69		
	Dog registration – early		\$42	\$44		
	Fines under Dog Control Act 1996	Vary per offence, (Per Sch.1 of the Dog Control Act)	From \$100 up to \$750			
	Impounding fees		\$112	\$117		
	Dog tag replacement fee		–	\$5		
Cemetery	Sexton fees		At cost plus 10%			
	Sale of plots		\$634	\$663		
Community housing	Rentals – three bedroom	Per week (effective from 1 January)	\$137	\$144		
	Rentals – two bedroom	Per week (effective from 1 January)	\$110	\$115		
Staff housing	Rental – three bedrooms	Per week (effective from 1 January)	\$173	\$181		
Coasts, Harbours & Navigation	Swing Mooring Fees – registration and transfer	Per year	\$82	\$86		
	Waitangi	Per year	\$3,336	\$3,489		
	Owenga	Per year	\$2,779	\$2,907		
	Kaingaroa	Per year	\$2,222	\$2,324		

Activity	Fee type	Description	2021/22 fee (GST inclusive)	2022/23 fee (GST inclusive)	
Coasts, Harbours & Navigation	Port Hutt	Per year	\$2,222	\$2,324	
	Flower Pot	Per year	\$557	\$583	
	Permission of Harbourmaster – Oil Tanker		\$112	\$117	
	Application for Exemption		\$67	\$70	
	Application for Suspension		\$278	\$291	
	Application for Reservation		\$278	\$291	
	Cruise ship fee	Per visit	\$41 per passenger	\$42 per passenger	
Administration requests	Information Requests	Staff time	\$41 per half hour or part thereof	\$42 per half hour or part thereof	
	Printed Council agenda			\$5 per copy	
	Printing - Plain Paper	Single-Sided Black & White			20 cents per sheet
		Double-Sided Black & White			30 cents per sheet
		Single-Sided Colour Ink			\$2.50 per sheet
		Double-Sided Colour Ink			\$3.50 per sheet
	Printing - Coloured Paper or Card	Single-Sided Black & White			50 cents per sheet
		Double-Sided Black & White			\$1.00 per sheet
		Single-Sided Colour Ink			\$3.00 per sheet
		Double-Sided Colour Ink			\$4.00 per sheet
	Laminating	A4 Size			\$3.00 per sheet
		A5 Size			\$2.00 per sheet
	Stationery	General Stationery Items			At cost plus freight
Library	Book rentals	Per book		Free	

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	2022/23 fee (GST exclusive)
Rock lobster, paua, scallops and oysters	Tonne	\$200
Other fish meat and fish bait	Tonne	\$18
Cooler goods (fruit, vege, etc.)	m3	\$5
General cargo	m3/Tonne*	\$18
Diesel, oil in bulk	1,000 litres	\$24
Petrol/Avgas in bulk tanks	1,000 litres	\$25
Petrol/Avgas in 200 litre drums	Drum	\$5
Hazardous goods	m3/Tonne*	\$18
Vehicles (including boats, trailers, motorbikes, etc.)	m3	\$5
Timber	m3	\$12
Dry bulk (cement, fertiliser, coal, animal feed)	m3/Tonne*	\$12
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	2022/23 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 Plan 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

Nigel Ryan

Jason Seymour

Council Staff

Chief Executive

Owen Pickles

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Operations Manager

Colette Peni

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Emergency Manager/Controller

Rana Solomon

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Engineers

Stantec Ltd (Christchurch)

Nigel Lister, Shaun Boshier, Rebecca Tinga

Bryan Peters – Roads and bridges

Kristen Norquay, Andrew Wong –

Water and wastewater

Phil Landmark –

Waste management and minimisation

Contractors

Environment Canterbury

Fulton Hogan Ltd

Resource management

Beca Ltd

Solicitors

Wynn Williams

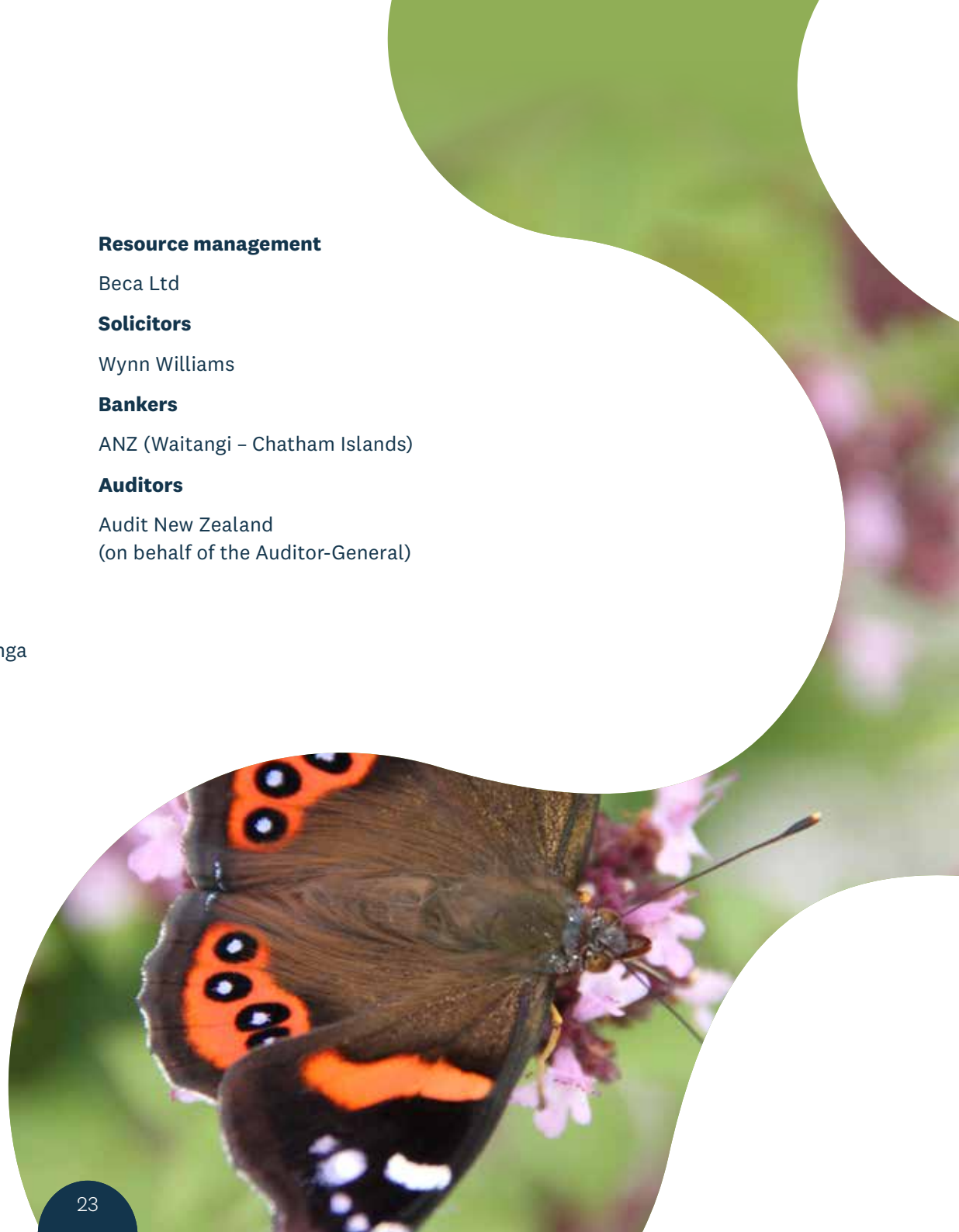
Bankers

ANZ (Waitangi – Chatham Islands)

Auditors

Audit New Zealand

(on behalf of the Auditor-General)



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